

SANTAK HOLDINGS LIMITED
(Company Registration Number: 200101065H)

THE PROPOSED DISPOSAL OF THE PROPERTY AT 31 SENOKO SOUTH ROAD, WOODLANDS EAST INDUSTRIAL ESTATE, SINGAPORE 758084

*Unless otherwise specified, all capitalized terms shall have the same meaning ascribed to the announcements dated 27 June 2019, 10 July 2019, 25 October 2019 and 11 December 2019 in relation to the Proposed Disposal of the Property located at 31 Senoko South Road, Woodlands East Industrial Estate, Singapore 758084 (“**Announcements**”)*

The Board of Directors (the “**Board**” or “**Directors**”) of Santak Holdings Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) refers to the Announcements and wishes to announce that its wholly owned subsidiary Santak Metal Manufacturing Pte Ltd (the “**Vendor**”) had on 2 June 2020 written to JTC to seek JTC’s no objection confirmation to the execution and registration of the Transfer/Assignment Instrument between the Purchaser and the Vendor (“**JTC’s Final Approval**”) and to extend the completion date of the Assignment to 31 December 2020 (“**Assignment Completion Date**”) notwithstanding that JTC have earlier stated that the Assignment has to be completed within 6 months from JTC’s consent letter of 11 December 2019. As a results, JTC had on 10 June 2020 informed the Vendor that JTC’s management had approved the extension of the completion date to the Assignment Completion Date and JTC had on 22 June 2020 informed the Vendor that JTC’s Final Approval will only be given at a date nearer to the Assignment Completion Date.

In view of the Circuit Breaker measures (“**CB**”) in Singapore and the Movement Control Order (“**MCO**”) in Malaysia arising from the COVID-19 pandemic, the Vendor faces unforeseen circumstances which had delayed the moving of its machinery from the Property in Singapore to its factory property in Johor Malaysia. The Vendor had therefore requested JTC and the Purchaser to extend the completion date to the Assignment Completion Date.

Arising from the extension of the completion date to the Assignment Completion Date, the Purchaser had negotiated with the Vendor and the Vendor had completed the negotiation with the Purchaser on 19 June 2020 and agreed to

- (1) reimburse the Purchaser the pro-rated rental payable by the Purchaser to its landlord for the period from 16 July 2020 to the Assignment Completion Date on 31 December 2020 amounting to S\$331,241 (plus GST) which the Purchaser will incur for extending the existing lease of its current factory premise with its landlord till the Assignment Completion Date (“**Rental Reimbursement**”). The said sum shall be paid to the Purchaser on Completion;
- (2) bear the property tax, JTC’s land rent, service charges and all other outgoings for the Property up till the Assignment Completion Date; and
- (3) endorse / execute the applications and plans that the Purchaser will be

submitting to the relevant authorities including JTC and BCA for refurbishment / renovation of the Property as such applications and plans are required to be endorsed by the Vendor as the current owner of the Property. For avoidance of doubt, the Purchaser will be responsible for refurbishment / renovation of the Property and will bear the costs of such refurbishment / renovation.

Arising from the Rental Reimbursement, the loss on the Proposed Disposal will increase from approximately S\$0.833 million (as previously charged as loss in diminution of value in other operating expenses in Financial Year ended 30 June 2019) to approximately S\$1.16 million (after deducting the Rental Reimbursement of S\$331,241 plus the estimated transactional expenses of approximately S\$125,000 to be incurred in connection with the Proposed Disposal). Notwithstanding the above disposal loss, 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 to strengthen the liquidity and net current assets position of the Group. 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 Group 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 Group 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\$2.0 million as at 31 December 2020.
- (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\$9.97 million as at 31 December 2020 (and thus the Proposed Disposal would have resulted in a gain of approximately S\$0.08 million).

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

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 (including

inter alia extension of the Assignment Completion Date), the Property, the Option 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 June 2020

This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, Asian Corporate Advisors Pte. Ltd. (the "Sponsor"), in accordance with Rules 226(2)(b) and 753(2) of the Singapore Exchange Securities Trading Limited ("Exchange") Listing Manual Section B: Rules of Catalist for compliance with the relevant rules of the 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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