

ACQUISITION OF PROPERTY

1. INTRODUCTION

The Board of Directors (the “**Board**” or “**Directors**”) of Santak Holdings Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) is pleased to announce that on 7 March 2018 the Group has issued an offer to purchase (the “**Offer to Purchase**”) a property located at No. 8 Jalan Teknologi Perintis 1/3, Taman Teknologi Nusajaya, 79250 Iskandar Puteri, Johor (the “**Property**”) to Nusajaya Tech Park Sdn Bhd (the “**Vendor**”) (the “**Proposed Acquisition**”). On 23 March 2018, the Vendor has accepted the Offer to Purchase and the Group has made a payment of a sum of RM243,503 (the “**Earnest Money**”) to the Vendor. The Vendor is an independent and unrelated third party.

The Earnest Money represents 2% of the total consideration for the purchase of the Property of RM11,486,000 (before rebate of RM1,358,000) together with the Good and Services Tax (GST) at 6% on the Earnest Money.

2. INFORMATION RELATING TO THE VENDOR AND THE PROPERTY

The Property is located within Nusajaya Tech Park, which is one of the closest industrial parks to Singapore. The Property is freehold with land area of 47,469.24 sf and built area of 32,093.79 sf. The Group intends to use the Property for its own use, namely for the manufacturing of precision machined components.

None of the Company’s directors and controlling shareholders are related either directly or indirectly with the Vendor or any of the shareholders of the Vendor.

3. PURCHASE CONSIDERATION FOR THE PROPERTY

The aggregate consideration for the Property is RM10,128,000 (after rebate of RM1,358,000) or equivalent to approximately S\$3,400,940 (based on an exchange rate of RM2.978 equivalent to S\$1 as at 22 March 2018) (the “**Consideration**”) which shall be satisfied fully in cash and payable by the Group to the Vendor as follow (a) upon signing the Sale and Purchase Agreement, the Group will pay a 10% deposit of the Consideration, and (b) the balance 90% is to be paid on or before completion.

The Consideration was arrived at on a willing seller willing buyer basis after arm’s length negotiations between the Group and the Vendor and after taking into consideration, *inter alia*, relevant enquiries and references by the Group in relation to the current market prices of properties in the surrounding area of similar size and lease tenure. The Group intends to fund the purchase of the Property by internal cash resources.

The terms for the Offer to Purchase for the Proposed Acquisition include terms *inter-alia*, subject to, where applicable, the approval from the shareholders of the Company and the Singapore Exchange Securities Trading Limited (“**SGX-ST**”). As the relative figures computed under Rule 1006(c) of the Listing Manual of the SGX-ST Section B: Rules of Catalist (the “**Catalist Rules**”) exceeds 5.0% but not 75.0%, the Proposed Acquisition constitutes a disclosable transaction and approval from the Company’s shareholders is not required.

No valuation will be conducted or commissioned for the purpose of the Proposed Acquisition as the Property is purchased directly from the developer.

4. **RATIONALE FOR THE PURCHASE OF THE PROPERTY**

The Board is of the view that the purchase of the Property is in the best interest of the Group and is pursuant to the Group's restructuring business strategy and proposal due to, inter alia:

- (i) The built up size of the Property and its location were ideal for the Group's current factory operation; and
- (ii) Owning the Property in Malaysia would provide better management of cost and availabilities of labour to the Group.

The Group intends to relocate its current factory operation from Singapore to the Property, which is part of its restructuring.

5. **FINANCIAL EFFECTS OF THE PURCHASE OF PROPERTY**

5.1 **Net Tangible Asset ("NTA") per Share**

For illustrative purposes only, based on the Group's audited consolidated financial statements for the financial year ended 30 June 2017 ("FY2017"), the financial effects of the Proposed Acquisition are as follows:

	Before the Proposed Acquisition	After the Proposed Acquisition
Consolidated NTA attributable to the shareholders of the Company (S\$'000)	21,901	21,901
Number of shares (excluding treasury shares)	107,580,980	107,580,980
Consolidated NTA per share attributable to the shareholders of the Company (Singapore Cents)	20.36	20.36

5.2 **Loss per Share ("LPS")**

For illustrative purposes only, assuming the Proposed Acquisition had been effected on 1 July 2016, the proforma financial effects of the Proposed Acquisition on the Loss per Share for the financial year ended 30 June 2017 would be as follows:

	Before the Proposed Acquisition	After the Proposed Acquisition
Net loss attributable to the shareholders of the Company (Continuing Operations) (S\$'000)	(2,637)	(2,833) ⁽¹⁾
Weighted average number of shares (excluding treasury shares)	107,580,980	107,580,980
Consolidated LPS (Singapore Cents)	(2.45)	(2.63)

Note:

- (1) The proforma financial effects are determined based on the assumptions of costs incurred in relation to the property such as depreciation charges and property tax.

6. **RELATIVE BASES COMPUTED ON THE BASES SET OUT IN CATALIST RULE 1006**

The relative figures of the purchase of Property computed on the bases set out in Rule 1006(a) to (e) of the Catalist Rules are as follows:

Rule 1006 of the Catalist Rules	Bases	Relative Figures
1006 (a)	Net asset value of the assets to be disposed of, compared with the group's net asset value	Not applicable
1006 (b)	Net profits attributable to the assets acquired or disposed of, compared with the group's net profits	Not applicable ⁽¹⁾
1006 (c)	Aggregate value of the consideration given or received, compared with the issuer's market capitalisation, based on the total number of issued shares excluding treasury shares	28.7% ⁽²⁾
1006 (d)	Number of equity securities issued by the issuer as consideration for an acquisition, compared with the number of equity securities previously in issue	Not applicable
1006 (e)	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

Note:

(1) Not applicable as the Property will be used by the Group for its own use, namely for the manufacturing of precision machined components.

(2) Computed based on the Consideration of RM10,128,000 and the market capitalisation of the Group of approximately S\$11.8 million as at 24 January 2018, being the last trading day for the Company's shares ("Shares") preceding the date of exercise of the Option. The Group's market capitalisation is computed based on the number of issued Shares of 107,580,980 and the weighted average price of approximately S\$0.11 per Share on 24 January 2018, being the last trading day for the Shares preceding the date of exercise of the Option.

As the relative figures computed under Rule 1006(c) of the Catalist Rules exceeds 5.0% but not 75.0%, the Proposed Acquisition constitutes a disclosable transaction and approval from the Company's shareholders is not required.

7. **INTEREST OF THE DIRECTORS AND SUBSTANTIAL SHAREHOLDERS**

None of the Directors, controlling shareholders or substantial shareholders of the Company has any interest, direct or indirect, in the Proposed Acquisition.

8. **SERVICE AGREEMENTS**

No person will be appointed to the Board of Directors of the Company, and no service agreements will be entered into by the Company, in connection with the Proposed Acquisition.

9. **FURTHER ANNOUNCEMENT**

The Company will make further announcements in relation the Proposed Acquisition as and when there are material developments.

10. **DOCUMENT AVAILABLE FOR INSPECTION**

A copy of the Offer to Purchase and the letter of acceptance from the Vendor are available for inspection by Shareholders during normal business hours at the registered office of the Company (31 Senoko South Road, Woodlands East Industrial Estate Singapore 758084) for a period of three (3) months commencing from the date of this announcement.

11. **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 Proposed Acquisition, the Offer to Purchase, 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 the 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

Lai Foon Kuen
Company Secretary
23 March 2018

This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor ("Sponsor"), Asian Corporate Advisors Pte. Ltd., for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited ("Exchange"). The Sponsor has not independently verified the contents of this announcement including the correctness of any of the figures used, statements or opinions made.

This announcement has not been examined or approved by the Exchange and the Exchange 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.

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