

PROVISION OF SHAREHOLDERS' LOAN TO JOINT VENTURE COMPANY

The board of directors (the “**Board**” or “**Directors**”) of Astaka Holdings Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) would like to announce that the Company’s 99.99%-owned indirect subsidiary, Astaka Padu Sdn. Bhd. (“**APSB**”), has with Saling Syabas Sdn. Bhd. (“**SSSB**” and together with APSB, collectively the “**JV Partners**”), entered into a shareholders’ loan agreement with the Company’s 50.99%-owned indirect subsidiary, Bukit Pelali Properties Sdn. Bhd. (“**BPPSB**” or the “**JV Co**”) on 26 September 2023 (the “**Shareholders’ Loan Agreement**”).

1. BACKGROUND OF BPPSB

As announced by the Company on 4 October 2016 (the “**JV Announcement**”), BPPSB is a joint venture company, incorporated by APSB and SSSB on 3 October 2016 to jointly undertake property development on certain parcels of land located in Kota Tinggi, Johor, Malaysia (the “**Joint Venture**”), with APSB and SSSB holding 51% and 49% shareholding interests in BPPSB respectively.

Pursuant to the joint venture agreement entered between BPPSB, APSB and SSSB on 3 October 2016, BPPSB may obtain financing for its business from its shareholders in proportion to their respective shareholding percentages in BPPSB should BPPSB be unable to secure external borrowings from third parties.

Kindly refer to the JV Announcement for more details of the Joint Venture.

2. PROVISION OF THE SHAREHOLDERS' LOAN

Under the terms of the Shareholders’ Loan Agreement, the JV Partners have agreed to make available to the JV Co a loan facility in aggregate principal amount of up to RM10 million (the “**Shareholders’ Loan**”).

The Shareholders’ Loan is to be drawn by BPPSB from the JV Partners, in accordance with the JV Partners’ respective shareholding percentages in the JV Co as follows:

Party	Shareholding Interest in BPPSB	Shareholders’ Loan
APSB	51%	RM5,100,000.00
SSSB	49%	RM4,900,000.00
Total	100%	RM10,000,000.00

3. PRINCIPAL TERMS OF THE SHAREHOLDERS' LOAN

3.1 Subject to the terms and conditions contained in the Shareholders’ Loan Agreement, the JV Co may, during the tenure of the Shareholders’ Loan Agreement, call for a drawdown of the Shareholders’ Loan or any part thereof (the “**Drawdown Amount**”) by giving the JV Partners a notice in writing in the form set out in Schedule 1 of the Shareholders’ Loan Agreement (the “**Drawdown Request**”) within a minimum of three (3) business days prior to the intended date of funding (the “**Drawing Date**”).

- 3.2 The JV Co may give any number of Drawdown Requests to the JV Partners, provided always that the amount of each drawing when aggregated with all previous amounts of the Drawdown Amounts under the Shareholders' Loan shall not exceed RM10 million only.
- 3.3 The Shareholders' Loan shall be repaid by BPPSB to AP SB and SSSB in cash and/or in kind as may be mutually agreed between BPPSB with AP SB and SSSB respectively within one (1) year from the Drawing Date (the "**Repayment Term**"), with an automatic extension of additional one year period upon the expiry of the Repayment Term, and on each successive anniversary date thereafter. Following each such automatic extension pursuant to the Shareholders' Loan, references to the Repayment Term shall also be extended accordingly and the maturity date for the repayment of the Shareholders' Loan shall be construed as the last day of each relevant extension.

4. **RATIONALE AND BENEFITS OF THE SHAREHOLDERS' LOAN**

The rationale and benefits of the Shareholders' Loan is to provide funding to the JV Co in connection with the Joint Venture, including but not limited to the ongoing working capital requirements as well as the future developments in the Joint Venture.

5. **THE SHAREHOLDERS' LOAN AS AN INTERESTED PERSON TRANSACTION**

5.1 **Chapter 9 of the Catalyst Rules**

Chapter 9 of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") Listing Manual Section B: Rules of Catalyst (the "**Catalist Rules**") governs transactions by a listed company, as well as transactions by its subsidiaries and associated companies that are considered to be entities at risk, with the listed company's interested persons.

Under Chapter 9 of the Catalyst Rules, where a listed company or any of its subsidiaries or any of its associated companies, which is an entity at risk, proposes to enter into transactions with the listed company's interested persons, the listed company is required to seek shareholders' approval if the value of the transaction (either in itself or aggregated with the value of other transactions with the same interested person during the same financial year) is equal to or exceeds 5% of the Group's latest audited net tangible assets ("**NTA**").

For the avoidance of doubt, the requirement for shareholders' approval does not apply to any transaction below S\$100,000.

However, Rule 916(3) of the Catalyst Rules states that the shareholders' approval is not required in relation to the provision of a loan to a joint venture by all joint venture partners in proportion to their equity and on the same terms if:

- (i) the loan is extended by all joint venture partners in proportion to their equity and on the same terms;
- (ii) the interested person does not have an existing equity interest in the joint venture prior to the participation of the entity at risk in the joint venture; and
- (iii) the issuer confirms by an announcement that its audit committee is of the view that:
 - (a) the provision of the Shareholders' Loan is not prejudicial to the interest of the Company and its minority shareholders; and
 - (b) the risks and rewards for each JV Partner are in proportion to the equity of each JV Partner in the Joint Venture and that the terms and conditions relating to the Shareholders' Loan are not prejudicial to the interests of the Company and its minority shareholders

(collectively, the "**Exception Conditions**").

5.2 Details of the Interested Person

Dato' Daing A Malek Bin Daing A Rahaman ("**Dato' Malek**"), being controlling shareholder of the Company, holds:

- (i) a deemed interest of 66.55% of shares in the Company by virtue of his 100% shareholding interest in Horizon Sea Limited, which holds 1,244,062,150 shares in the capital of the Company and a direct shareholding interest of 0.20% of shares in the Company by virtue of his holding of 3,665,000 shares in the capital of the Company, resulting in a total interest of approximately 66.75% of the share capital of the Company; and
- (ii) an indirect shareholding in BPPSB by virtue of his 100% shareholding interest in SSSB, which in turn holds 49% shareholding interest in BPPSB.

Accordingly, BPPSB is an associate of Dato' Malek, and is deemed to be an interested person for the purposes of Chapter 9 of the Catalist Rules. Therefore, the provision of the Shareholders' Loan constitute as an "interested person transaction" within the meaning of Chapter 9 of the Catalist Rules.

5.3 Total Value of Interested Person Transactions for the Current Financial Period

For the current financial period beginning 1 January 2023 and up to the date of this announcement, the aggregate value of transactions with Dato' Malek and his associates (excluding the Shareholders' Loan) are as follows:

Name of interested person	Nature of relationship	Aggregate value of all interested person transactions entered into (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all Interested Person Transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000)
Dato' Malek	Controlling shareholder	RM495,439 ⁽¹⁾	Not applicable
DMR Holdings Sdn Bhd (" DMR Holdings ")	An associate of Dato' Malek	RM9,600,000 ⁽²⁾	Not applicable

Notes:

- (1) This relates to the interest incurred in relation to unsecured loans extended by Dato' Malek, the controlling shareholder of the Company, of principal outstanding amount of RM30,000,000 pursuant to the loan agreement dated 14 February 2020 entered into between Dato' Malek and APSB (as supplemented by the supplemental letter agreement dated 3 November 2020) (the "**DM Loan Agreement**") at a fixed interest rate of 8% per annum, repayable within one year (unless automatically extended) or on demand.

In respect of the DM Loan Agreement, the loan and interest are repayable within one year from the date of the first drawing date or on demand, and no interest shall be charged on any accrued interest. The tenure of the loan shall be extended automatically by each subsequent one (1) year period unless APSB receives a termination notice from Dato' Malek not less than 30 days prior to the repayment date, and provided that no event of default has occurred. The Company had obtained the approval from its shareholders on 28 October 2020 for the entry by APSB into the DM Loan Agreement as an interested person transaction under Chapter 9 of the Catalist Rules. Please refer to the Company's circular to its shareholders dated 9 October 2020 for further details on the DM Loan Agreement. Further to the financial support letter which was extended by Dato' Malek previously to not demand repayment of the amount owing by the Company to Dato' Malek until the Group's resources permit, Dato' Malek and APSB had subsequently on 29 March 2023 entered into a supplementary agreement wherein Dato' Malek has, *inter alia*, agreed to not demand repayment for the amount owing to him and his related companies until the Group and the Company have the available resources to repay such amount.

- (2) This relates to the total interest payable assuming that the Group has fully drawn down the unsecured loans of up to an aggregate principal sum of RM120,000,000.00 extended by DMR Holdings (an associate of Dato' Malek, through his 100% shareholding interest in DMR Holdings), which comprises of (i) RM60,000,000.00 to BPPSB (the "DMR BPPSB Loan Agreement"), and (ii) RM60,000,000.00 to Astaka Capital Sdn. Bhd. ("ACSB") (the "DMR ACSB Loan Agreement"), each at a fixed interest rate of 8% per annum, repayable within one year (unless automatically extended) or on demand, subject to the confirmation of resource availability by BPPSB or ACSB respectively. The Company had obtained the approval from its shareholders on 25 August 2023 for the entry into the DMR BPPSB Loan Agreement and DMR ACSB Loan Agreement as interested person transactions under Chapter 9 of the Catalist Rules. Please refer to the Company's circular to Shareholders dated 10 August 2023 for further details.

For avoidance of doubt, the Company has yet to commence any drawdown on the DMR BPP Loan Agreement and DMR ACSB Loan Agreement respectively.

Save as disclosed in this announcement, there were no other interested person transactions entered into by the Group with any other interested persons in the current financial period beginning 1 January 2023 and up to the date of this announcement.

5.4 Value of Interested Person Transaction

The Shareholders' Loan, being transactions between APSB (being a 99.99% indirect subsidiary of the Company that is not listed on the SGX-ST or an approved exchange and thus an "Entity at Risk" under Chapter 9 of the Catalist Rules) and BPPSB (an "Associate" of Dato' Malek under Chapter 9 of the Catalist Rules), constitute an "Interested Person Transaction" under Chapter 9 of the Catalist Rules.

Under Rule 909(3) of the Catalist Rules, in the case of the lending of funds to an interested person, the value of the transaction is the interest payable on the loan and the value of the loan. The value of the interested person transaction in relation to the Shareholders' Loan, is approximately RM5.1 million (equivalent to approximately S\$1.5million), and represents approximately 6.39% of the latest audited NTA of the Group as at 31 December 2022 of approximately RM79.85 million.

As the value of the Shareholders' Loan exceeds 5.0% of the latest audited net tangible assets of the Group, the Shareholders' Loan, pursuant to Rule 906 of the Catalist Rules, would be subject to approval by Shareholders who are deemed independent for the purposes of the Shareholders' Loan, unless it falls within the exception under Rule 916(3) of the Catalist Rules as elaborated in paragraph 5.1. As the Shareholders' Loan falls within the exception under Rule 916(3) of the Catalist Rules, no approval from shareholders is required.

As at the date of this announcement, the current total of all interested person transactions with Dato' Malek and his associates during the same financial year from 1 January 2023 (being the start of the current financial year ending 31 December 2023) to the date of this announcement is RM10.1 million (excluding transactions of a value less than S\$100,000), which represents approximately 12.64% of the latest audited NTA of the Group as at 31 December 2022 of approximately RM79.85 million.

Save for interested person transactions with Dato' Malek and his associates, the Company does not have any other interested person transactions.

6. AUDIT COMMITTEE STATEMENT

Based on the terms and conditions relating to the Loan Facility and taking into account, amongst others, the loan is extended by all joint venture partners in proportion to their equity and on the same terms, including repayment terms and SSSB does not have an existing equity interest in the JV Co prior to the participation of APSB in the JV Co, the Audit Committee of the Company is of the view that:

- (a) the provision of the Shareholders' Loan is not prejudicial to the interest of the Company and its minority shareholders; and

- (b) the risks and rewards for the Joint Venture are in proportion to the equity of each JV Partner and that the terms and conditions relating to the Shareholders' Loan are not prejudicial to the interests of the Company and its minority shareholders.

With this and as disclosed in this announcement, the Audit Committee also confirms that the Exception Conditions could be met and accordingly, shareholders' approval is not required for the Shareholders' Loan.

7. FINANCIAL IMPACT

The contribution by the Company through APSB to the Shareholders' Loan will be funded from internal cash resources.

The Company's financing of Shareholders' Loan is not expected to have a material impact on the net tangible assets and earnings per share of the Company for FY2023.

8. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

Save as disclosed, none of the Directors nor the controlling shareholder(s) of the Company has any interest, direct or indirect, in the Shareholders' Loan, other than through their respective shareholdings (if any) in the Company.

9. DOCUMENTS AVAILABLE FOR INSPECTION

The Shareholders' Loan Agreement is available for inspection during normal business hours at the Company's registered office at 133 Cecil Street, #14-01, Keck Seng Tower, Singapore 069535 for three (3) months from the date of this announcement.

10. 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 Shareholders' Loan.

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 this announcement in its proper form and context.

By Order of the Board

Khong Chung Lun
Executive Director and Chief Executive Officer

26 September 2023

This announcement has been reviewed by the Company's sponsor, SAC Capital Private Limited (the "**Sponsor**").

This announcement has not been examined or approved by the Singapore Exchange Securities Trading Limited (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 Ms Audrey Mok (Telephone: +65 6232 3210) at 1 Robinson Road, #21-00 AIA Tower, Singapore 048542.
