

**RECEIPT OF LETTER OF DEFAULT
IN RELATION TO THE SETTLEMENT AGREEMENT**

1. INTRODUCTION

The board of directors (the “**Board**” or “**Directors**”) of Astaka Holdings Limited (the “**Company**”) refers to the Company’s announcements dated 5 September 2019, 6 September 2019, 10 September 2019, 11 September 2019 and 2 October 2019 (the “**Announcements**”), in relation to the settlement agreement entered into between the Company’s subsidiary, Astaka Padu Sdn Bhd (“**APSB**”) and China State Construction Engineering (M) Sdn Bhd (“**CSCE**”) on 1 October 2019 (the “**Settlement Agreement**”).

Unless otherwise defined herein, all capitalised terms used herein shall have the same meanings as defined in the Announcements.

2. LETTER OF DEFAULT

2.1 The Board wishes to announce that APSB had on 8 April 2020, received a letter of default dated 3 April 2020 by email from CSCE in relation to the Settlement Agreement (“**Letter of Default**”), despite the management’s continuing efforts to engage CSCE and re-negotiate the Settlement Agreement.

2.2 A summary of the Letter of Default is set out as follows:

- (a) The Settlement Sum to settle payment for works done under the Contract and/or the project up to payment certificate no. 43, and/or the sum due and owing from APSB to CSCE under the Loan Agreement is RM74,378,046.43. As of 3 April 2020, APSB had paid RM21,135,991.93 to CSCE.
- (b) Pursuant to the Settlement Agreement, the late payment interest which accrued from 1 September 2019 until 31 March 2020 shall be RM1,989,588.59, which shall continue to accrue until the date of full repayment of the Settlement Sum.
- (c) APSB has failed to pay RM5 million that is due and payable by APSB to CSCE under the Settlement Agreement for the month of February 2020 and March 2020.
- (d) A table corresponding to the payments made by APSB to CSCE and the accumulated interests owed from APSB to CSCE are as follows:

Date	Payments made by APSB to CSCE (RM)	Outstanding Settlement Sum (RM)	Interest by Month (RM)	Accumulated Interest (RM)
31.08.2019		57,378,046.43		
30.09.2019	11,540,405.00	45,837,641.43	324,683.29	324,683.29
31.10.2019	2,018,408.13	43,819,233.30	310,386.24	635,069.53
30.11.2019	2,568,906.80	41,250,326.50	292,189.81	927,259.34
31.12.2019	2,500,596.00	38,749,730.50	274,477.26	1,201,736.60
31.01.2020	7,676.00	38,742,054.50	274,422.89	1,476,159.49
29.02.2020	2,500,000.00 ⁽¹⁾	36,242,054.50	256,714.55	1,732,874.04

Date	Payments made by AP SB to CSCE (RM)	Outstanding Settlement Sum (RM)	Interest by Month (RM)	Accumulated Interest (RM)
31.03.2020	0.00	36,242,054.50	256,714.55	1,989,588.59

Note:

(1) Relates to the payment for January 2020.

- (e) Pursuant to the Settlement Agreement, in the event of default of AP SB of its payment obligations under the Settlement Agreement, the entire unpaid portion of the Settlement Sum, regardless of whether it has become due shall immediately become due and payable by AP SB to CSCE. CSCE shall be at liberty to immediately initiate legal proceedings against AP SB for the entire unpaid portion of the Settlement Sum without further reference and/or notice to AP SB including but not limited to initiating adjudication and/or commencing winding up proceedings against AP SB.

3. NEXT STEPS

- 3.1 Following the receipt of the Letter of Default, AP SB and CSCE have agreed in principle to re-negotiate a revised Settlement Agreement in relation to the Contract and the Loan Agreement within 60 days from 8 April 2020, as:
- (a) following the Government of Malaysia's imposition of a movement control order commencing from 18 March 2020 to 31 March 2020, and the extension thereof to 14 April 2020 pursuant to the Prevention and Control of Infectious Diseases Act 1988 and Police Act 1967 of Malaysia (the "**Movement Control Order**"), AP SB's business premises have been closed; and
- (b) AP SB will only be able to resume business operations once the Movement Control Order is lifted, subject to any further directives from the Government of Malaysia.
- 3.2 Management is in the midst of verifying the payments made by AP SB to CSCE as set out in Paragraph 2.2(d) above.
- 3.3 The Company will make the appropriate announcements as and when there are any further material developments on the above matters.

ON BEHALF OF THE BOARD

Khong Chung Lun
Executive Director and Chief Executive Officer
9 April 2020

This announcement has been prepared by the Company and reviewed by the 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 Pong Chen Yih, Chief Operating Officer, at 9 Raffles Place, #17-05 Republic Plaza Tower 1, Singapore 048619, telephone (65) 6950 2188.
