

**SMARTFLEX HOLDINGS LTD.**  
**(Company Registration No. 201003501R)**  
**(Incorporated in the Republic of Singapore)**

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**RECEIPT OF APPROVAL FROM SGX-ST IN RELATION TO THE FOLLOWING:**

- (A) FURTHER EXTENSION OF TIME TO MEET THE REQUIREMENTS FOR A NEW LISTING UNDER RULE 1017(2) OF THE CATALIST RULES; AND**
  - (B) WAIVER OF THE ESCROW REQUIREMENTS UNDER RULE 1017(1)(a) OF THE CATALIST RULES**
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**(A) APPLICATION FOR FURTHER EXTENSION OF TIME TO MEET THE REQUIREMENTS FOR A NEW LISTING UNDER RULE 1017(2) OF THE CATALIST RULES**

The board of directors (the “**Board**”) of Smartflex Holdings Ltd. (the “**Company**”) refers to the announcements released by the Company on 25 July 2017, 11 September 2017, 19 January 2018 and 24 January 2018 (the “**Announcements**”). Unless otherwise defined, herein, all capitalized terms shall have the meanings ascribed to them in the Announcements.

As stated in the announcement dated 24 January 2018, the SGX-ST advised that it had no objections to granting the Company a 6-month extension of time, from 19 January 2018 to 19 July 2018, for the Company to complete the acquisition of assets that are suitable for a new listing which constitutes a reverse takeover (“**RTO**”) or a very substantial acquisition (“**VSA**”).

On 29 June 2018, the Company (through its sponsor) submitted an application to the SGX-ST for a further 2-month extension of time (the “**Further Extension**”) till 19 September 2018 (the “**New Extended Date**”) to meet the requirements for a new listing under Rule 1017(2) of the Catalist Rules in view of the following:-

- (a) the Company had lodged the circular to its shareholders dated 29 June 2018 in respect of the Proposed Acquisition with the SGX-ST, acting as an agent on behalf of the Monetary Authority of Singapore, on 29 June 2018, and will be convening an extraordinary general meeting on 26 July 2018 (the “**EGM**”) to seek the shareholders’ approval for the resolutions in relation to, *inter alia*, the Proposed Acquisition;
- (b) the Proposed Acquisition is expected to be completed by end August 2018;
- (c) having considered the indicative timeline set out above, the Board is of the view that the Company will be able to complete the Proposed Acquisition by the New Extended Date;
- (d) the Proposed Acquisition will provide the Company an opportunity to acquire a profitable business in the veterinary industry in Singapore with a view to enhance shareholders’ value;
- (e) the Proposed Acquisition will enable the Company to meet the requirements for a new listing, and continue as a listed company instead of facing the prospect of being removed from the Official List (as defined in the Catalist Rules). Accordingly, shareholders will then be able to trade the shares of the Company and avail themselves of the opportunity to exit through the market and realise returns from their shareholdings; and
- (f) for the reasons set out above, the Board is of the reasonable opinion that shareholders will not be prejudiced by the Further Extension, and should be given an opportunity to consider and decide on the merits of the Proposed Acquisition during the EGM.

The purpose of seeking the Further Extension is to allow sufficient time for the Company and the appointed professionals for the Proposed Acquisition to:-

- (a) convene the EGM to seek shareholders' approval for the resolutions in relation to, *inter alia*, the Proposed Acquisition; and
- (b) undertake the necessary administrative processes to complete the Proposed Acquisition.

**(B) APPLICATION FOR WAIVER OF THE ESCROW REQUIREMENTS UNDER RULE 1017(1)(a) OF THE CATALIST RULES**

On 4 August 2016, the Company announced that it had deposited approximately S\$26,265,594 into the escrow account maintained with the escrow agent, CIMB Bank Berhad (the "**Escrow Account**") in accordance with Rule 1017(1)(a) of the Catalist Rules. Subsequently, on 24 July 2017 and 28 March 2018, the Company placed further amounts of S\$1,605,403 and S\$271,932 in the Escrow Account, respectively, further to its announcements on 20 July 2017 and 12 February 2018.

On 23 September 2016, the Company declared an interim special dividend of 8.5 Singapore cents per share (amounting to an aggregate of S\$10.7 million) as *pro-rata* distributions to shareholders ("**First Dividend Distribution**"). The First Dividend Distribution was paid to shareholders on 10 October 2016 from the funds in the Escrow Account.

As at 31 January 2017, the Company had existing cash in hand (i.e. free cash outside the Escrow Account) of approximately US\$1.9 million (equivalent to approximately S\$2.7 million based on an exchange rate of US\$1 : S\$1.4096 as at 31 January 2017), and the Board and the management of the Company were of the view then that the S\$2.7 million of existing cash in hand was a considerable amount and did not envisage that the expenses to be incurred for the proposed acquisition of a new business to be undertaken by the Company would exceed S\$1.0 million (notwithstanding that the Company had not identified any potential target for acquisition then). In addition, the Company had expected to receive the retained sum arising from the disposal of the entire issued share capital of Smartflex Technology Pte Ltd and Smartflex Innovation Pte Ltd of S\$1,956,000 less any amount permitted to be set off pursuant to the relevant provisions of the sale and purchase agreement in July 2017, which would be utilised by the Company for its day-to-day-operations.

As such, after due consideration, the Company declared a final dividend of 1.0 Singapore cent per share for the financial year ended 31 December 2016 (amounting to an aggregate of S\$1.3 million) on 24 February 2017 as *pro-rata* distributions to shareholders ("**Second Dividend Distribution**"). Shareholders approved the Second Dividend Distribution during the annual general meeting of the Company on 25 April 2017, and the Second Dividend Distribution was paid to shareholders on 12 May 2017 from the existing cash in bank (i.e. free cash outside the Escrow Account).

As set out in the Company's monthly valuation of its assets and utilisation of cash announced on 20 June 2018, the Company had, as at 31 May 2018, a total cash balance of approximately S\$17,691,000. This comprises approximately (i) S\$17,613,000 held in the Escrow Account ("**Escrow Funds**"); and (ii) the remaining S\$78,000 not held in the Escrow Account ("**Non-Escrow Funds**") to be used for the Company's operating expenses.

However, based on the Company's projection of estimated operating expenses to be incurred for its day-to-day operations ("**Projected Operating Expenditure**") for the three-month period from June 2018 to August 2018 ("**3-Month Period**") where the Proposed Acquisition is expected to be completed, the Company would require an aggregate of approximately S\$276,000 for its operating expenses. The Board and the Company's sponsor, having reviewed the bases for the operating expenses for the 3-Month Period, are satisfied with the amounts and reasons for the Projected Operating Expenditure.

Accordingly, the Non-Escrow Funds as at 31 May 2018 would not be sufficient to pay for the Projected Operating Expenditure for the 3-Month Period, with a shortfall of approximately S\$198,000.

In view of the above, the Company (through its sponsor) submitted an application to the SGX-ST on 29 June 2018 to seek approval from the SGX-ST for a waiver of Rule 1017(1)(a) of the Catalist Rules to draw down and utilise S\$198,000 of the Escrow Funds for the Company's operating expenses to be incurred prior to the completion of the Proposed Acquisition.

The Company is seeking this waiver on the following basis:-

- (a) the Company's existing cash and bank balances are not sufficient for it to cover its day-to-day operating expenses for the 3-Month Period up until the Proposed Acquisition is expected to be completed; and
- (b) the Board is of the view that the Projected Operating Expenditure, amounting to approximately 1.1% of the Escrow Funds, is not material, and is required to ensure that the Company continues its operations with a management team of appropriate experience and expertise in order to successfully pursue and complete the Proposed Acquisition, as well as to ensure that the Company continues to meet its continuing listing obligations.

#### **(C) RECEIPT OF SGX WAIVERS**

The SGX-ST had on 11 July 2018 advised that it has no objection to granting the Company's applications for the following:-

- (a) Further 2-month time extension (i.e. till 19 September 2018) for the Company to meet the requirements for a new listing in relation to Catalist Rule 1017(2); and
  - (b) Waiver of the escrow requirements under Catalist Rule 1017(1)(a) to draw down and utilise S\$198,000 from the Escrow Account for the Company's operating expenses,
- (collectively, the "**Waivers**").

The granting of the Waivers by the SGX-ST is subject to the following:-

- (a) Compliance with the SGX-ST's continuing listing requirements;
- (b) The Company making an announcement of the Further Extension and the waiver granted in relation to the draw down of funds from the Escrow Account, and disclosing the respective reasons for it; and
- (c) Regular updates via SGXNET on the Company's progress in meeting key milestones of the Proposed Acquisition to the SGX-ST and investors.

In the event the Company is unable to complete the Proposed Acquisition to acquire the business that meets the requirements for a new listing, the Company will be delisted and a cash exit offer is to be made to shareholders.

Further, the SGX-ST reserves the right to:-

- (a) suspend trading of securities should the Company fail to comply with Rule 1017 of the Catalist Rules, taking into account the Waivers granted; and
- (b) amend / vary the above confirmation as it deems fit as such confirmation is subject to changes in the SGX-ST's policies.

Shareholders and potential investors are advised to exercise caution when trading in the Shares of the Company as the Proposed Acquisition is subject to, *inter alia*, numerous conditions precedent being fulfilled and the grant of the approval from shareholders at the upcoming EGM, and there is no certainty or assurance as at the date of this announcement that the Proposed Acquisition will be completed. The Company will make the necessary announcements when there are further developments on the Proposed Acquisition, and other matters contemplated by this announcement.

Shareholders and potential investors are advised to read this announcement and any further announcements by the Company carefully. Shareholders and potential investors should consult their stockbrokers, bank managers, solicitors or other professional advisors if they have any doubt about the actions they should take.

By Order of the Board

TAN TONG GUAN  
EXECUTIVE CHAIRMAN & CEO  
12 July 2018

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*This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, ZICO Capital Pte. Ltd. (the "**Sponsor**"), for compliance with the Singapore Exchange Securities Trading Limited ("**SGX-ST**") Listing Manual Section B: Rules of Catalyst. The Sponsor has not independently verified the contents of this announcement.*

*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 Ms Alice Ng, Director of Continuing Sponsorship, ZICO Capital Pte. Ltd. at 8 Robinson Road, #09-00, ASO Building, Singapore 048544, telephone (65) 6636 4201.*