SANTAK HOLDINGS LIMITED
(Company Registration Number: 200101065H)

THE PROPOSED DISPOSAL OF THE PROPERTY AT 31 SENOKO SOUTH ROAD, WOODLANDS EAST INDUSTRIAL ESTATE, SINGAPORE 758084 – WAIVER FROM THE REQUIREMENT OF RULE 1014(2) OF THE CATALIST RULES

*Unless otherwise defined, the capitalised terms used herein have the same meanings as set out in the Company's announcement dated 27 June 2019 in relation to the Proposed Disposal and 10 July 2019 in relation to the Exercise of Option to Purchase (the "**Previous Announcements**").*

1. INTRODUCTION

The Board of Directors ("**Board**") of Santak Holdings Limited (the "**Company**" and together with its subsidiaries, the "**Group**") refer to the Previous Announcements in connection with the Proposed Disposal. As disclosed in the Previous Announcements, the Proposed Disposal constitutes a major transaction under Chapter 10 of the Listing Manual Section B: Rules of Catalist (the "**Catalist Rules**") of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") and is conditional upon, *inter alia*, approval by shareholders of the Company (the "**Shareholders**") in an extraordinary general meeting ("**EGM**") or the Company having obtained from the SGX-ST a waiver to convene the EGM.

The Company wishes to announce that it has applied to the SGX-ST for a waiver of the requirement of Rule 1014(2) of the Catalist Rules to seek its Shareholders' approval for the Proposed Disposal ("**Waiver**") and the SGX-ST has on 25 October 2019 granted the Waiver to the Company, subject to:-

(a) the Company making an immediate announcement on the Waiver granted by the SGX-ST, including the reasons for seeking the Waiver; the conditions as required under Catalist Rule 106 and whether the said conditions have been satisfied. If the Waiver conditions have not been met on the date of the announcement, the Company must make an update announcement when the conditions have all been met; and

(b) Submission of a written confirmation from the Company that the Waiver does not contravene any laws and regulations governing the Company and the articles of association of the Company.

The Waiver will not be effective if any of the conditions have not been fulfilled. The SGX-ST reserves the right to amend and/or vary the above decision and such decision is subject to changes in the SGX-ST's policies.

The Company will submit the written confirmation as set out in point (b) above to the SGX-ST in due course.

2. REASONS FOR SEEKING THE WAIVER

The Company applied for the Waiver from the SGX-ST based on, *inter alia*, the following merits:

(a) The Property which is the subject of the Proposed Disposal is currently utilized for the Group's operations and not for investment or rental-income generation purposes. The Board is of the view that the Proposed Disposal of the Property is in the best interest of the Group, as it will enable the Group to realize the value of the Property and is in line with the Group's strategy to relocate its current manufacturing facility from Singapore to its recently acquired property in Johor, Malaysia (as announced on 12 December 2018) as part of its restructuring for better management of cost and availabilities of labour to the Group. Furthermore the Company seeks approval for a waiver to hold an EGM in view that the relocation will improve and optimize the Group's operation with better cost management and availabilities of labour.

(b) The Company had obtained undertakings ("**Undertakings**") from Mr. Tan Chee Hawai, Mdm Heng Kheng Hwai, and Mr. Tan Sin Hock, who collectively are referred as "**Undertaking Shareholders**" and hold in aggregate approximately 55.06% of the issued share capital of the Company. Pursuant to the Undertakings, each of the Undertaking Shareholders has

undertaken to vote each of their entire shareholdings in the Company in favour of the Proposed Disposal if an EGM is to be convened for the purposes of the Proposed Disposal.

(c) The Board confirms that the Proposed Disposal will not result in material change of risk profile of the Group. The Proposed Disposal will generate cash to strengthen the liquidity and net current assets position of the Group.

(d) The Proposed Disposal is a disposal of non-core assets (taking into account the relocation of the Group's manufacturing facility) and the Board confirms that the Proposed Disposal will not affect the nature of the Group's main business. It is noted that, pursuant to Practice Note 10(A) paragraph 8(c) of the Catalist Rules, "where an issuer proposes to dispose of a non-core business or a non-core asset (for example, a vacant factory) without affecting the nature of its main business, it is reasonable in normal circumstances to expect shareholders not to be overly concerned about the disposal. The Exchange may grant a waiver under such circumstances."

(e) Notwithstanding the Proposed Disposal shall results in a disposal loss of S$833,000 (after deducting the estimated transactional expenses of approximately S$125,000 to be incurred in connection with the Proposed Disposal), the Board is of the view that the Proposed Disposal of the Property is in the best interest of the Group given the following:-,

(i) The Proposed Disposal will enable the Group to realize the value of the Property and thereby free up cash. In addition, it is in line with the Group's strategy to relocate its manufacturing facility from Singapore to its recently acquired property in Johor, Malaysia (as announced on 12 December 2018) as part of its restructuring for better management of cost and availabilities of labour to the Group.

(ii) The Management has been in search for and negotiation with potential buyers after the cancellation of the previous option to purchase the Property as announced on 7 September 2018. The Company confirmed that there is no other firm alternative offer for the Property and the Consideration is the best price offered for the Property as at the date of the grant of the Option.

(iii) The original purchase cost for the Property in 1993 was approximately S$4.41 million and in the event the Company continued to record the said Property based on the original purchase price less depreciation, the carrying net book value of the Property would have been approximately S$2.18 million as at 31 December 2018.

(iv) The Property was revalued at S$11.50 million as at 30 June 2018 based on the market value ascribed by independent professional valuer and it was re-classified as "asset held for sale" and no depreciation had been accorded to the Property since March 2018. In the event the Property remained to be depreciated, its carrying net book value would have been approximately S$10.84 million as at 31 December 2018 (and thus the loss on the Proposed Disposal would have been reduced to approximately S$0.47 million).

3. NO CONVENING OF EGM

As the SGX-ST has granted the Waiver to the Company, the Company will not be convening an EGM to seek the approval of Shareholders for the Proposed Disposal and accordingly, will not be dispatching a circular to Shareholders in relation thereto.

The Board confirms that the Waiver does not contravene any laws and regulations governing the Company and the constitution of the Company.

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

4. 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 Proposed Disposal, the Waiver, 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
25 October 2019

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*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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