Securities Investors Association (Singapore)
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Email: admin@sias.org.sg www.sias.org.sg
UEN No: S99SS0111B
GST Reg No: M90367530Y

Issuer: Astaka Holdings Limited

Stock code: 42S

Meeting details:
Date: 28 April 2022
Time: 11.00 a.m.

Due to the current COVID-19 pandemic, SIAS encourage shareholders to participate at AGMs via other means and not to attend any AGM physically. Where the AGM is webcast, they can stay on top of their investments by watching the webcast and submitting their question to the company in advance. Senior citizens should avoid attending AGMs altogether and stay home.

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Q1. At the extraordinary general meeting held on 12 April 2022, shareholders approved the proposed disposal of land at One Bukit Senyum.

In recent months, the group has reached settlement agreements with China State Construction Engineering (M) Sdn Bhd and Aliran Asia Sdn Bhd. In addition, the company had previously announced that it had, on 29 December 2021, submitted a revised resumption proposal to SGX-ST.

The company first requested for a trading halt on 2 September 2019, followed for a request for suspension on 5 September 2019. Trading of the company's shares have been suspended for more than 2.5 years.

(i) **Are there any updates from SGX on the company's trading resumption proposal?**

(ii) **What are the remaining milestones before the trading of the company's shares can resume?**

(iii) **Does the board have any visibility on the timeline for the resumption of trading?**

(iv) **What is the level of involvement by the independent directors to safeguard the interest of the company and of the (minority) shareholders during the past 2.5 years?**

Q2. The group launched the "new and highest show units" in The Astaka in December 2021. It also embarked on aggressive marketing campaigns through various sales packages and promotions, including special rebates and discount.

In Pengerang, the group aims to launch the commercial development projects, i.e. Phase 3A, 3B and 3C located in Bukit Pelali, Pengerang in the second quarter of 2022. The project benefits from its proximity to the Pengerang Integrated Petroleum Complex in south-eastern Johor, which is expected to help to drive up demand for residential units and commercial outlets.

The group signed a memorandum of understanding (MOU) with DMR Holdings Sdn. Bhd for a potential collaboration to jointly undertake up to 42 acres of land development projects (including mixed commercial and light industrial development) in Johor, including Iskandar Puteri, Tampoi and Pengerang.

A second MOU is for the potential joint development of a commercial mix-used project in the popular township area of Taman Setia Indah.

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At the company level, the company recognised accumulated losses of RM(1.259) billion. Equity was RM1.35 billion in FY2016/FY2017/FY2018 before the group started facing difficulties. Equity attributable to owners of the company stands at just RM196.8 million as at 31 December 2021.

(i) **Can the board/management (re)state the group's competitive advantage in real estate development and elaborate on how it creates value for shareholders?**

(ii) **How different is the group today in terms of its business model and financial position than it is 3 years ago when it faced a severe liquidity crunch, received letters of demand and under-recognised interest expense, etc?**

(iii) **In particular, have the internal controls, corporate governance and board oversight been significantly improved?**

(iv) **With regard to the two recently signed MOU, how does the group shortlist and select its partners?**

(v) **Does the group have the necessary working capital and human capital to support its growth objectives?**

(vi) **What are the sales achieved for The Astaka?**

Q3. In the independent auditors' report, the auditors have included a material uncertainty related to going concern, as follows:

We draw attention to Note 2 to the consolidated financial statements which indicates that the group incurred a net loss of RM22.79 million for the financial period ended 31 December 2021, and as of 31 December 2021, the Group reported net current assets of RM75.50 million, for which current assets include development properties amounting to RM337.28 million, representing the completed properties held for sale and properties in the course of development. As at 31 December 2021, the Company was in net current liability position of RM3.2 million. As stated in Note 2, these conditions along with other matters as set forth in Note 2, indicate that a material uncertainty exists that may cast significant doubt on the ability of the Group and the Company to continue as going concern. Our opinion is not modified in respect of this matter.

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Management has prepared the financial statements on a going concern basis due to the following:

- Resumption of vaccinated travel lanes ("VTL")
- Launch of Phase 3A, 3B and 3C of Bukit Pelali, Pengerang
- Disposal of a parcel of freehold land for RMB116 million
- Settlement with CSCE
- Settlement with Aliran Asia
- Settlement with JBB Kimlun
- Continuing support from the controlling shareholder, Dato' Daing A Malek Bin Daing A Rahaman, in the form of an unsecured, interest free loan facility of up to RM60 million

(i) **Can the board/management help shareholders understand the future payments to be made under the various settlement agreements with the various parties?**

(ii) **Has the group drawn down on the RM60 million loan facilities offered by Dato' Malek?**

(iii) **What are the terms of the financial support by Dato' Malek, such as repayment schedule, maturity/expiration, etc?**

(iv) **Are there any other major uses of cash in the next 18-24 months?**

^On 1 October 2020, the Accounting and Corporate Regulatory Authority ("ACRA"), the Monetary Authority of Singapore ("MAS") and Singapore Exchange Regulation ("SGX RegCo") published an updated checklist to guide listed entities on the conduct of general meetings arising from the latest updates from the Multi-Ministry Taskforce.

Issuers may continue to conduct their general meetings held on or before 30 June 2021 via electronic means, and are encouraged to do so. On 9 April 2021, it was announced that the alternate arrangements for meetings ("Meetings Order") would be extend beyond 30 June 2021 until it is revoked or amended by the Ministry of Law. Accordingly, until such time, issuers may continue to utilise the Checklist issued by ACRA, MAS and SGX RegCo to guide entities on the conduct of their general meetings.

Issuers who, after due consideration of public health and other risks, wish to provide for physical attendance at their general meetings must ensure that they implement all relevant measures to comply with the safe management measures imposed by the Singapore Government.

^ Guidance on the Conduct of General Meetings Amid Evolving COVID-19 Situation (https://www.sgx.com/media-centre/20201001-guidance-conduct-general-meetings-amid-evolving-covid-19-situation)

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Shareholders are welcome to use and/or adapt the questions prepared by SIAS and to forward them to the company.

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