
SETTLEMENT AGREEMENT WITH CHINA STATE CONSTRUCTION ENGINEERING (M) SDN BHD

1. INTRODUCTION

- 1.1 The board of directors (the “**Board**” or “**Directors**”) of Astaka Holdings Limited (the “**Company**”) refers to the Company’s announcements dated 27 November 2020, 7 December 2020, 25 January 2021, 17 February 2021, 30 March 2021, 28 April 2021, 27 May 2021, 29 June 2021, 30 July 2021, 10 August 2021, 18 August 2021, 25 August 2021, 26 August 2021, 3 September 2021, 15 September 2021, 28 September 2021, 5 October 2021 and 26 October 2021 (collectively, the “**Announcements**”) in relation to, *inter alia*, the law suits in the High Court of Malaya at Johor Bahru, Kuala Lumpur High Court and arbitration between Astaka Padu Sdn Bhd (“**APSB**”) and China State Construction Engineering (M) Sdn Bhd (“**CSCE**”) arising from CSCE’s claim against APSB for the sum of RM50,878,046.41 and interests thereon (the “**Dispute**”).

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

- 1.2 The Board wishes to announce that APSB, had on 29 November 2021, entered into a settlement agreement with CSCE by way of consent judgment, as full and final settlement and discharge of all disputes, differences and claims by either party in connection with the Dispute (the “**Settlement Agreement**”). The terms of the Settlement Agreement include the potential transfer of up to five (5) properties within the development, The Astaka @ Bukit Senyum (the “**Properties**”) from APSB to CSCE or nominees of CSCE, at the discretion of APSB (the “**Potential Transfer of Properties**”).
- 1.3 The Potential Transfer of Properties constitutes a discloseable transaction under Chapter 10 of the listing manual of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) Listing Manual Section B: Rules of Catalist (“**Catalist Rules**”).
- 1.4 Shareholders should note that the Potential Transfer of Properties is subject to the discretion of APSB and separate agreement(s) will be entered into between APSB and CSCE or nominees of CSCE, and on terms to be agreed between the relevant parties. Please refer to paragraph 4.1(b) of this announcement for the salient terms of the Potential Transfer of Properties.
- 1.5 Unless otherwise stated, the exchange rate between S\$ and RM as set out in this announcement is S\$1: RM3.0925, based on the exchange rate between S\$ and RM as at 26 November 2021.

2. INFORMATION ON THE PROPERTIES

2.1 The Properties

The Properties, being unit nos. A26-05, A27-05, B40-05, B41-05 and B42-05, are located in Astaka @ One Bukit Senyum, which features residential towers, a five-star hotel, branded residences, serviced apartments, an entertainment hub, an office tower, and the headquarters of Johor Bahru’s City Council, Menara MJB. One Bukit Senyum has a total gross floor area of 6.19 million square feet and a gross development value of up to RM5.3 billion.

2.2 Value of the Properties

Based on the latest audited consolidated financial statements of the Group for the financial year ended 30 June 2020 (“**FY2020 Results**”), the net tangible asset value (“**NTA**”) (or book value) of the Properties is RM8,199,141 (equivalent to approximately S\$2,651,299) as at 30 June 2020.

The excess of the aggregate value of the Properties, being the Transfer Sum (as defined in paragraph 4.1(b) below), over the book value is RM3,336,676 (equivalent to approximately S\$1,078,957). The Properties are currently held for sale and do not have any net profit attributable to it. Assuming that the Potential Transfer of Properties had been fully effected as at the date of this announcement, the Group would recognise a gain of RM3,336,676 (equivalent to approximately S\$1,078,957). No independent valuation on the Properties was performed for the purpose of the Potential Transfer of Properties.

3. INFORMATION ON CSCE AND ITS NOMINEES

CSCE is a Malaysian incorporated group company of China State Construction Engineering Corporation (“**China State Construction**”), a global investment and construction group featuring professional development and market-oriented operation. China State Construction carries out business management activities through its public company, China State Construction Engineering Corporation Ltd. and has eight listed companies and more than 100 secondary holding subsidiaries.

The nominees of CSCE have not been identified at this juncture, given that the Potential Transfer of Properties is subject to the discretion of AP SB and separate agreement(s) are to be entered into between AP SB and CSCE or nominees of CSCE.

4. SALIENT TERMS OF THE SETTLEMENT AGREEMENT

4.1 Pursuant to the Settlement Agreement, without any admission of liability and purely with a view to resolving the Dispute amicably, AP SB has agreed to pay to CSCE a sum of RM44,073,120.00 (the “**Settlement Sum**”) as a full and final settlement sum of all disputes between CSCE and AP SB in the following manner:

(a) RM10,000,000.00 in one lump sum whereby RM5,000,000.00 shall be paid within 3 working days from the date of the Settlement Agreement while the remaining RM5,000,000.00 shall be paid within 3 working days from the date of obtaining the consent judgment or on / before 31 December 2021, whichever is earlier;

(b) RM11,535,817.00 (the “**Transfer Sum**”) by either:

(i) the Potential Transfer of Properties as follows:

(A) for the purposes of determination of the value of the Properties, the value of the Properties shall be as set out in accordance with the table below:

NO.	TOWER	UNIT NO.	TYPE	SIZE (SQ FT)	SPA PRICE (RM)	PRICE PSF (RM)
1	A	A26-05	A2	2,217	2,293,715.00	1,035.00
2	A	A27-05	A2	2,217	2,300,615.00	1,038.00
3	B	B40-05	A2	2,217	2,306,929.00	1,041.00
4	B	B41-05	A2	2,217	2,313,829.00	1,044.00
5	B	B42-05	A2	2,217	2,320,729.00	1,047.00
					11,535,817.00	

(B) AP SB and CSCE agree and accept the details and the value of the Properties set out in paragraph 4.1(b)(i)(A) amounting to RM11,535,817.00 and agree that the said agreed value of the Properties shall be used as a basis to settle part of the Settlement Sum;

- (C) APSB shall have the option to satisfy the Transfer Sum by:
 - (I) the transfer of ownership of any of the Properties to CSCE or any other third parties nominated by CSCE by way of a separate agreement upon terms to be agreed by the parties; or
 - (II) equal monthly instalments in accordance with paragraph 4.1(b)(ii) below;
 - (D) APSB shall only be liable for the expenses in respect of the legal fees and stamp duty incurred in the sale and purchase agreement of the properties or the separate agreement in respect of the transfer of the Properties to the third parties nominated by CSCE as set out in paragraph 4.1(b)(i)(C);
 - (E) for the avoidance of doubt, the incidental expenses stated in paragraph 4.1(b)(i)(D) above is limited to RM5,000.00 for each unit; and
 - (F) subject to paragraph 4.1(b)(i)(C)(I), APSB shall transfer all of the Properties set out in paragraph 4.1(b)(i)(A) to CSCE (or any third party as nominated by CSCE) and upon the completion of transfer of all the Properties, APSB's obligation in respect of the Transfer Sum is deemed fulfilled under the Settlement Agreement; or
- (ii) equal monthly instalments (if the transfer of any Properties pursuant to in paragraph 2.2(b)(i) is not completed for any reasons whatsoever within two (2) years from the date of the Settlement Agreement):
- (A) in the event that not more than 3 units of the Properties are not transferred to CSCE (or any third party nominated by CSCE), APSB shall pay the total value of the units that had not been transferred based on the values set out in paragraph 4.1(b)(i)(A) to CSCE, by way of 6 equal monthly instalments; and
 - (B) in the event that 4 to 5 units of the Properties are not transferred to CSCE (or any third party nominated by CSCE), APSB shall pay the total value of units that had not been transferred based on the values set out in paragraph 4.1(b)(i)(A) to CSCE, by way of 12 equal monthly instalments,
- commencing from the first day after the expiry of the 2 years from the date of the Settlement Agreement and to continue on the same day in the subsequent months until the sum is fully paid;
- (c) RM13,380,659.00 to be paid in instalments in the following manner:
- (i) RM 900,000.00 to be paid on or before 31 January 2022;
 - (ii) RM 900,000.00 to be paid on or before 28 February 2022;
 - (iii) RM 900,000.00 to be paid on or before 31 March 2022;
 - (iv) RM 900,000.00 to be paid on or before 30 April 2022;
 - (v) RM 900,000.00 to be paid on or before 31 May 2022;
 - (vi) RM 900,000.00 to be paid on or before 30 June 2022;
 - (vii) RM 1,904,000.00 to be paid on or before 31 July 2022;
 - (viii) RM 1,904,000.00 to be paid on or before 31 August 2022;

- (ix) RM 1,904,000.00 to be paid on or before 30 September 2022; and
- (x) RM 2,268,659.00 to be paid on or before 31 October 2022; and
- (d) RM 9,156,644.00 to be paid after the issuance of the Certificate of Making Good Defects as specified in and subject to the terms the Settlement Agreement, in the following manner:
 - (i) RM 1,904,000.00 to be paid on or before 30 November 2022;
 - (ii) RM 1,904,000.00 to be paid on or before 31 December 2022;
 - (iii) RM 1,904,000.00 to be paid on or before 31 January 2023;
 - (iv) RM 1,904,000.00 to be paid on or before 28 February 2023; and
 - (v) RM 1,540,644.00 to be paid on or before 31 March 2023.

4.2 The Transfer Sum was arrived at pursuant to arm's length negotiations between APSB and CSCE on a willing buyer willing seller basis, after taking into account prevailing market conditions and the rationale for the Potential Transfer of Properties as disclosed in paragraph 5 below.

4.3 Upon full payment of the Settlement Sum by APSB and completion of the defect's rectification works by CSCE pursuant to the Settlement Agreement, both parties shall be deemed to have fully discharged all of their respective obligations and shall not have any claim against each other. Pursuant to the aforesaid settlement, the parties shall withdraw and/or discontinue adjudication and/or civil proceedings relating to the Dispute.

5. RATIONALE FOR THE POTENTIAL TRANSFER OF PROPERTIES

The Potential Transfer of Properties was negotiated between APSB and CSCE as part of the Settlement Sum for the purposes of resolving the Dispute on amicable terms. The Transfer Sum for the Properties is above the aggregate book value of the Properties. The Board is pleased that the parties have reached a full a final settlement and is of the view that the entry into the Settlement Agreement, including the Potential Transfer of Properties is in the best interest of the Company.

6. CHAPTER 10 OF THE CATALIST RULES

6.1 Relative figures

The relative figures for the Potential Transfer of Properties, based on the Transfer Sum, is computed on the bases set out in Rule 1006 of the Catalist Rules and based on the Group's latest announced consolidated financial statement, being the unaudited consolidated condensed interim consolidated financial statements of the Group for the period ended 30 September 2021 are set out below:

Rule 1006	Bases	Relative Figures (%) ⁽¹⁾⁽²⁾
(a)	Net asset value of the assets to be disposed of, compared with the Group's net asset value.	10.9%
(b)	Net profit attributable to the assets acquired or disposed of, compared with the Group's net profits	Not applicable ⁽³⁾
(c)	Aggregate value of the Transfer Sum given compared with the Company's market capitalisation of approximately S\$162,640,784 based on the total number of issued shares in the Company, excluding treasury shares	2.3% ⁽⁴⁾

Rule 1006	Bases	Relative Figures (%)⁽¹⁾⁽²⁾
(d)	Number of equity securities issued by the Company as consideration for the Potential Transfer of Properties, compared with the number of equity securities previously in issue	Not applicable ⁽⁵⁾
(e)	The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the Group's proved and probable reserves	Not applicable ⁽⁶⁾

Notes:

- (1) Percentage figures are rounded to the nearest one (1) decimal place.
- (2) The relative figures are calculated on the basis that the separate agreement(s) in relation to the Potential Transfer of Properties are entered into on the date of this announcement.
- (3) Not applicable, as there is no net profit attributable to the Properties as they are being held for sale.
- (4) Based on the Transfer Sum of RM11,535,817 (equivalent to approximately S\$3,748,803 based on an exchange rate of S\$1:RM3.0772 as at 30 September 2021) and the Company's market capitalisation of approximately S\$162,640,784. The Company's market capitalisation is determined by multiplying the number of shares in issue of 1,869,434,303 (excluding treasury shares) by the volume weighted average price of approximately S\$0.087 per share on 24 June 2019, being the full market day immediately preceding the signing of the Settlement Agreement and prior to the suspension of the Company's trading.
- (5) Not applicable, as the Company will not be issuing equity securities in connection with the Potential Transfer of Properties.
- (6) Not applicable, as the Properties are not a mineral, oil and gas assets.

6.2 Shareholders' approval not required

As the relative figures computed on the applicable bases set out in Rule 1006 of Catalist Rules for the Potential Transfer of Properties exceeds 5% but not 50%, the Potential Transfer of Properties would constitute a "disclosable transaction" under Chapter 10 of the Catalist Rules. Accordingly, the approval of shareholders is not required in respect of the Potential Transfer of Properties.

7. FINANCIAL EFFECTS OF THE POTENTIAL TRANSFER OF PROPERTIES

7.1 Illustrative Nature of Financial Effects

The financial effects of the Potential Transfer of Properties on the NTA per share and losses per share of the Group have been prepared based on the Group's audited financial statements for the financial year ended 30 June 2020. The financial effects set out below are purely for illustrative purposes only and do not necessarily reflect the actual results and financial performance and position of the Group after the Potential Transfer of Properties. No representation is made as to the financial position and/or results of the Company after the completion of the Potential Transfer of Properties.

7.2 NTA

Assuming that the Potential Transfer of Properties had been effected on 30 June 2020 (being the end of the most recently completed financial year ended 30 June 2020), the effects on the NTA per share of the Group would be as follows:

	Before the Potential Transfer of Properties	After the Potential Transfer of Properties
NTA (RM)	94,811,733	98,148,409

	Before the Potential Transfer of Properties	After the Potential Transfer of Properties
Number of shares	1,869,434,303	1,869,434,303
NTA per ordinary share (RM cents)	5.07	5.25

7.3 Losses per share

Assuming that the Potential Transfer of Properties had been effected on 1 July 2019 (being the beginning of the most recently completed financial year ended 30 June 2020), the effects of the Potential Transfer of Properties on the losses per share of the Group would be as follows:

	Before the Potential Transfer of Properties	After the Potential Transfer of Properties
Net loss attributable to shareholders (RM)	20,753,493	17,416,817
Weighted average no. of ordinary shares – Basic	1,869,434,303	1,869,434,303
Losses per share (RM cents) - Basic	1.11	0.93

8. USE OF PROCEEDS

There will be no cash received by the Group as the proceeds from the Potential Transfer of Properties, being the Transfer Sum, will be used to settle part of the Settlement Sum under the terms of the Settlement Agreement.

9. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

None of the Directors or the controlling shareholders (as defined in the Catalist Rules) of the Company has any interest, direct or indirect, in the Settlement Agreement, otherwise than through their respective shareholdings (if any) in the Company.

10. DIRECTORS' SERVICE CONTRACTS

No person is proposed to be appointed as a director of the Company in connection with the Potential Transfer of Properties. Accordingly, no service contract is proposed to be entered into between the Company and any such person in connection with the Potential Transfer of Properties.

11. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this announcement and confirm after making all reasonable enquiries, that to the best of their knowledge and belief, this announcement constitutes full and true disclosure of all material facts about the Settlement Agreement, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this announcement misleading. Where information in this announcement has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/ or reproduced in the announcement in its proper form and context.

By Order of the Board

Khong Chung Lun
Executive Director and Chief Executive Officer

30 November 2021

This announcement has been prepared by the Company and reviewed by the Company's 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.

The contact person for the Sponsor is Mr Andrew Leo, Chief Executive Officer, at 7 Temasek Boulevard, #18-03B Suntec Tower 1, Singapore 038987, telephone (65) 6950 2188.
