

**SANTAK HOLDINGS LIMITED (Company Registration No. 200101065H)  
(Incorporated In Singapore)**

**Half Year Financial Statement And Dividend Announcement for the Period Ended  
31 December 2019**

**PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF HALF YEAR  
RESULTS**

**1(a) An income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.**

	GROUP		
	Latest Half Year 31 December 2019 S\$'000	Previous Half Year 31 December 2018 S\$'000	% Increase / (Decrease)
Revenue	7,290	8,401*	(13)
Cost of sales	(6,199)	(6,782)	(9)
Gross profit	1,091	1,619	(33)
Other income	118	22	436
Distribution and selling expenses	(721)	(771)*	(6)
Administrative expenses	(779)	(776)	1
Other operating expenses	(56)	(40)	40
Financial costs	(12)	(5)	140
Financial income	1	7	(86)
(Loss)/profit before tax	(358)	56	n.m
Taxation	111	19	484
(Loss)/profit for the period	(247)	75	n.m
(Loss)/profit attributable to equity holders of the Company	(247)	75	n.m

	<b>GROUP</b>		<b>% Increase / (Decrease)</b>
	<b>Latest Half Year 31 December 2019 S\$'000</b>	<b>Previous Half Year 31 December 2018 S\$'000</b>	
(Loss)/profit for the period	(247)	75	n.m
Other comprehensive income: <i>Items that may be reclassified subsequently to profit and loss:</i>			
Foreign currency translation	8	(21)	n.m
Total other comprehensive income for the period	8	(21)	n.m
Total comprehensive income for the period	(239)	54	n.m
Total comprehensive income attributable to equity holders of the Company	(239)	54	n.m

\* This relates to a reclassification of approximately S\$141,000 from revenue to distribution and selling expenses.

n.m – not meaningful

The loss attributable to shareholders is determined after crediting / (charging) the following:

	<b>GROUP</b>	
	<b>Latest Period 31 December 2019 S\$'000</b>	<b>Previous Period 31 December 2018 S\$'000</b>
Other income	118	22
Interest Income	1	7
Interest expense	(12)	(5)
Depreciation of property, plant and equipment	(47)	(91)
Depreciation of right-of-use assets	(97)	-
Amortisation of intangible assets	(8)	(7)
Allowance for stocks obsolescence (net)	(2)	(14)
Foreign exchange loss	(6)	(40)
Over provision of tax in respect of prior years	186	7

**1(b)(i) A balance sheet (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.**

	GROUP		COMPANY	
	31 Dec 2019 S\$'000	30 June 2019 S\$'000	31 Dec 2019 S\$'000	30 June 2019 S\$'000
<b>Non-current assets</b>				
Property, plant and equipment	4,067	4,255	-*	83
Right-of-use assets	689	-	69	-
Investments in subsidiary companies	-	-	8,113	8,113
Intangible assets	50	50	-*	-*
Deferred tax assets	7	79	7	7
	<u>4,813</u>	<u>4,384</u>	<u>8,189</u>	<u>8,203</u>
<b>Current assets</b>				
Inventories	1,865	2,143	-	-
Trade receivables	3,223	2,420	-	-
Other receivables	151	70	-	-
Prepayments	62	60	23	12
Loan to a subsidiary company	-	-	4,030	4,030
Due from subsidiary companies (non-trade)	-	-	1,844	1,851
Cash and cash equivalents	2,523	3,552	63	133
	<u>7,824</u>	<u>8,245</u>	<u>5,960</u>	<u>6,026</u>
Assets of a subsidiary classified as held for sale	10,375	10,375	-	-
	<u>18,199</u>	<u>18,620</u>	<u>5,960</u>	<u>6,026</u>
<b>Current liabilities</b>				
Trade payables	1,217	1,231	-	-
Other payables	1,319	1,266	269	376
Provision for taxation	43	223	7	30
Lease liabilities	202	75	37	37
	<u>2,781</u>	<u>2,795</u>	<u>313</u>	<u>443</u>
<b>Net current assets</b>	15,418	15,825	5,647	5,583
<b>Non-current liabilities</b>				
Lease liabilities	459	125	13	31
Deferred tax liabilities	20	-	-	-
	<u>479</u>	<u>125</u>	<u>13</u>	<u>31</u>
<b>Net assets</b>	<u>19,752</u>	<u>20,084</u>	<u>13,823</u>	<u>13,755</u>
<b>Equity attributable to equity holders of the Company</b>				
Share capital	12,852	12,852	12,852	12,852
Accumulated (losses)/retained earnings	(2,473)	(2,226)	971	903
Revaluation reserve	9,521	9,521	-	-
Translation reserve	(148)	(63)	-	-
	<u>19,752</u>	<u>20,084</u>	<u>13,823</u>	<u>13,755</u>

\* Denotes less than S\$1,000.

**1(b)(ii) Aggregate amount of group's borrowings and debt securities. Amount repayable in one year or less, or on demand**

As at 31/12/2019		As at 30/06/2019	
Secured	Unsecured	Secured	Unsecured
S\$	S\$	S\$	S\$
75,000	127,000	75,000	0

**Amount repayable after one year**

As at 31/12/2019		As at 30/06/2019	
Secured	Unsecured	Secured	Unsecured
S\$	S\$	S\$	S\$
87,000	372,000	125,000	0

**Details of any collateral**

Secured lease liabilities are secured over the motor vehicles as well as corporate guarantees from the Company. The unsecured lease liabilities relate to right-of-use assets of the Group.

**1(c) A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.**

	<b>GROUP</b>	
	<b>Latest Half Year 31 Dec 2019 S\$'000</b>	<b>Previous Half Year 31 Dec 2018 S\$'000</b>
<b>Cash flows from operating activities</b>		
(Loss)/profit before tax	(358)	56
Adjustments:		
Depreciation plant and equipment	47	91
Depreciation of right-of-use assets	97	-
Amortisation of intangible assets	8	7
Realisation of translation reserve on strike off of a subsidiary	(93)	-
Interest expense	4	5
Interest expense – lease liabilities	8	-
Interest income	(1)	(7)
Unrealised exchange loss	(17)	(2)
Operating cash flows before working capital changes	(305)	150
Inventories	278	87
Trade receivables	(803)	331
Other receivables and prepayments	(83)	(11)
Trade payables	(14)	254
Other payables	53	86
Cash flows from operations	(874)	897
Interest received	1	7
Income taxes paid, net	23	3
Net cash flows (used in)/generated from operating activities	(850)	907
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(54)	(3,163)
Purchase of intangible assets	(9)	-
Down payment for purchase of property, plant and equipment	-	(172)
Net cash flows used in investing activities	(63)	(3,335)
<b>Cash flows from financing activities</b>		
Repayment of finance leases	(38)	(35)
Repayment of leased liabilities	(65)	-
Interest paid	(4)	(5)
Interest paid – lease liabilities	(8)	-
Net cash flows used in financing activities	(115)	(40)
<b>Net decrease in cash and cash equivalents</b>	(1,028)	(2,468)
<b>Effect of exchange rate changes on cash and cash Equivalents</b>	(1)	(6)
<b>Cash and cash equivalents at beginning of period</b>	3,552	7,048
<b>Cash and cash equivalents at end of period</b>	2,523	4,574

**1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.**

Statement of changes in equity for the period ended 31 December 2019.

**GROUP**

	Share capital	(Accumulated losses)/ retained earnings	Revaluation reserve	Translation reserve	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<b>Balance at 1 July 2018 (Restated)</b>	12,852	(659)	9,521	-*	21,714
Profit net of tax	-	75	-	-	75
Foreign currency translation	-	-	-	(21)	(21)
Realisation of translation reserve on strike off of subsidiary	-	26	-	(26)	-
Other comprehensive income for the period, net of tax	-	26	-	(47)	(21)
Total comprehensive income for the period	-	101	-	(47)	54
<b>Balance at 31 Dec 2018 (Restated)</b>	12,852	(558)	9,521	(47)	21,768
<b>Balance at 1 July 2019</b>	12,852	(2,226)	9,521	(63)	20,084
Loss net of tax	-	(247)	-	-	(247)
Foreign currency translation	-	-	-	8	8
Other comprehensive income for the period, net of tax	-	-	-	8	8
Total comprehensive income for the period	-	(247)	-	8	(239)
Realisation of translation reserves on strike-off of a subsidiary	-	-	-	(93)	(93)
<b>Balance at 31 Dec 2019</b>	12,852	(2,473)	9,521	(148)	19,752

\* Denotes less than S\$1,000.

**COMPANY**

	Share capital	Retained earnings	Total
	S\$'000	S\$'000	S\$'000
Balance at 1 July 2018	12,852	786	13,638
Total comprehensive income for the period	-	106	106
Balance at 31 Dec 2018	12,852	892	13,744
Balance at 1 July 2019	12,852	903	13,755
Total comprehensive income for the period	-	68	68
Balance at 31 Dec 2019	12,852	971	13,823

- 1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, subdivision, consolidation, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

The issued and paid-up capital of the Company was S\$12,852,187 as at 31 December 2019 (31 December 2018: S\$12,852,187).

There were no share options as at 31 December 2019 (31 December 2018: Nil).

There was no shares held as treasury shares and subsidiary holdings or other convertible as at 31 December 2019 (31 December 2018: Nil).

- 1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.**

As at 31 December 2019, the total number of issued shares of the Company was 107,580,980 shares (30 June 2019: 107,580,980).

- 1(d)(iv) A statement showing all sales, transfers, cancellation and/or use of treasury shares as at the end of the current financial period reported on.**

There were no treasury shares as at 31 December 2019.

**1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.**

Not applicable. The Company did not have any subsidiary holdings during and at the end of the current financial period reported on.

**2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.**

The figures have not been audited nor reviewed by the auditors.

**3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).**

Not applicable.

**3A. Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion:**

**(a) Updates on the efforts taken to resolve each outstanding audit issue.**

**(b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.**

Not applicable.

**4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.**

Except as disclosed in paragraph 5 below, the Group has applied the same accounting policies and methods of computation in the financial statements for the current financial period ended 31 December 2019 compared to the audited financial statements as at 30 June 2019.

**5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.**

On 1 July 2019, the Group has adopted the new or amended SFRS(I) and Interpretations of SFRS(I) ("INT SFRS(I)") that are mandatory for application for the financial year. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective SFRS(I) and INT SFRS(I).

The adoption of these new or amended SFRS(I) and INT SFRS(I) did not result in substantial changes to the Group's accounting policies and had no material effect on the amounts reported for the current financial year except for the adoption of SFRS(I) 16 Leases:

**Adoption of SFRS(I) 16 Leases**

*When the Group is the lessee*

The Group adopted SFRS(I) 16, using the modified retrospective method of adoption with the date of initial application of 1 July 2019. Under this method, the standard is applied



retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application.

Prior to the adoption of SFRS(I) 16, non-cancellable operating lease payments were not recognised as liabilities in the balance sheet. These payments were recognised as rental expenses over the lease term on a straight-line basis.

On initial application of SFRS(I) 16, the Group has elected to apply the following practical expedients:

i) For all contracts entered into before 1 July 2019 and that were previously identified as leases under SFRS(I) 1-17 Lease and SFRS(I) INT 4 Determining whether an Arrangement contains a Leases, the Group has not reassessed if such contracts contain leases under SFRS(I) 16; and

ii) On a lease-by-lease basis, the Group has:

a) excluded initial direct costs in the measurement of the right-of-use ("ROU") asset at the date of initial application; and

b) used hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

c) accounted for operating leases with a remaining lease term of less than 12 months and leases of low value assets as at 1 July 2019 as short-term leases.

For leases previously classified as operating leases on 1 July 2019, the Group has applied the following transition provisions:

(i) On a lease-by-lease basis, the Group chose to measure its ROU assets at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position immediately before the date of initial application.

(ii) Recognised its lease liabilities by discounting the remaining lease payments as at 1 July 2019 using the incremental borrowing rate for each individual lease.

(iii) For leases previously classified as finance leases, the carrying amount of the leased asset and finance lease liability as at 1 July 2019 are determined as the carrying amount of the ROU assets and lease liabilities.

The effects of adoption of SFRS(I) 16 on the Group's financial statements as at 1 July 2019 are as follows:

	Increase/(decrease) \$
Property, plant and equipment	(222,027)
Right of use assets	792,726
Lease liabilities	770,400

**6. Earnings/(loss) per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.**

<b>Loss per ordinary share of the Group:</b>	<b>Latest Half Year 31 December 2019</b>	<b>Previous Half Year 31 December 2018</b>
(a) Based on the weighted average number of ordinary shares on issue; and	(0.23) cents	0.07 cents
(b) On a fully diluted basis (detailing any adjustments made to the earnings)	(0.23) cents	0.07 cents

Basic and diluted earnings/(loss) per share are calculated by dividing the net profit/(loss) for the period attributable to ordinary shareholders by the weighted average number of ordinary shares for basic earnings/(loss) per share computation.

The following reflects the income and share data used in the basic and diluted earnings/(loss) per share computations:

	<b>Latest Half Year 31 December 2019</b>	<b>Previous Half Year 31 December 2018</b>
Net (loss)/profit attributable to ordinary shareholders for basic and diluted loss per share (S\$'000)	(247)	75
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Weighted average number of ordinary shares (in thousands) on issue applicable to basic loss per share	107,581	107,581
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Weighted average number of ordinary shares (in thousands) applicable to diluted loss per share	107,581	107,581
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7. **Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:-**  
**(a) current financial period reported on; and**  
**(b) immediately preceding financial year.**

	GROUP		COMPANY	
	Latest period	Previous financial year	Latest period	Previous financial year
	31 Dec 2019	30 June 2019	31 Dec 2019	30 June 2019
Net asset value per ordinary share based on issued share capital of the issuer at the end of the financial period/year reported on	18.36 cents	18.67 cents	12.85 cents	12.79 cents

8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-**
- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**  
**(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

#### **HY2020 vs HY2019**

##### **Review of Income Statement**

Revenue decreased by 13.2% from S\$8.40 million in HY2019 to S\$7.29 million in HY2020. The decrease was mainly due to lower sales derived from the Group's Precision Engineering Division ("PE") at S\$4.93 million, a decrease of S\$0.61 million or 11.1% compared to the prior corresponding period. The decrease in sales in PE compared to previous period was mainly due to the lower sales arising mainly from weaker demand from its data storage, medical equipment and fibre optic connector sectors. In addition, the Group's Trading & Distribution Division ("T&D") also registered lower sales at S\$2.36 million in HY2020 compared to S\$2.85 million in HY2019 mainly due to lower demand from the security/access control system business. Nevertheless, on a sequential basis, the Group revenue increased by S\$1.57 million or 27.4% in HY2020 compared to the revenue of S\$5.72 million in the immediately preceding six month period ended 30 June 2019 (2<sup>nd</sup> half FY2019).

The Group's gross profit was lower at S\$1.09 million in HY2020 compared to S\$1.62 million in HY2019 resulting in lower gross profit margin of approximately 15.0% in HY2020. This was mainly due to lower economies of scale recorded as a result of the decrease in turnover, lower machine utilization as well as an increase in production labour payroll and training cost, depreciation expense and other cost incurred in the setting up of the new factory in Johor Malaysia. The depreciation expense of right of use

assets of approximately S\$0.10 million arose from the Group's adoption of SFRS(I) 16 Leases in HY2020 as explained in paragraph 7 below.

Other operating income increased by approximately S\$95,000 or 436.4% mainly due to the reclassification from the translation reserve of approximately S\$93,000 to the income statement as a dormant wholly-owned subsidiary of the Company, Santak Electronics Pte. Ltd. was struck off from the Register of Companies pursuant to Section 344 of the Companies Act, Chapter 50 of Singapore on 9 December 2019. Other operating expenses increased by S\$0.02 million or 40% in HY2020 compared to previous corresponding period mainly due to freight cost of S\$0.05 million incurred for the shifting of some machines and equipment from Singapore factory to the new factory in Johor. This is partially offset by the decrease in foreign exchange loss by approximately S\$0.03 million in HY2020.

The slight decrease in distribution and selling expenses by S\$0.05 million or 6.5% to S\$0.72 million was mainly due to lower payroll expenses in HY2020 in line with the lower turnover. The administrative expenses remains stable at approximately S\$0.78 million in both HY2020 and HY2019. The increase in financial expenses by approximately S\$7,000 in HY2020 was the result of interest expense on lease liabilities arising from the Group's adoption of SFRS(I) 16 Leases in HY2020 as explained in paragraph 7 below. The lower financial income was due to lower interest income from the lower bank balances during HY2020 compared to previous corresponding period.

A loss before tax of approximately S\$0.36 million was recorded for HY2020 compared to a profit before tax of S\$0.06 million in the previous corresponding period. The higher tax credit of S\$0.11 million in HY2020 was mainly due to the reversal of prior year provision for taxation no longer required. The loss after tax for HY2020 was approximately S\$0.25 million while profit after tax for HY2019 was S\$0.08 million. The Group's basic and diluted loss per share were both 0.23 cents for HY2020 versus basic and diluted earnings per share of 0.07 cents in the prior corresponding period.

### **Review of Financial Position**

The decrease in property, plant and equipment by S\$0.19 million as at 31 December 2019 compared to 30 June 2019 was mainly due to the adoption of SFRS(I) 16 Leases, where the carrying amount of motor vehicles which were held under finance leases amounting to \$0.22 million was reclassified to "right-of-use assets" on 1 July 2019.

The increase of the right-of-use assets of S\$0.69 million as at 31 December 2019 was the result of the Group's adoption of SFRS(I) 16 Leases. Leases previously classified as operating leases was recognised as right-of-use assets and lease liabilities by discounting the remaining lease payments as at 1 July 2019 using the incremental borrowing rate for each individual lease. The amount of right-of-use assets recognized from leases previously classified as operating leases on 1 July 2019 was \$0.57 million. In addition, as stated in the previous paragraph, leases previously classified as finance leases of S\$0.22 million was reclassified from motor vehicles to right-of-use assets. Right-of-use assets arising from the adoption of SFRS(I) 16 Leases on 1 July 2019 was \$0.79 million. After deducting depreciation expense of approximately S\$0.10 million during HY2020, the net book value of the right-of-use assets of as at 31 December 2019 was S\$0.69 million. Please refer to item 5 for further details.

The decrease in deferred tax assets was mainly due to lower tax losses balance as at 31 December 2019 compared to 30 June 2019. The decrease in inventories by S\$0.28 million and increase in trade receivables by S\$0.80 million respectively as at 31 December 2019 versus 30 June 2019 were mainly due to higher sales of the Group's PE recorded towards the end of the HY2020 compared to towards the end of the immediately preceding period ended 30 June 2019. Other receivables increased by

S\$0.08 million mainly due to a deposit for a banker guarantee issued to Malaysian custom authority as well as rental deposits.

The increase in other payables by approximately S\$0.05 million was mainly due to higher accruals of payroll expenses, sales commission and freight charges. The decrease in provision for taxation by S\$0.18 million was mainly due to the reversal of prior year provision for taxation no longer required. The decrease in cash and cash equivalent by S\$1.03 million from S\$3.55 million to S\$2.52 million is explained in the cash flow explanation in the following paragraph below. The increase in lease liabilities by S\$0.46 million as at 31 December 2019 was mainly the result of the Group's adoption of SFRS(I) 16 Leases in HY2020 as explained earlier in paragraph 7 above. The increase in deferred tax liabilities as at 31 December 2019 by S\$0.02 million was mainly due to the utilisation of tax losses from prior years.

### **Review of Cash Flow**

The Group's operations registered a net cash flows used in operating activities of S\$0.85 million in HY2020 compared to net cash flows generated from operating activities of approximately S\$0.91 million in the previous corresponding period. This was mainly attributable to a loss before tax recorded in HY2020 instead of a profit before tax in the previous corresponding period as well as cash outflow arising from working capital changes (which were mainly due to increase in trade and other receivables which were partially offset by a decrease in inventories balances and increase in other payables).

Net cash used in investing activities was lower at S\$0.06 million in HY2020 compared to S\$3.34 million in HY2019 mainly due to the payment of S\$3.14 million in HY2019 for the acquisition of a factory property in Johor Malaysia and down payment of S\$0.17 million for renovation of factory in the previous corresponding period HY2019. There were no such payments made in HY2020.

The increase in net cash used in financing activities during HY2020 by approximately S\$0.08 million to S\$0.12 million was mainly due to the repayment of lease liabilities of S\$0.07 in HY2020 arising from the Group's adoption of SFRS(I) 16 Leases in HY2020 as explained earlier in paragraph 7 above.

Overall, cash and cash equivalents decreased by S\$1.03 million during HY2020 to S\$2.52 million as at 31 December 2019 compared to the balance of S\$3.55 million as at 30 June 2019.

**9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.**

Not applicable.

**10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.**

The market in which the Group operates remains competitive and demanding going forward in the current financial year ending 30 June 2020 (“FY2020”), particularly in the midst of the current challenging economic and COVID-19 coronavirus outbreak environment. Challenges remain in terms of pricing and costs as well as foreign exchange volatility as in prior periods.

As part of its effort for cost rationalization and optimisation and streamlining of the Group’s operations, the Group had completed its acquisition of a new factory property in Johor Malaysia (as announced on 12 December 2018) and is currently in the process of gradually relocating in stages its current manufacturing facility from Singapore to this new factory in Johor for better management of cost and availabilities of labour in the long term which will also enhance the Group’s competitiveness. The Group has so far shifted more than 60% of its main CNC machines to the Johor factory and plans to shift all its main CNC machines and equipment to the Johor factory by mid-April 2020. Over the same period, the Group will continue to set up the machines in the Johor factory and the newly recruited workers in Johor factory will be undergoing trainings and further scale up the on-going mass production in the Johor factory. However, there will be additional costs such as shifting, set-up and employees training costs etc. expected over the 2<sup>nd</sup> half of FY2020.

In line with the above Group’s strategy, the Group has announced on 27 June 2019 the grant of an option to purchase (the “Option”) dated 27 June 2019 to an independent third party purchaser (the “Purchaser”), for the sale of the leasehold property of a wholly-owned subsidiary (the “Property”) for an aggregate consideration of S\$10.50 million (“Consideration”) (“Proposed Disposal”). The Group has also announced on 10 July 2019 that the Purchaser has exercised the Option on 10 July 2019 and the Group has received the balance deposit of 10% of the Consideration less the option money that was paid earlier in accordance with the terms of the Option. In addition, the SGX-ST has on 25 October 2019 granted the waiver to the Company of the requirement of Rule 1014(2) of the Catalist Rules to seek its Shareholders’ approval for the Proposed Disposal. Further, the Group has announced on 11 December 2019 that the Group has received the written consent from JTC dated 11 December 2019 (“JTC’s Approval”) for the proposed transfer/assignment of the lease of the Property (“Assignment”), subject to, inter alia, the Purchaser must conduct an Environmental Baseline Study (“EBS”) to determine the presence of any contamination on and beneath the Property. If decontamination is required, the Group must carry out all works necessary to decontaminate the Property in accordance with the JTC’s Environment Baseline Requirements. The EBS is currently in progress. In accordance to the Option, the completion of the disposal transaction will be around end April 2020 (which is at least 42 weeks from the Purchaser’s exercise of the Option on 10 July 2019). The Company will make further announcements in relation the Proposed Disposal as and when there are material developments.

On the other hand, the Group has entered into a 3 years lease agreement in January 2020 to lease an approximately 8,600 square feet premises in Clementi to serve as the Group’s Singapore office, warehouse, inspections, packing and minor manufacturing purposes. The premises is currently under renovation.

The Board and the Management will continue to seek opportunities which offer potential growth for the Group and enhancement of value for the Shareholders as and when appropriate.

**11. Dividend**

**(a) Current Financial Period Reported On**

Any dividend declared for the current financial period reported on? None

**(b) If Corresponding Period of the Immediately Preceding Year**

Any dividend declared for the corresponding period of the immediately preceding financial year? None

**(c) Date payable**

Not applicable.

**(d) Books closure date**

Not applicable.

**12. If no dividend has been declared/recommendeded, a statement to that effect and the reason(s) for such decision.**

No dividend has been declared or recommended for the 6 months financial period ended 31 December 2019. This is to conserve cash for working capital and capital expenditure purposes.

**13. If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.**

The Group has not obtained any general mandate for interested person transactions.

**14. Confirmation Pursuant to Rule 720(1) of the Catalist Rules**

The Company has procured undertakings from all its directors and executive officers in the format set out in Appendix 7(H) under Rule 720(1) of the Catalist Rules.

**15. Negative confirmation by the Board pursuant to Rule 705(5)**

We, Lee Keen Whye and Ng Weng Wei, being two Directors of Santak Holdings Limited (the "Company"), do hereby confirm on behalf of the Directors of the Company that, to the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the half year financial results ended 31 December 2019 to be false or misleading in any material aspect.

On behalf of the Board of Directors

Lee Keen Whye  
Chairman

Ng Weng Wei  
Director

**BY ORDER OF THE BOARD**

Lai Foon Kuen  
Company Secretary  
12 February 2020

*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., 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 Company's 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.*

*The contact person for the Sponsor is Ms Foo Quee Yin  
Telephone number: 6221 0271*