



## Sakae Holdings Ltd.

### First Quarter Financial Statement And Dividend Announcement

Pursuant to the requirements of the Singapore Exchange Securities Trading Limited (“SGX-ST”), the Company is mandatorily required to continue with quarterly reporting of its financial statements with effect from 7 February 2020, in view of the modified opinion issued by the Company’s statutory auditors in its annual report for the financial year ended 30 June 2020.

#### 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.

#### Consolidated Statement of Profit or Loss and Other Comprehensive Income

	Group		
	Quarter ended 30	September	Increase /
	2020	2019	(Decrease)
	S\$'000	S\$'000	%
		(Restated*)	
Revenue	5,601	9,415	(40.5)
Cost of sales	(1,713)	(3,069)	(44.2)
<b>Gross profit</b>	<b>3,888</b>	<b>6,346</b>	<b>(38.7)</b>
Other operating income	1,380	952	45.0
Administrative expenses	(4,071)	(5,765)	(29.4)
Other operating expenses	(816)	(1,812)	(55.0)
Finance cost	(309)	(529)	(41.6)
<b>Profit (Loss) before income tax</b>	<b>72</b>	<b>(808)</b>	<b>N.M.</b>
Income tax	(3)	-	N.M.
<b>Profit (Loss) after income tax</b>	<b>69</b>	<b>(808)</b>	<b>N.M.</b>
Attributable to:			
Equity holders of the company	69	(808)	N.M.
Non-controlling interests	-	-	N.M.
	<b>69</b>	<b>(808)</b>	<b>N.M.</b>

\* Q1FY2019 figures were restated to include the effects from the adoption of SFRS(I)16 from 1 July 2019.

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

**Consolidated Statement of Profit or Loss and Other Comprehensive Income (cont'd)**

	<b>Group</b>		<b>Increase /</b>
	<b>Quarter ended 30 September</b>	<b>2019</b>	<b>(Decrease)</b>
	<b>2020</b>	<b>2019</b>	<b>%</b>
	<b>S\$'000</b>	<b>S\$'000</b>	
		<b>(Restated*)</b>	
Net profit (loss) for the period	69	(808)	N.M.
Other comprehensive income:			
Currency translation differences	34	28	21.4
Revaluation of properties	10	4	150.0
<b>Total comprehensive income (loss) for the period</b>	<b>113</b>	<b>(776)</b>	<b>N.M.</b>
Attributable to:			
Equity holders of the Company	113	(776)	N.M.
Non-controlling interests	-	-	N.M.
<b>Total comprehensive income (loss) for the period</b>	<b>113</b>	<b>(776)</b>	<b>N.M.</b>

Profit (Loss) before income tax is determined after charging (crediting) the following:

	<b>Group</b>		<b>Increase /</b>
	<b>Quarter ended 30 September</b>	<b>2019</b>	<b>(Decrease)</b>
	<b>2020</b>	<b>2019</b>	<b>%</b>
	<b>S\$'000</b>	<b>S\$'000</b>	
		<b>(Restated*)</b>	
Depreciation of property, plant and equipment	591	553	6.9
Depreciation of right-of-use assets	812	1,006	(19.3)
Depreciation on investment property	-	6	N.M.
Amortisation of prepaid lease	-	51	N.M.
Write off of property, plant and equipment	-	5	N.M.
Foreign currency exchange differences (net)	(34)	65	N.M.
Interest on borrowings	164	416	(60.6)
Interest on leases	145	113	28.3
Interest income	(1)	(13)	(92.3)

N.M. – Not Meaningful

\* Q1FY2019 figures were restated to include the effects from the adoption of SFRS(I)16 from 1 July 2019.

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

	<b>Group</b>		<b>Company</b>	
	<b>30/09/2020</b>	<b>30/06/2020</b>	<b>30/09/2020</b>	<b>30/06/2020</b>
	S\$'000	S\$'000	S\$'000	S\$'000
<b>ASSETS</b>				
<b>Current assets:</b>				
Cash and cash equivalents	8,679	7,142	3,733	4,765
Trade receivables	1,733	1,349	783	606
Other receivables and prepayments	1,804	1,977	288	417
Inventories	499	615	12	30
Equity investments at fair value through profit or loss	29	53	-	-
Non-current assets classified as held for sale	6,492	6,425	-	-
Income tax recoverable	232	225	-	-
<b>Total current assets</b>	<b>19,468</b>	<b>17,786</b>	<b>4,816</b>	<b>5,818</b>
<b>Non-current assets:</b>				
Deposit	468	457	-	-
Subsidiaries	-	-	10	10
Due from subsidiaries	-	-	13,560	12,403
Equity investments at fair value through profit or loss	9,888	9,888	9,888	9,888
Property, plant and equipment	91,654	93,011	88,226	88,862
Goodwill	724	716	-	-
<b>Total non-current assets</b>	<b>102,734</b>	<b>104,072</b>	<b>111,684</b>	<b>111,163</b>
<b>Total assets</b>	<b>122,202</b>	<b>121,858</b>	<b>116,500</b>	<b>116,981</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>				
<b>Current liabilities:</b>				
Bank loans	44,058	44,287	43,667	43,667
Lease liabilities	2,565	3,033	295	381
Trade payables	3,544	3,328	947	879
Other payables and accruals	4,882	3,874	1,677	1,941
Provisions	424	420	84	84
Due to subsidiaries	-	-	14,788	14,903
Income tax payable	18	24	-	-
<b>Total current liabilities</b>	<b>55,491</b>	<b>54,966</b>	<b>61,458</b>	<b>61,855</b>
<b>Non-current liabilities:</b>				
Lease liabilities	10,560	10,852	9,637	9,637
Deferred tax liabilities	10,795	10,797	10,974	10,974
<b>Total non-current liabilities</b>	<b>21,355</b>	<b>21,649</b>	<b>20,611</b>	<b>20,611</b>
<b>Capital and reserves:</b>				
Share capital	10,736	10,736	10,736	10,736
Treasury shares	(892)	(892)	(892)	(892)
Reserves	35,512	35,399	24,587	24,671
Equity attributable to equity holders of the Company	45,356	45,243	34,431	34,515
Non-controlling interests	-	-	-	-
<b>Total equity</b>	<b>45,356</b>	<b>45,243</b>	<b>34,431</b>	<b>34,515</b>
<b>Total liabilities and equity</b>	<b>122,202</b>	<b>121,858</b>	<b>116,500</b>	<b>116,981</b>

**1(b)(ii) Aggregate amount of group's borrowings and debt securities.**

**Amount repayable in one year or less, or on demand**

<b>As at 30/09/2020</b>		<b>As at 30/06/2020</b>	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
43,667	391	43,667	620

**Amount repayable after one year**

<b>As at 30/09/2020</b>		<b>As at 30/06/2020</b>	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
-	-	-	-

**Details of any collateral**

The Group obtained loan facilities to finance the construction of its headquarters which was mortgaged to the lending bank as a form of collateral and short term loans for working capital.

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

Please see next page.

	<b>Group</b>	
	<b>Quarter ended 30 September</b>	
	<b>2020</b>	<b>2019</b>
	<b>S\$'000</b>	<b>S\$'000</b>
		<b>(Restated*)</b>
<b>Operating activities</b>		
Profit (Loss) before income tax	72	(808)
Adjustments for:		
Depreciation of property, plant and equipment	591	553
Depreciation of right-of-use assets	812	1,006
Depreciation of investment property	-	6
Amortisation of prepaid lease	-	51
Gain on disposal of property, plant and equipment	-	(1)
Write-off of property, plant and equipment	-	5
Unrealised foreign exchange (gain) loss	(34)	65
Dividend income from equity investments	(1)	(3)
Interest expense	309	529
Interest income	(1)	(13)
Operating cash flows before movements in working capital	<u>1,748</u>	<u>1,390</u>
Trade receivables	(384)	(396)
Other receivables and prepayments	162	164
Inventories	116	37
Trade payables	216	39
Other payables and accruals	<u>1,595</u>	<u>(174)</u>
Cash generated from operations	3,453	1,060
Interest paid	(309)	(529)
Interest received	1	13
Income taxes and withholding taxes paid	(3)	-
Net cash generated from operating activities	<u>3,142</u>	<u>544</u>
<b>Investing activities</b>		
Purchase of property, plant and equipment	(21)	-
Proceeds from liquidation of equity investments at FVTPL	-	8,148
Proceeds from disposal of equity investments at FVTPL	33	-
Dividend income from equity investments	1	3
Net cash from investing activities	<u>13</u>	<u>8,151</u>
<b>Financing activities</b>		
Repayment of leases	(780)	(1,027)
Repayment of bank loans	(229)	(804)
Net cash used in financing activities	<u>(1,009)</u>	<u>(1,831)</u>
Net increase in cash and cash equivalents	2,146	6,864
Cash and cash equivalents at beginning of period	6,522	1,169
Effects on exchange rate changes on the balance of cash held in foreign currencies	11	3
<b>Cash and cash equivalents at end of period</b>	<u><u>8,679</u></u>	<u><u>8,036</u></u>

\* Q1FY2019 figures were restated to include the effects from the adoption of SFRS(I)16 from 1 July 2019.

**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.**

	Issued capital	Treasury shares	Currency translation reserve	Revaluation reserve	Accumulated losses	Attributable to equity holders of the Company	Non-controlling interests	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<b>Group</b>								
Balance at July 1, 2019 (Restated)	10,736	(892)	(718)	46,580	(23,447)	32,259	23	32,282
Loss for the period	-	-	-	-	(808)	(808)	-	(808)
Other comprehensive income for the period	-	-	28	4	-	32	-	32
Balance at September 30, 2019	10,736	(892)	(690)	46,584	(24,255)	31,483	23	31,506
Balance at July 1, 2020	10,736	(892)	(722)	60,168	(24,047)	45,243	-	45,243
Profit for the period	-	-	-	-	69	69	-	69
Other comprehensive income for the period	-	-	34	10	-	44	-	44
Balance at September 30, 2020	10,736	(892)	(688)	60,178	(23,978)	45,356	-	45,356
<b>Company</b>								
Balance at July 1, 2019 (Restated)	10,736	(892)	-	45,696	(33,851)	21,689	-	21,689
Profit for the period	-	-	-	-	149	149	-	149
Balance at September 30, 2019	10,736	(892)	-	45,696	(33,702)	21,838	-	21,838
Balance at July 1, 2020	10,736	(892)	-	59,229	(34,558)	34,515	-	34,515
Loss for the period	-	-	-	-	(84)	(84)	-	(84)
Balance at September 30, 2020	10,736	(892)	-	59,229	(34,642)	34,431	-	34,431

- 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.**

Treasury shares

The changes in the Company's Treasury shares are set out below.

	<b>30 September 2020</b>		<b>30 June 2020</b>	
	No. of shares ('000)	(\$'000)	No. of shares ('000)	(\$'000)
At beginning and end of period/year	2,528	892	2,528	892

- 1(d)(iii) To show the number of shares held as treasury shares, if any, against 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.**

	<b>30/09/2020</b>	<b>30/06/2020</b>
Number of shares held as treasury shares	2,528,000	2,528,000
Total no. of issued shares (excluding treasury shares)	139,472,000	139,472,000

- 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.**

Not applicable.

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

During the financial period, there were no transactions pertaining to subsidiary holdings.

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

The figures have not been audited or reviewed by the Company's auditors.

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

Not applicable as the figures have not been audited or reviewed by the Company's auditors.

**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.**

The auditors have issued a qualified opinion on the Group's financial statements for the financial year ended 30 June 2020 due to the following outstanding audit issues (please refer to page 34 to 36 of the Company's 2020 Annual Report for more information):-

(i) Investment in GREIH

The qualified opinion relates to uncertainties on whether any part of the fair value gains recognized in the financial year ended 30 June 2020 relate to earlier periods. As this will not have any implications on the financial statements for the current period ended 30 September 2020 or for the financial year ending 30 June 2021, this issue is no longer outstanding.

(ii) Matters concerning Cocosa Export

The qualified opinion relates to the timing of recognition of loss allowance in the financial year ended 30 June 2020, and the timing of de-recognition of Cocosa Export in the financial year ended 30 June 2019. As these will not have any implications on the financial statements for the current period ended 30 September 2020 or for the financial year ending 30 June 2021, these issues are no longer outstanding.

The qualified opinion also related to the findings of the Special Auditor whose report is not yet finalized. The Company will provide further updates as and when it is appropriate to do so.

(iii) Investment in GCM

The Company will provide the necessary update on the developments of the liquidation of GCM as and when information is received and will take appropriate actions to account for any differences in fair value from what was recorded in the financial year ended 30 June 2020.

(iv) Matters concerning sugar trade business

Investigations are still on-going and in light of the same, the Company will provide further updates as and when it is appropriate to do so.

(v) Matters concerning the prior years' adjustments

The qualified opinion relates to uncertainties on whether the prior year adjustments should be recognized in the financial year ended 30 June 2019 or earlier. As this will not have any implications on the financial statements for the current period ended 30 September 2020 or for the financial year ending 30 June 2021, this issue is no longer outstanding.

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

The Board confirms that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.



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

The Company has followed the same accounting policies and methods of computation in the financial statements for the current period with those adopted in the most recent audited financial statements for the financial year ended 30 June 2020.

**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.**

Not applicable.

**6. Earnings 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.**

	30/09/2020	30/09/2019
Earnings per ordinary share for the period		
(a) Based on weighted average number of ordinary shares in issue (cents)	0.05	(0.58)
(b) On a fully diluted basis (cents)	0.05	(0.58)

**7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares at the end of the:-  
(a) current financial period reported on; and  
(b) immediately preceding financial year.**

	Group		Company	
	30/09/2020	30/06/2020 (Restated)	30/09/2020	30/06/2020 (Restated)
Net asset value per ordinary share based on issued share capital as at the end of period (cents)	32.52	32.44	24.69	24.75

**8. Review of the performance of the Group**

Financial performance

Group revenue for the quarter ended 30 September 2020 ("1QFY2021") totalled \$5.6 million, a decrease of 40.5% as compared to \$9.4 million in the corresponding period of the previous year ("1QFY2020"). With the Covid-19 pandemic, Group revenue has decreased due to weaker consumer demand. During this period, there were also store closures due to lease expiries. Congruent with the reduced revenue, there was a corresponding decrease in the cost of sales and labour costs. Gross profit margin has increased by 2.0%, from 67.4% in 1QFY2020 to 69.4% in 1QFY2021, due to effective management of operations.

Other operating income increased significantly by 45.0%, from \$1.0 million in 1QFY2020 to \$1.4 million in 1QFY2021, mainly due to government subsidies received at \$0.6 million.

Administrative expenses decreased by 29.4%, from \$5.8 million in 1QFY2020 to \$4.1 million in 1QFY2021, mainly due to labour costs decreasing significantly by 38.9%, from \$3.6 million in 1QFY2020 to \$2.2 million in 1QFY2021. Other administrative expenses also decreased accordingly with the decrease in revenue.

Other operating expenses decreased by 55.0%, from \$1.8 million in 1QFY2020 to \$0.8 million in 1QFY2021, mainly due to decrease in rental expenses and lower utilities expenses as a result of the reduced number of outlets.

Group profit before tax was \$0.1 million (as compared to Group loss before tax of \$0.8 million for 1QFY2020). Group net profit after tax was \$0.1 million (as compared to Group net loss after tax of \$0.8 million for 1QFY2020).

#### Financial position and cash flow

Group cash and bank balances as at 1QFY2021 stood at \$8.7 million compared to \$7.1 million as at 30 June 2020 ("FY2020"). The Group has reduced its bank borrowings by \$0.2 million in 1QFY2021. The Group continues to be cautious and will take reasonable steps to manage its cash flow effectively.

Total trade payables increased by 6.1%, from \$3.3 million in FY2020 to \$3.5 million in 1QFY2021, mainly due to higher trade accruals as a result of longer credit term provided by the major suppliers. Other payables and accruals as well as provisions of the Group have increased by 23.3%, from \$4.3 million in FY2020 to \$5.3 million in 1QFY2021, mainly due to deposit received in relation to the proposed disposal of properties in Malaysia.

Shareholders' equity for the Group and Company stood at \$45.4 million and \$34.4 million respectively as at 1QFY2021, as compared with \$45.2 million and \$34.5 million respectively as at FY2020.

The Group generated operating cash flows of \$3.1 million in 1QFY2021. The Group continues to be cautious in ensuring continuous growth in operations and in managing its operating costs effectively.

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

No forecast or prospect statement has been issued previously.

**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.**

Covid-19 is a global pandemic that has resulted in a highly uncertain economic climate. Measures to tackle the spread of the virus varies from country to country and changes from time to time.

With pressures of high operating costs, the Food & Beverage sector has been one of the most adversely affected industries. Various forms of government support, such as property tax rebates, enhanced Jobs Support Scheme and various rental assistance and/or subsidies on the premises from which the Group operates, provide some relief for the Group during this difficult period.

The Group operates primarily in Singapore and Malaysia. In Singapore, though the situation appears to have stabilized, significant uncertainties remain with fears of a new and sudden

surge in community cases which may lead to the implementation of government measures that may significantly affect dine-in services, consumer demand and market sentiments. Also, there are uncertainties as to whether the current government support measures will continue upon the maturity of the current schemes.

The situation in Malaysia is more worrying with no clear signs of improvement on the containment of new infections. The Malaysian government has recently extended restrictive measures with the announcement of the Conditional Movement Control Order (“CMCO”) effective from 9 November 2020 till 6 December 2020, and further extensions of such restrictive measures cannot be ruled out. This prolonged period of restrictions, and the associated uncertainties on business operations, will have a significant impact to the Group’s operations.

Depending on the duration of the Covid-19 crisis and continued negative impact on the economy, the Group may experience further negative results, liquidity constraints and may need to incur additional impairment on its assets in FY2021. The impact on the Group’s activities for the remainder of FY2021 cannot be predicted with certainty. The Company will continue to improve its performance by building on its online sales channels and efforts to digitalize its business while exploring new market opportunities, and will also continue to manage business costs cautiously through operational efficiencies.

**11. Dividend**

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

Any dividend declared for the current financial period reported on?

No.

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

Any dividend declared for the corresponding period of the immediately preceding financial year?

No.

**(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 current financial period in order to conserve cash for future operations in view of prevailing business conditions of the Group.

**13. Disclosure of interested person transactions**

No general mandate has been obtained from shareholders for IPTs.

**14. Confirmation Pursuant to Rule 705(5) of the Listing Manual**

To the best of our knowledge, nothing has come to the attention of the Board of Directors which may render the unaudited financial results of the Company for the quarter ended 30 September 2020 presented in this announcement, to be false or misleading in any material respect.

**15. Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1).**

The Company confirmed that it has procured undertakings from all its directors and executive officer (in the format set out in Appendix 7.7) under Rule 720(1).

**BY ORDER OF THE BOARD**

Chan Lai Yin  
Company Secretary

13 November 2020