

**SAKAE HOLDINGS LTD.**

Company Registration Number 199604816  
(Incorporated in the Republic of Singapore)

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**ANNOUNCEMENT PURSUANT TO RULES 704(6) OF THE LISTING MANUAL IN RELATION TO MATERIAL DIFFERENCE BETWEEN UNAUDITED FINANCIAL STATEMENTS AND AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019**

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The Board of Directors (the “**Board**”) of Sakae Holdings Ltd. (the “**Company**”, and together with its subsidiaries, collectively the “**Group**”) refers to the announcement on the unaudited financial statement for the financial year ended 30 June 2019 (the “**Preliminary Results**”) released on 29 August 2019 and the audited financial statements for the financial year ended 30 June 2019 (the “**Audited Financial Statements**”) released on 17 October 2019 and despatched to shareholders as part of its annual report for the financial year ended 30 June 2019 (the “**FY2019 Annual Report**”).

Pursuant to Rule 704(6) of the Listing Manual of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”), by this announcement, the Board seeks to preliminarily clarify the differences between the Preliminary Results and the Audited Financial Statements.

The Board is still in the process of resolving the differences, exploring options available to them, including but not limited to commissioning an independent review on the Audited Financial Statements. An Independent Auditor for the review of the Auditors’ disclaimer opinion on the Company’s financial statements for the financial year ended 30 June 2019 (“FY2019 FS”)(the “**Review**”) has been identified for appointment. The Company is in the process of appointing the Independent Auditor after it concludes its independence checks.

The preliminary material variances between the Group’s Audited Financial Statements and the Preliminary Results are set out in the tables below. Pending completion of the Review, shareholders and potential investors of the Company are advised to exercise caution in trading their shares. Shareholders are advised to read this announcement and any further announcements released by the Company carefully and to refrain from taking any action in respect of their shares in the Company which may be prejudicial to their interests. In the event of any doubt, shareholders of the Company should consult their stockbrokers, bank managers, solicitors, accountants or other professional advisers.

Statement of Financial Position

	Group				Company			
	Audited	Preliminary		Notes	Audited	Preliminary		Notes
	Financial Statements	Results	Variance		Financial Statements	Results	Variance	
	S\$'000	S\$'000	S\$'000		S\$'000	S\$'000		
<b>ASSETS</b>								
<b>Current assets:</b>								
Cash and cash equivalents	1,169	986	183 (a)		316	316	-	
Trade receivables	1,304	2,128	(824) (a),(b)		188	188	-	
Other receivables and prepayments	9,591	3,666	5,925 (a),(c),(d)		2,847	1,510	1,337 (c)	
Inventories	938	938	-		67	67	-	
Equity investments at fair value through profit or loss	377	377	-		25	25	-	
Income tax recoverable	1,015	1,016	(1) Immaterial		-	-	-	
<b>Total current assets</b>	<b>14,394</b>	<b>9,111</b>	<b>5,283</b>		<b>3,443</b>	<b>2,106</b>	<b>1,337</b>	
<b>Non-current assets:</b>								
Subsidiaries	-	4,175	(4,175) (d)		10	10	-	
Due from subsidiaries	-	-	-		14,417	10,841	3,576 (a),(e),(u)	
Equity investments at fair value through profit or loss	10,468	10,468	-		6,792	6,792	-	
Joint venture	350	350	-		-	-	-	
Property, plant and equipment	69,384	69,462	(78) (a),(f)		63,856	63,545	311 (f)	
Investment properties	2,810	2,836	(26) (a),(g)		-	-	-	
Intangible asset	-	-	-		-	-	-	
Goodwill	720	720	-		-	-	-	
<b>Total non-current assets</b>	<b>83,732</b>	<b>88,011</b>	<b>(4,279)</b>		<b>85,075</b>	<b>81,188</b>	<b>3,887</b>	
<b>Total assets</b>	<b>98,126</b>	<b>97,122</b>	<b>1,004</b>		<b>88,518</b>	<b>83,294</b>	<b>5,224</b>	
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>								
<b>Current liabilities:</b>								
Bank loans	50,001	48,772	1,229 (d)		48,930	47,700	1,230 (d)	
Trade payables	4,008	4,434	(426) (a),(b)		1,604	1,604	-	
Other payables and accruals	2,333	2,765	(432) (a),(h)		1,180	1,114	66 (h)	
Provisions	550	583	(33) (a)		131	131	-	
Due to subsidiaries	-	-	-		7,041	8,013	(972) (a),(e)	
Income tax payable	684	454	230 (a),(i)		-	-	-	
<b>Total current liabilities</b>	<b>57,576</b>	<b>57,008</b>	<b>568</b>		<b>58,886</b>	<b>58,562</b>	<b>324</b>	
<b>Non-current liabilities:</b>								
Bank loans	-	1,230	(1,230) (d)		-	1,230	(1,230) (d)	
Deferred tax liabilities	8,813	8,833	(20) (a),(j)		8,376	8,376	-	
<b>Total non-current liabilities</b>	<b>8,813</b>	<b>10,063</b>	<b>(1,250)</b>		<b>8,376</b>	<b>9,606</b>	<b>(1,230)</b>	
<b>Capital and reserves and non-controlling interests:</b>								
Issued capital	10,736	10,736	-		10,736	10,736	-	
Treasury shares	(892)	(892)	-		(892)	(892)	-	
Capital reserve	166	166	-		-	-	-	
Currency translation reserve	(738)	(532)	(206) (k)		-	-	-	
Revaluation reserve	45,462	46,561	(1,099) (l)		45,696	45,696	-	
Accumulated losses	(23,020)	(25,988)	2,968 (a),(l)		(34,284)	(40,414)	6,130 (l),(u)	
Equity attributable to equity holders of the Company	31,714	30,051	1,663		21,256	15,126	6,130	
Non-controlling interests	23	-	23 (m)		-	-	-	
<b>Total equity</b>	<b>31,737</b>	<b>30,051</b>	<b>1,686</b>		<b>21,256</b>	<b>15,126</b>	<b>6,130</b>	
<b>Total liabilities and equity</b>	<b>98,126</b>	<b>97,122</b>	<b>1,004</b>		<b>88,518</b>	<b>83,294</b>	<b>5,224</b>	

Consolidated Statement of Profit or Loss and Other Comprehensive Income

	<b>Group</b>			
	<b>Audited Financial Statements</b>	<b>Preliminary Results</b>	<b>Variance</b>	<b>Notes</b>
	S\$'000	S\$'000	S\$'000	
Revenue	44,756	44,419	337	<b>(n),(o)</b>
Cost of sales	(16,628)	(16,515)	(113)	<b>(n)</b>
Gross profit	28,128	27,904	224	
Other operating income	4,689	4,636	53	<b>(n)</b>
Administrative expenses	(21,833)	(21,370)	(463)	<b>(h),(p)</b>
Other operating expenses	(22,516)	(22,516)	-	
Non-operating expenses	-	-	-	
Finance cost	(1,589)	(1,589)	-	
Loss before income tax	(13,121)	(12,935)	(186)	
Income tax	(643)	(468)	(175)	<b>(i),(j),(q)</b>
Loss after income tax	(13,764)	(13,403)	(361)	
Attributable to:				
Equity holders of the company	(13,764)	(13,403)	(361)	
Non-controlling interest	-	-	-	
	(13,764)	(13,403)	(361)	
Loss for the year	(13,764)	(13,403)	(361)	
Other comprehensive income:				
Revaluation of properties	4,441	1,544	2,897	<b>(l)</b>
Deferred tax liability relating to revaluation of properties	(771)	-	(771)	<b>(l)</b>
Currency translation differences	116	218	(102)	<b>(k)</b>
<b>Total comprehensive income</b>	(9,978)	(11,641)	1,663	
Attributable to:				
Equity holders of the company	(9,978)	(11,641)	1,663	
Non-controlling interest	-	-	-	
	(9,978)	(11,641)	1,663	

## Consolidated Statement of Cash Flows

	Group		
	Audited	Preliminary	
	Financial Statements	Results	Variance
	S\$'000	S\$'000	S\$'000
<b>Operating activities</b>			
Loss before income tax	(13,121)	(12,935)	(186) <b>(h),(o),(p)</b>
Adjustments for:			
Depreciation of property, plant and equipment	2,807	2,468	339 <b>(p)</b>
Depreciation of investment properties	24	18	6 <b>Immaterial</b>
Amortisation of prepaid lease	51	38	13 <b>Immaterial</b>
Gain on disposal of property, plant and equipment, net	(19)	(2)	(17) <b>Immaterial</b>
Write-off of property, plant and equipment	968	1,731	(763) <b>(f)</b>
Impairment loss on property, plant and equipment	493	-	493 <b>(a)</b>
Impairment loss recognised on trade receivables	(187)	-	(187) <b>(a)</b>
Impairment loss recognised on other receivables	2,775	2,791	(16) <b>Immaterial</b>
Impairment loss recognised on goodwill	-	3,225	(3,225) <b>(d)</b>
Impairment loss recognised on intangible asset	322	268	54 <b>(t)</b>
Loss on derecognition of subsidiary	3,446	-	3,446 <b>(d),(k),(m)</b>
Dividend income from equity investments	(308)	(49)	(259) <b>(a)</b>
Fair value loss on equity investments at FVTPL	311	310	1 <b>Immaterial</b>
Reversal of provision for reinstatement costs	(28)	-	(28) <b>Immaterial</b>
Unrealised foreign exchange loss	136	1,904	(1,768) <b>(a),(r)</b>
Interest expense	1,589	1,589	-
Interest income	(32)	(7)	(25) <b>Immaterial</b>
Operating cash flows before movements in working capital	(773)	1,349	(2,122)
Trade receivables	786	940	(154) <b>(a),(b)</b>
Other receivables and prepayments	(5,769)	202	(5,971) <b>(d)</b>
Inventories	500	892	(392) <b>(d)</b>
Trade payables	40	381	(341) <b>(a),(b)</b>
Other payables and accruals	5,561	(602)	6,163 <b>(d)</b>
Cash used in from operations	345	3,162	(2,817)
Interest paid	(1,589)	(1,589)	-
Interest received	32	7	25 <b>Immaterial</b>
Income taxes and withholding taxes refunded	27	(477)	504 <b>(i),(j)</b>
Net cash (used in) from operating activities	(1,185)	1,103	(2,288)
<b>Investing activities</b>			
Purchase of property, plant and equipment	(721)	(768)	47 <b>(a)</b>
Proceed from disposal of property, plant and equipment	19	-	19 <b>Immaterial</b>
Dividend income from equity investments	308	49	259 <b>(a)</b>
Proceeds from disposal of equity investments	1,344	1,447	(103) <b>(d)</b>
Redemption of preference shares	105	-	105 <b>(d)</b>
Derecognition of subsidiary	(157)	-	(157) <b>(m)</b>
Net cash from investing activities	898	728	170
<b>Financing activity</b>			
Repayment of bank loans	(3,724)	(4,996)	1,272 <b>(a),(s)</b>
Net cash used in financing activity	(3,724)	(4,996)	1,272
Net decrease in cash and cash equivalents	(4,011)	(3,165)	(846)
Cash and cash equivalents at beginning of year	4,148	4,148	-
Effects on exchange rate changes on the balance of cash held in foreign currencies	(39)	3	(42) <b>(k)</b>
<b>Cash and cash equivalents at end of year</b>	<b>98</b>	<b>986</b>	<b>(888)</b>

Notes of explanation on material variances:

- (a) Due to the amendments made to the financial statements. During the announcement of the Preliminary Results, the Company had relied on Group's Malaysian subsidiaries' management accounts ("Malaysian subsidiaries") to derive the consolidated financial statements, as the audit for Malaysian subsidiaries were still in progress.
- (b) Due to reclassification between trade receivables and trade payables.
- (c) Due to the reversal impairment on a related party of the Company previously provided.
- (d) Due to reclassification of accounts between subsidiary and other receivable in relation to Cocosa Export.
- (e) Due to the reclassification between amounts due from and to subsidiaries.
- (f) Due to the written back of property, plant and equipment of the Company.
- (g) Due to adjustment on depreciation of investment properties.
- (h) Due to additional accruals of legal fee.
- (i) Due to finalisation of income tax computations by the Malaysian subsidiaries.
- (j) Due to finalisation of deferred tax computations by the Malaysian subsidiaries.
- (k) Due to adjustment of currency translation differences on oversea subsidiaries.
- (l) Due to revaluation of assets by the Company and Malaysian subsidiaries.
- (m) Due to derecognition of Chilean subsidiary.
- (n) Due to adjustment of intercompany elimination of accounts.
- (o) Due to adjustment of the sales of a subsidiary.
- (p) Due to additional depreciation charged of the Company.
- (q) Due to finalisation of income tax computations by the Singapore subsidiaries.
- (r) Due to decrease in realised foreign exchange loss.
- (s) Due to reclassification of bank overdrafts by the Malaysian subsidiaries.
- (t) Due to additional impairment provided by a Singapore subsidiary.
- (u) Due to the reversal impairment on other receivables in relation to Cocosa Export previously provided.

In the circumstances, the Company has made applications to Singapore Exchange Regulation (SGX RegCo) for a waiver of Rule 707(1) of the Listing Manual of the SGX-ST (the "**Waiver**") and an extension of sixty (60) days (the "**Extension of Time**") to hold the annual general meeting of the Company for the financial year ended 30 June 2019 (the "**FY2019 AGM**"). The Company has also concurrently made an application to the Accounting and Corporate Regulatory Authority ("**ACRA**") for relief from the requirement of the Accounting Standards pursuant to Section 201(12) and the Extension of Time pursuant to Section 175(2) of the Singapore Companies Act, Chapter 50. Details of the applications have been made in a separate announcement today. The Company will update its shareholders on the outcome of the applications to SGX RegCo and ACRA in due course.

#### **By Order of the Board**

Douglas Foo Peow Yong  
Executive Chairman  
21 October 2019