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

1. INTRODUCTION

- 1.1. 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 dated 30 November 2021 (the “**Previous Announcement**”) in relation to the settlement agreement entered into between Astaka Padu Sdn Bhd (“**APSB**”) (a 99.99%-indirectly owned subsidiary of the Company) and China State Construction Engineering (M) Sdn Bhd (“**CSCE**”) by way of consent judgment on 29 November 2021 (the “**Settlement Agreement**”) in full and final settlement and discharge of all disputes, differences and claims by either party in connection with CSCE’s claim against APSB for the sum of RM50,878,046.41 and interests thereon (the “**Claim**”).

Unless otherwise defined, capitalized terms used herein shall bear the same meanings as ascribed to them in the Previous Announcement.

- 1.2. The Board wishes to announce that APSB and CSCE had, on 29 December 2023, entered into a supplementary settlement agreement (the “**Supplementary Settlement Agreement**”) to vary certain terms and conditions of the Settlement Agreement.

2. BACKGROUND

- 2.1. The Claim arose in relation to certain construction works for the relevant project (the “**Project**”) which APSB had engaged CSCE to carry out as main contractor as well as an interest-free loan extended by CSCE to APSB pursuant to a loan agreement dated 12 April 2017 in connection with the relevant Project.
- 2.2. Pursuant to the Settlement Agreement, APSB had, without any admission of liability and purely with a view to resolving the Claim amicably, previously agreed to pay CSCE a sum of RM44,073,120.00 (the “**Settlement Sum**”) in the manner as disclosed at paragraph 4.1 of the Previous Announcement.
- 2.3. The outstanding amount under the Settlement Agreement as at the date of this announcement is equivalent to the sum of RM9,156,644.00 (the “**CSCE Defects Retention Sum**”), as disclosed in paragraph 4.1(d) of the Previous Announcement. The CSCE Defects Retention Sum was to be paid to CSCE after the issuance of the Certificate of Making Good Defects (the “**CMGD**”) as specified in and subject to the terms of the Settlement Agreement.

3. KEY TERMS OF THE SUPPLEMENTARY SETTLEMENT AGREEMENT

3.1. Defects Retention Sum

Pursuant to the Supplementary Settlement Agreement:

- (i) Both parties acknowledge that the CSCE Defects Retention Sum is only in relation to CSCE's scope of work under the Project;
- (ii) CSCE and APSB had mutually agreed that a sum of RM4,450,000.00 to be the costs to rectify defects that were to be carried out by CSCE under the relevant defects liability period for the Project. As CSCE did not carry out such rectification works, CSCE agrees to waive and relinquish its entitlement to the sum of RM4,450,000.00;
- (iii) Accordingly, CSCE agrees that it is only entitled to the balance of RM4,706,644.00 (the "**Balance Defects Retention Sum**") which is to be paid by APSB to CSCE in the following manner:
 - (1) the parties shall use their best endeavours to request and procure the issuance of the CMGD by the relevant project consultant within fourteen (14) days from the execution of the Supplementary Settlement Agreement; and
 - (2) the parties agree that the Balance Defects Retention Sum is to be paid by APSB in the following manner:
 - (A) 50% of the Balance Defects Retention Sum (i.e., RM2,353,322.00) upon the issuance of an invoice by CSCE (with all relevant supporting documents) shall be paid on or before 31 January 2024; and
 - (B) the remaining 50% of the Balance Defects Retention Sum (i.e., the remaining RM2,353,322.00) shall be paid in six (6) equal monthly instalments not later than the due dates stipulated below:

Payment	Amount (RM)	Due Date
1	392,220.00	29 February 2024
2	392,220.00	31 March 2024
3	392,220.00	30 April 2024
4	392,220.00	31 May 2024
5	392,220.00	30 June 2024
6	392,222.00	31 July 2024

In the event that any part of the Balance Retention Sum is not paid by APSB to CSCE when it becomes due and payable under the terms of the Supplementary Settlement Agreement, the entire balance unpaid Balance

Retention Sum shall immediately become due and payable by APSB to CSCE.

3.2. **Other Retention Sum**

- (a) APSB had also retained another amount of RM4,847,619.53 (the “**Other Retention Sum**”) for the purposes of remedying defects in the works that were supposed to be carried out by nominated subcontractors (“**NSCs**”) and domestic subcontractors (“**DSCs**”) engaged by CSCE.
- (b) Under the Supplementary Settlement Agreement, CSCE acknowledges APSB’s position that the Other Retention Sum retained by APSB is not sufficient for the purpose of APSB remedying the defects of the works that were supposed to be carried out by the NSCs and DSCs during the relevant defects liability period for the Project. CSCE had therefore agreed to assign its rights under the relevant contracts between CSCE itself and the relevant NSCs and DSCs to APSB to enable APSB to commence legal action against the NSCs and DSCs for failure to comply with their respective obligations during the relevant defects liability period for the Project (the “**Assignment**”).
- (c) Pursuant to the Assignment:
 - (i) APSB shall as an assignee, pursue, enforce and claim for the outstanding defects rectification costs against the NSCs and/or DSCs and/or defend any claims for release of Other Retention Sum claimed by the NSCs and/or DSCs under the relevant subcontracts entered into between CSCE and the NSCs and/or DSCs in relation to the Project, in any adjudication, arbitration and/or litigation;
 - (ii) CSCE shall provide or procure (at its own costs and/or expenses) all information and/or assistance, which CSCE is in a position to provide or procure, to APSB which APSB may reasonably require in pursuing or defending the relevant legal actions;
 - (iii) APSB agrees to bear the costs and liabilities incurred on behalf of CSCE arising from the pursuit or defence of the relevant legal actions, including all costs incurred or to be incurred by CSCE from the pursuit or defence of the relevant legal actions, save for costs and/expenses incurred by CSCE pursuant to paragraph 3.2(c)(ii) above; and
 - (iv) For the avoidance of doubt, APSB and CSCE acknowledge that notwithstanding the Assignment, it is beyond the parties’ control as to which party the NSCs and DSCs may eventually sue.

3.3. **Accrued Interest**

- (a) CSCE agrees to waive and relinquish its entitlement to claim for the discounted accrued interest amounting to RM6,800,000.00 provided in Clause 1.1.5(iii) of the Settlement Agreement. Accordingly, the parties hereby agree to the deletion of Clause 1.1.5(iii) of the Settlement Agreement.

- (b) CSCE further agrees that CSCE is not entitled to claim for any late payment interests, other than for payment of the Balance Retention Sum under the Supplementary Settlement Agreement, in the event there is late payment of the Balance Retention Sum. For avoidance of doubt, CSCE shall be entitled to impose a late payment interest of 5% per annum on the unpaid portion of the Balance Retention Sum, from the due date of the unpaid portion of the Balance Retention Sum that are due and payable by APSB.

3.4. Settlement Agreement

The Supplementary Settlement Agreement is intended to be read together with the Settlement Agreement. In the event there are any inconsistencies or contradictions between the two agreements on terms provided for in the Supplementary Settlement Agreement, the relevant terms in the Supplementary Settlement Agreement shall prevail.

For avoidance of doubt, upon full payment of the Balance Defects Retention Sum by APSB to CSCE pursuant to the Supplementary 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.

3.5. Governing law

The Supplementary Settlement Agreement shall be governed by and construed in accordance with the laws of Malaysia.

4. INTEREST OF DIRECTORS AND CONTROLLING SHAREHOLDERS

None of the Directors (other than in his capacity as Director or shareholder of the Company) nor (as far as the Directors are aware) controlling Shareholders (other than their respective shareholdings in the Company, if any) has any interest, direct or indirect, in the Supplementary Settlement Agreement.

5. DOCUMENTS FOR INSPECTION

A copy of the Supplementary Settlement Agreement is available for inspection during normal office 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.

6. CAUTIONARY STATEMENT

Shareholders of the Company are advised to read the Previous Announcement in conjunction with this announcement and any further announcements by the Company carefully. The Company will make further announcements as necessary or appropriate or as and when there are material developments on the matters contemplated in this announcement. In the event of any doubt, shareholders of the Company should consult their stockbrokers, bank managers, solicitors, accountants or other professional advisers.

By Order of the Board

Khong Chung Lun
Executive Director and Chief Executive Officer

29 December 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.
