

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

**Half Year Financial Statement And Dividend Announcement for the Period Ended  
31 December 2016**

**PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY  
(Q1, Q2 & Q3), HALF-YEAR AND FULL 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 2016 S\$'000	Previous Half Year 31 December 2015 S\$'000 (Restated)	% Increase / (Decrease)
<b>Continuing operations<sup>1</sup></b>			
Revenue	17,513	31,689	(45)
Cost of sales	(16,718)	(29,597)	(44)
Gross profit	<hr/> 795	<hr/> 2,092	(62)
Other income	445	369	21
Distribution and selling expenses	(801)	(1,053)	(24)
Administrative expenses	(1,046)	(1,062)	(2)
Other operating expenses	(194)	-	n.m
Financial expenses	(594)	(758)	(22)
Financial income	3	7	(57)
Loss before taxation	<hr/> (1,392)	<hr/> (405)	244
Taxation	121	(7)	n.m
Loss for the period from continuing operations	<hr/> (1,271)	<hr/> (412)	208
<b>Discontinued operation<sup>1</sup></b>			
Loss for the period from discontinued operation	(2,072)	(5,192)	(60)
Loss for the period	<hr/> (3,343)	<hr/> (5,604)	(40)
Loss attributable to equity holders of the Company			
- From continuing operations	(1,271)	(412)	208
- From discontinued operation	(2,072)	(5,192)	(60)
	<hr/> (3,343)	<hr/> (5,604)	(40)

	<b>GROUP</b>		
	<b>Latest Period 31 December 2016 S\$'000</b>	<b>Previous Period 31 December 2015 S\$'000 (Restated)</b>	<b>% Increase / (Decrease)</b>
Loss for the period	(3,343)	(5,604)	(40)
Other comprehensive income:			
<i>Items that may be reclassified subsequently to profit and loss:</i>			
Foreign currency translation	231	219	5
Total other comprehensive income for the period	<u>231</u>	<u>219</u>	5
Total comprehensive income for the period	<u>(3,112)</u>	<u>(5,385)</u>	(42)
Total comprehensive income attributable to equity holders of the Company	<u>(3,112)</u>	<u>(5,385)</u>	(42)
 <b>Discontinued Operation<sup>1</sup></b>			
Revenue	2,909	12,720	(77)
Cost of sales	(4,211)	(17,504)	(76)
Gross loss	<u>(1,302)</u>	<u>(4,784)</u>	(73)
Other income	561	1,041	(46)
Distribution and selling expenses	(383)	(537)	(29)
Administrative expenses	(329)	(680)	(52)
Other operating expenses	(624)	(129)	384
Financial income	5	14	(64)
Loss from discontinued operation before taxation	<u>(2,072)</u>	<u>(5,075)</u>	(59)
Taxation	-	(117)	n.m
Loss from discontinued operation after taxation	<u>(2,072)</u>	<u>(5,192)</u>	(60)
Total comprehensive income for the period	<u>(2,072)</u>	<u>(5,192)</u>	(60)

n.m – not meaningful

<sup>1</sup> As a result of a wholly owned subsidiary of the Company, Santak Metal Manufacturing Pte Ltd entered into a sale and purchase agreement dated 24 November 2016 with LY Investment (HK) Limited (the "Purchaser") for sale of 100% equity interest of its wholly owned subsidiary, Santak Metal Manufacturing (Wuxi) Co., Ltd. ("Santak Wuxi") to the Purchaser, Santak Wuxi is classified as "Discontinued operation" and prior year figures were restated.

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

**Continuing Operations :-**

	<b>GROUP</b>	
	<b>Latest Period 31 December 2016 S\$'000</b>	<b>Previous Period 31 December 2015 S\$'000 (Restated)</b>
Other income	445	369
Interest Income	3	7
Interest on borrowings	(452)	(580)
Depreciation and amortisation	(434)	(441)
Allowance for stocks obsolescence (net)	50	(44)
Write off of stocks directly to profit and loss account	-	(4)
Foreign exchange gain	419	256
Over provision of tax in respect of prior years	-	(18)
Gain on disposal of property, plant and equipment	-	83

**Discontinued Operation :-**

	<b>GROUP</b>	
	<b>Latest Period 31 December 2016 S\$'000</b>	<b>Previous Period 31 December 2015 S\$'000 (Restated)</b>
Other income	561	1,041
Interest Income	5	14
Depreciation and amortisation	-	(2,141)
Allowance for stocks obsolescence (net)	1,127	(287)
Foreign exchange loss	(613)	(129)
Over provision of tax in respect of prior years	-	(117)
Gain/(loss) on disposal of property, plant and equipment	174	(22)

**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 2016 S\$'000	30 June 2016 S\$'000	31 Dec 2016 S\$'000	30 June 2016 S\$'000
<b>Non-current assets</b>				
Property, plant and equipment	11,628	12,068	160	195
Investments in subsidiary companies	-	-	8,113	8,113
Intangible assets	82	92	1	4
Loan to a subsidiary company	-	-	4,030	4,030
Deferred tax assets	-	-	-	7
	<u>11,710</u>	<u>12,160</u>	<u>12,304</u>	<u>12,349</u>
<b>Current assets</b>				
Restricted fixed deposits	3,460	3,509	-	-
Inventories	1,891	1,810	-	-
Trade receivables	9,167	7,684	-	-
Other receivables, deposits and prepayments	55	77	5	22
Due from subsidiary companies (non-trade)	-	-	1,600	1,572
Tax Credit	-	29	-	-
Cash and cash equivalents	8,125	5,216	99	213
	<u>22,698</u>	<u>18,325</u>	<u>1,704</u>	<u>1,807</u>
Assets of subsidiary classified as held for sale	31,354	38,286	-	-
	<u>54,052</u>	<u>56,611</u>	<u>1,704</u>	<u>1,807</u>
<b>Current liabilities</b>				
Trade payables	1,341	1,226	-	-
Other liabilities	9,374	2,394	667	484
Provision for taxation	9	-	5	8
Loans and borrowings	26,459	29,317	-	-
Obligations under finance leases	68	66	33	33
	<u>37,251</u>	<u>33,003</u>	<u>705</u>	<u>525</u>
Liabilities of subsidiary classified as held for sale	7,232	11,221	-	-
	<u>44,483</u>	<u>44,224</u>	<u>705</u>	<u>525</u>
<b>Net current assets</b>	9,569	12,387	999	1,282
<b>Non-current liabilities</b>				
Obligations under finance leases	304	338	121	138
Deferred tax liabilities	1,711	1,833	-	-
	<u>2,015</u>	<u>2,171</u>	<u>121</u>	<u>138</u>
<b>Net assets</b>	<u>19,264</u>	<u>22,376</u>	<u>13,182</u>	<u>13,493</u>

	GROUP		COMPANY	
	31 Dec 2016 S\$'000	30 June 2016 S\$'000	31 Dec 2016 S\$'000	30 June 2016 S\$'000
<b>Equity attributable to equity holders of the Company</b>				
Share capital	12,852	12,852	12,852	12,852
(Accumulated losses)/retained profits	(4,290)	(947)	330	641
Revaluation reserve	7,347	7,347	-	-
Translation reserve	2,408	2,177	-	-
Statutory reserves	947	947	-	-
	19,264	22,376	13,182	13,493

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

As at 31/12/2016		As at 30/06/2016	
Secured	Unsecured	Secured	Unsecured
S\$	S\$	S\$	S\$
26,527,000	0	29,383,000	0

**Amount repayable after one year**

As at 31/12/2016		As at 30/06/2016	
Secured	Unsecured	Secured	Unsecured
S\$	S\$	S\$	S\$
304,000	0	338,000	0

**Details of any collateral**

- 1) The loans and borrowings are secured as follows:
  - (a) S\$25,059,000 (2016\*: S\$26,807,000) is secured by way of a legal mortgage over a subsidiary company's leasehold property with a net book value as at 31 December 2016 of S\$10,517,000 (2016\*: S\$10,714,000), a charge over a subsidiary company's fixed deposit of S\$2,956,000 as at 31 December 2016 (2016\*: S\$2,756,000) and a corporate guarantee from the Company, and
  - (b) S\$1,400,000 (2016\*: S\$2,510,000) is secured by a charge over a subsidiary company's fixed deposit of S\$504,000 as at 31 December 2016 (2016\*: S\$753,000) and a corporate guarantee from the Company, and

\*2016 refer to as at 30 June 2016.
- 2) Finance lease obligations are secured over the motor vehicles as well as corporate guarantees from the Company.

**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 2016 S\$'000</b>	<b>Period Half Year 31 Dec 2015 S\$'000</b>
<b>Cash flows from operating activities</b>		
Loss before taxation from continuing operations	(1,392)	(405)
Loss before taxation from discontinued operation	(2,072)	(5,075)
Adjustments:		
Depreciation of property, plant and equipment	424	2,559
Amortisation of intangible assets	10	23
Gain on disposal of property, plant and equipment	(174)	(61)
Interest expenses	452	580
Interest income	(3)	(21)
Unrealised exchange loss/(gain)	739	(90)
Operating cash flows before working capital changes	(2,016)	(2,490)
Inventories	2,821	2,300
Trade receivables	(1,787)	20,074
Other receivables, deposits and prepayments	658	2,363
Trade payables	(2,884)	(11,203)
Other liabilities	(1,631)	(4,901)
Cash flows (used in)/generated from operations	(4,839)	6,143
Interest received	3	21
Income taxes paid, net	37	(176)
Net cash flows (used in)/generated from operating activities	(4,799)	5,988
<b>Cash flows from investing activities</b>		
First instalment received for the proposed disposal of 100% equity interest of China subsidiary	7,524	-
Purchase of property, plant and equipment	-	(968)
Purchase of intangible assets	-	(5)
Proceeds from disposal of property, plant and equipment	190	103
Net cash flows generated from/(used in) investing activities	7,714	(870)
<b>Cash flows from financing activities</b>		
Repayment of loans and borrowings, net	(3,995)	(6,340)
Repayment of finance leases, net	(33)	(27)
Proceeds from share issue	-	72
Dividends paid	-	(538)
Interest paid	(452)	(580)
Redemption of a fixed deposit	249	249
Net cash flows used in financing activities	(4,231)	(7,164)
<b>Net decrease in cash and cash equivalents</b>	(1,316)	(2,046)
<b>Effect of exchange rate changes on cash and cash Equivalents</b>	42	50
<b>Cash and cash equivalents at beginning of period</b>	10,962	15,523
<b>Cash and cash equivalents at end of period (Note a)</b>	9,688	13,527

Note (a): Cash & Cash equivalent of S\$1,563,000 relates to subsidiary classified as held for sale.

**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 2016.

**GROUP**

	Share capital	Share option reserve	(Accumulated losses)/retained profits	Revaluation reserve	Statutory reserves	Translation reserve	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<b>Balance at 1 July 2015</b>	12,780	305	21,847	7,347	962	3,225	46,466
Loss net of tax	-	-	(5,604)	-	-	-	(5,604)
Other comprehensive income for the period	-	-	-	-	-	219	219
Total comprehensive income for the period	-	-	(5,604)	-	-	219	(5,385)
Dividends on ordinary shares	-	-	(538)	-	-	-	(538)
Transfer of reserve	-	(305)	305	-	-	-	-
Exercise of employee share options	72	-	-	-	-	-	72
<b>Balance at 31 Dec 2015</b>	12,852	-	16,010	7,347	962	3,444	40,615
<b>Balance at 1 July 2016</b>	12,852	-	(947)	7,347	947	2,177	22,376
Loss net of tax	-	-	(3,343)	-	-	-	(3,343)
Other comprehensive income for the period	-	-	-	-	-	231	231
Total comprehensive income for the period	-	-	(3,343)	-	-	231	(3,112)
<b>Balance at 31 Dec 2016</b>	12,852	-	(4,290)	7,347	947	2,408	19,264

**COMPANY**

	Share capital	Share option reserve	Retained profits	Total
	S\$'000	S\$'000	S\$'000	S\$'000
<b>Balance at 1 July 2015</b>	12,780	305	829	13,914
Total comprehensive income for the period	-	-	18	18
Dividends on ordinary shares	-	-	(538)	(538)
Transfer of reserve	-	(305)	305	-
Exercise of employee share options	72	-	-	72
<b>Balance at 31 Dec 2015</b>	<b>12,852</b>	<b>-</b>	<b>614</b>	<b>13,466</b>
<b>Balance at 1 July 2016</b>	12,852	-	641	13,493
Total comprehensive income for the period	-	-	(311)	(311)
<b>Balance at 31 Dec 2016</b>	<b>12,852</b>	<b>-</b>	<b>330</b>	<b>13,182</b>

- 1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, 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 also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares 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.**

The issued and paid-up capital of the Company was S\$12,852,187 as at 31 December 2016 (30 June 2016: S\$12,852,187).

There were no share options as at 31 December 2016 (30 June 2016: Nil).

There was no share held as treasury shares as at 31 December 2016 (30 June 2016: 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 2016, the total number of issued shares of the Company was 107,580,980 shares (30 June 2016: 107,580,980).

- 1(d)(iv) A statement showing all sales, transfers, disposal, 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 2016.



**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.

**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 2016 compared to the audited financial statements as at 30 June 2016.

**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.**

The Group has adopted all the new and revised FRS and Interpretations of FRS ("INT FRS") that are relevant to its operations and effective for annual periods beginning on or after July 1, 2016. The adoption of these new/revised FRS and INT FRS does not result in changes to the Group's accounting policies and has no material effects on the amounts reported for the current or prior periods.

The management has considered and anticipates that the adoption of FRS, INT FRS and amendments to FRS that were issued but not effective until future periods will not have a material impact on the financial statements of the Group in the period of their initial adoption.

**6. 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 period</b>	<b>Previous corresponding period</b>
(a) Based on the weighted average number of ordinary shares on issue; and	(3.11) cents	(5.21) cents
(i) Loss from continuing operations attributable to ordinary shareholders of the parent	(1.18) cents	(0.38) cents
(ii) Loss from discontinued operation attributable to ordinary shareholders of the parent	(1.93) cents	(4.83) cents
(b) On a fully diluted basis (detailing any adjustments made to the earnings)	(3.11) cents	(5.21) cents
(i) Loss from continuing operations attributable to ordinary shareholders of the parent	(1.18) cents	(0.38) cents
(ii) Loss from discontinued operation attributable to ordinary shareholders of the parent	(1.93) cents	(4.83) cents

Basic loss per share is calculated by dividing the net loss for the period attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period.

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

	<b>Latest period</b>	<b>Previous corresponding period</b>
Net loss from continuing operations attributable to ordinary shareholders for basic and diluted loss per share (S\$'000)	(1,271)	(412)
<hr/>		
Net loss from discontinued operation attributable to ordinary shareholders for basic and diluted loss per share (S\$'000)	(2,072)	(5,192)
<hr/>		
Weighted average number of ordinary shares (in thousands) on issue applicable to basic loss per share	107,581	107,477
<hr/>		
Weighted average number of ordinary shares (in thousands) applicable to diluted loss per share	107,581	107,477
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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 31 Dec 2016	Previous financial year 30 June 2016	Latest period 31 Dec 2015	Previous financial year 30 June 2016
Net asset value per ordinary share based on issued share capital of the issuer at the end of the financial period/year reported on	17.91 cents	20.80 cents	12.25 cents	12.54 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.**

**HY2017 vs HY2016  
Continuing Operations**

Revenue decreased by 45.0% from S\$31.69 million in HY2016 to S\$17.51 million in HY2017. The decrease was mainly due to lower sales of the Group's Precision Engineering Division ("PE") at S\$15.62 million, a decrease of S\$13.94 million or 47.2% compared to prior corresponding period. The decrease in sales in PE compared to previous corresponding period was mainly due to the lower sales arising from the substantially weaker demand from its consumer electronics business. In addition, the Group's Trading & Distribution Division ("T&D") also registered slightly lower sales at S\$1.89 million compared to S\$2.13 million in HY2016 mainly due to slower demand from the security/access control systems business. The Group's gross profit was lower at S\$0.80 million in HY2017 compared to S\$2.09 million in HY2016 following the decrease in turnover.

The distribution and selling expenses of S\$0.80 million and administrative expenses of S\$1.05 million declined less substantially than the turnover in HY2017. The increase in other income by S\$0.08 million to S\$0.45 million was mainly due to a higher foreign exchange gain arising from the strengthening of USD against SGD during HY2017. The increase in other operating expenses in HY2017 was mainly due to the professional and travelling expenses of S\$0.19 million incurred in relation to the proposed disposal of 100% equity interest of Santak Metal Manufacturing (Wuxi) Co., Ltd., an indirect wholly owned subsidiary of the Company (the "Proposed Disposal"). The decrease in financial expenses by approximately S\$0.16 million to S\$0.59 million in HY2017 was the result of reduced bank interest expenses arising from the lower bank borrowings balance during HY2017 compared to HY2016.

A higher loss before tax of S\$1.39 million was registered for HY2017 compared to S\$0.41 million in the previous corresponding period. The tax credit of S\$0.12 million in HY2017 was due to the decrease in the deferred tax liabilities mainly arose from higher tax losses balance as at 31 December 2016. The loss after tax for HY2017 was S\$1.27 million. The Group's basic and diluted loss per share were both 1.18 cents for HY2017 versus basic and diluted loss per share of 0.38 cents in the prior corresponding period.

### **Discontinued Operation**

Turnover decreased by 77% from S\$12.72 million in HY2016 to S\$2.91 million in HY2017. This decrease was mainly due to lower orders arising from weaker demand for its consumer electronics business in the Group's China operations. However, the HY2017 turnover was slightly higher than the turnover for the immediately preceding period second half of FY2016 ("2H2016") of S\$2.20 million.

Despite the lower turnover, the gross loss in HY2017 was lower at S\$1.30 million compared to gross loss of S\$4.78 million in HY2016 mainly due to the absence of depreciation and amortisation expenses in HY2017 in line with the requirements of FRS105 as a result of the reclassification of the property, plant and equipment and intangible assets as "assets of subsidiary classified as held for sales" as part of the discontinued operation arising from the Proposed Disposal compared to depreciation and amortisation expenses of S\$2.14 million charged in HY2016. In addition, there was a net reversal of allowance of stocks obsolescence of S\$1.13 million in HY2017 arising from an over allowance for unit price reduction in prior year which was no longer required as a result of the Proposed Disposal. Further, there were ongoing efforts to restructure the Group's businesses as well as continuous efforts to reduce operating overheads.

The decrease in administrative expenses by S\$0.35 million to S\$0.33 million in HY2017 and the lower distribution and selling expenses of S\$0.38 million was in line with the lower turnover in HY2017 as well as continuous efforts to reduce operating overheads. The higher other operating expenses in HY2017 of S\$0.62 million compared to S\$0.13 million in the previous corresponding period was mainly due to higher foreign exchange loss of S\$0.61 million mainly arising from the weakening of RMB against USD during HY2017. The lower other income of approximately S\$0.56 million was mainly attributable to lower sales of scraps in HY2017 which was due to lower turnover. On the other hand, the gain on disposal of property, plant and equipment of approximately S\$0.17 million was due to the disposal of some fully depreciated machines.

The Group's China operation registered a loss before and after tax of S\$2.07 million in HY2017 compared to loss before and after tax of S\$5.08 million and S\$5.19 million respectively in the previous corresponding period. The tax expense of S\$0.12 million in the previous corresponding period was mainly due to under provision of tax in respect of prior years charged in HY2016. Our basic and diluted loss per share were both 1.93 cents for HY2017 versus basic and diluted loss per share of 4.83 cents in the previous corresponding period.

### **Review of Financial Position**

The decrease in property, plant and equipment by S\$0.44 million was mainly due to depreciation charge during HY2017. The increase in trade debtors and trade creditors by S\$1.48 million and S\$0.12 million as at 31 December 2016 versus 30 June 2016 was mainly in line with higher turnover in HY2017 versus the second half of FY2016 ("2H2016"). The increase in other liabilities by S\$6.98 million to S\$9.37 million as at 31 December 2016 was mainly as a result of the first instalment of S\$7.52 million received under the sales and purchase agreement dated 24 November 2016 in relation to the Proposed Disposal.

The decrease in the assets of subsidiary classified as held for sale by S\$6.93 million was mainly due to the decrease in inventories by S\$2.90 million and cash and cash equivalent balance by S\$4.18 million in the China subsidiary as at 31 December 2016 compared to 30 June 2016. On the other hand, the decrease in the liabilities of subsidiary classified as held for sale by S\$3.99 million was due to lower trade payables by S\$3.0 million and lower other liabilities by S\$0.99 million in the China subsidiary as at 31 December 2016. Both the above were mainly due to the lower turnover and production activities in the China subsidiary during HY2017.

Loans and borrowings (excluding finance leases) decreased by S\$2.86 million from S\$29.32 million to S\$26.46 million mainly due to repayments of loans and borrowings during HY2017 and partially offset by increase in bank advances on factored trade debtors in HY2017. The decrease in finance lease obligations was a result of repayments during HY2017. The increase in translation reserves was mainly the result of the strengthening of RMB against SGD as at 31 December 2016 compared to 30 June 2016.

### **Review of Cash Flow**

Following the lower loss incurred, the Group's operations generated lower operating cash outflow before working capital changes of approximately S\$2.02 million in HY2017 compared to S\$2.49 million in HY2016. As a result of lower trade payables and other liabilities as well as higher trade receivables balances as at 31 December 2016, partially offset by lower inventories balance, the Group recorded a net cash used in operating activities of approximately S\$4.80 million in HY2017, compared to net cash generated from operating activities of S\$5.99 million in HY2016.

As a result of the first instalment of S\$7.52 million received in relation to the Proposed Disposal, the net cash flows generated from investing activities amounted to S\$7.71 million in HY2017 compared to cash used in investing activities of S\$0.87 million in HY2016. Net cash used in financing activities during the period was S\$4.23 million which mainly arose from net repayments of bank borrowings and finance leases of S\$4.03 million and interest expense payment of S\$0.45 million and partially offset by the redemption of a fixed deposit of S\$0.25 million. Overall, cash and cash equivalents decreased by S\$1.27 million during HY2017 to S\$9.69 million as at 31 December 2016 compared to the balance of S\$10.96 million as at 30 June 2016.

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

The announcement is in line with the profit guidance announcement released by the Company via SGXNet on 8 February 2017.

### **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. The demand for the Group's precision machined components is expected to be uncertain and challenging going forward in the current financial year ending 30 June 2017 ("FY2017").

On the other hand, the entry by Santak Metal Manufacturing Pte Ltd, a wholly-owned subsidiary of the Company, into the sale and purchase agreement dated 24 November 2016 ("SPA") with LY Investment (HK) Limited (领益 (香港) 有限公司) (the "Purchaser") in connection with the proposed disposal of 100% equity interest of its wholly owned subsidiary, Santak Metal Manufacturing (Wuxi) Co., Ltd. to the Purchaser had been approved, confirmed and ratified by the Shareholders in the Extraordinary General Meeting held on 26 January 2017 (the "Proposed Disposal"). The Group is currently in the process of working towards Completion of the Proposed Disposal in accordance with the SPA. The Company will provide further updates to the Shareholders as and when appropriate.

The Group will continue to review and, where applicable, restructure the Continuing Operations, *inter alia*, to improve its capabilities and business (including but not limited to further expansion of the existing product offering and/ or geographical expansion). The Group may explore, *inter alia*, new viable business, investment, acquisition and realisation opportunities (as and when they may arise). The Group will also continue its effort for cost optimisation and streamlining of the Continuing Operations. Shareholders should note that the potential future plans for the Group as set out above may change as the Board and the Management 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/recommended, a statement to that effect.**

No dividend has been declared or recommended for the six months period ended 31 December 2016.

**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. 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 2016 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**

Lynn Wan Tiew Leng  
Company Secretary  
13 February 2017

*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 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*