



## Sakae Holdings Ltd.

### Third Quarter Financial Statement And Dividend Announcement

#### 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.

#### Profit and Loss Statement for third quarter and nine months ended 30 September 2016

	Group					
	3rd Quarter ended 30 Sep		Increase / (Decrease) %	9 months ended 30 Sep		Increase / (Decrease) %
	2016	2015		2016	2015	
	S\$'000	S\$'000		S\$'000	S\$'000	
Revenue	20,267	22,800	(11.1)	63,810	72,526	(12.0)
Cost of sales	(8,429)	(8,131)	3.7	(22,853)	(23,757)	(3.8)
Gross profit	11,838	14,669	(19.3)	40,957	48,769	(16.0)
Other operating income	1,617	960	68.4	3,660	3,852	(5.0)
Administrative expenses	(9,717)	(11,329)	(14.2)	(30,384)	(32,704)	(7.1)
Other operating expenses	(6,422)	(6,299)	2.0	(18,333)	(19,244)	(4.7)
Non-operating expenses	(172)	-	N.M.	(2,489)	(237)	N.M.
Finance cost	(271)	(218)	24.3	(738)	(462)	59.7
Loss before income tax	(3,127)	(2,217)	41.1	(7,327)	(26)	N.M.
Income tax	-	619	N.M.	4	97	(95.9)
(Loss) Profit after income tax	(3,127)	(1,598)	95.7	(7,323)	71	N.M.
Attributable to:						
Equity holders of the company	(3,127)	(1,598)	95.7	(7,323)	71	N.M.
Non-controlling interest	-	-	N.M.	-	-	N.M.
	(3,127)	(1,598)	95.7	(7,323)	71	N.M.

N.M. - Not Meaningful

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

	Group					
	3rd Quarter ended 30 Sep		Increase / (Decrease)	9 months ended 30 Sep		Increase / (Decrease)
	2016	2015		2016	2015	
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Net (loss)/profit for the period	(3,127)	(1,598)	95.7	(7,323)	71	N.M.
Other comprehensive income/(loss):						
Currency translation differences	(331)	(949)	(65.1)	(55)	(2,039)	(97.3)
<b>Total comprehensive loss for the period</b>	<b>(3,458)</b>	<b>(2,547)</b>	<b>35.8</b>	<b>(7,378)</b>	<b>(1,968)</b>	<b>274.9</b>
<b>Attributable to:</b>						
Equity holders of the Company	(3,458)	(2,547)	35.8	(7,378)	(1,968)	274.9
Non-controlling interests	-	-	N.M.	-	-	N.M.
<b>Total comprehensive loss for the period</b>	<b>(3,458)</b>	<b>(2,547)</b>	<b>35.8</b>	<b>(7,378)</b>	<b>(1,968)</b>	<b>274.9</b>

N.M. - Not Meaningful

**STATEMENT OF COMPREHENSIVE INCOME FOR THIRD QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2016**

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

	Group					
	3rd Quarter ended		Increase / (Decrease)	9 months ended		Increase / (Decrease)
	2016	2015		2016	2015	
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Depreciation	1,565	1,221	28.2	4,323	4,052	6.7
(Gain) Loss on disposal of plant and equipment (net)	(3)	4	N.M.	(3)	2	N.M.
Write off of plant and equipment	105	28	275.0	108	28	285.7
Provision for impairment of plant and equipment	534	-	N.M.	534	-	N.M.
Foreign currency exchange differences (net)	(232)	20	N.M.	(57)	17	N.M.
Interest expense	271	218	24.3	738	462	59.7
Interest income	(22)	(16)	37.5	(71)	(47)	51.1
Subsidy from government	(349)	330	(205.8)	(434)	650	(166.8)
Income tax expense						
- Current tax expense	-	(460)	-	(5)	-	N.M.
- Adjustments recognised in relation to prior years	-	(159)	-	1	(97)	(101.0)

**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	
	30/09/2016	31/12/2015	30/09/2016	31/12/2015
	S\$'000	S\$'000	S\$'000	S\$'000
<b>ASSETS</b>				
<b>Current assets:</b>				
Cash and cash equivalents	7,341	11,713	1,066	7,228
Trade receivables	2,149	3,609	1,849	2,286
Other receivables and prepayments	10,561	10,304	8,229	7,844
Inventories	2,855	2,698	1,500	1,657
Convertible loan receivable	-	498	-	498
Other investment	996	-	996	-
Held for trading investments	3,099	2,950	2,325	2,170
Income tax recoverable	831	525	-	70
<b>Total current assets</b>	<b>27,832</b>	<b>32,297</b>	<b>15,965</b>	<b>21,753</b>
<b>Non-current assets:</b>				
Other receivables and prepayments	181	195	-	-
Subsidiaries	-	-	10	10
Due from subsidiaries	-	-	18,419	16,688
Associates	-	-	-	-
Property, plant and equipment	71,946	74,646	63,051	64,685
Investment properties	2,901	2,873	-	-
Goodwill	728	718	-	-
<b>Total non-current assets</b>	<b>75,756</b>	<b>78,432</b>	<b>81,480</b>	<b>81,383</b>
<b>Total assets</b>	<b>103,588</b>	<b>110,729</b>	<b>97,445</b>	<b>103,136</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>				
<b>Current liabilities:</b>				
Bank loans	42,927	36,327	42,927	36,327
Trade payables	4,544	7,495	2,590	4,874
Accruals	4,461	6,561	2,529	4,720
Due to subsidiaries	-	-	744	653
Income tax payable	-	65	-	-
<b>Total current liabilities</b>	<b>51,932</b>	<b>50,448</b>	<b>48,790</b>	<b>46,574</b>
<b>Non-current liabilities:</b>				
Bank loans	5,772	7,019	5,772	7,019
Deferred tax liabilities	8,353	8,353	8,285	8,286
<b>Total non-current liabilities</b>	<b>14,125</b>	<b>15,372</b>	<b>14,057</b>	<b>15,305</b>
<b>Capital and reserves:</b>				
Share capital	10,736	10,736	10,736	10,736
Treasury shares	(892)	(892)	(892)	(892)
Reserves	27,731	35,109	24,754	31,413
Equity attributable to equity holders of the company	37,575	44,953	34,598	41,257
Non-controlling interests	(44)	(44)	-	-
<b>Total equity</b>	<b>37,531</b>	<b>44,909</b>	<b>34,598</b>	<b>41,257</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 30/09/2016</b>		<b>As at 31/12/2015</b>	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
1,827	41,100	1,827	34,500

**Amount repayable after one year**

<b>As at 30/09/2016</b>		<b>As at 31/12/2015</b>	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
5,772	-	7,019	-

**Details of any collateral**

The Group obtained loan facilities to finance the construction of the new operational headquarters which was mortgaged to the lending bank as a form of collateral.

**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>3rd Quarter ended 30 Sep</b>		<b>9 months ended 30 Sep</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>
<b>Operating activities</b>				
Loss before income tax	(3,127)	(2,217)	(7,327)	(26)
Adjustments for:				
Depreciation of property, plant and equipment	1,560	1,208	4,310	4,039
Depreciation of investment property	5	13	13	13
Amortisation of prepaid lease	12	12	38	37
Write-off of plant and equipment	105	28	108	28
Provision for impairment of plant and equipment	534	-	534	-
(Gain) Loss on disposal of plant and equipment	(3)	4	(3)	2
Gain on disposal of quoted shares	(3)	-	(6)	-
Net fair value loss on quoted shares	(93)	-	(155)	-
Unrealised foreign exchange loss (gain)	118	(36)	(57)	17
Dividend income	(16)	(23)	(37)	(88)
Interest expense	271	218	738	462
Interest income	(22)	(16)	(71)	(47)
Operating cash flows before movements in working capital	(659)	(809)	(1,915)	4,437
Trade receivables	126	1,824	1,460	1,039
Other receivables and prepayments	257	903	957	1,969
Inventories	406	(50)	(157)	159
Trade payables	(1,483)	(243)	(2,668)	(2,144)
Accruals	34	1,200	(2,849)	(1,249)
Cash (used in) generated from operations	(1,319)	2,825	(5,172)	4,211
Interest paid	(271)	(218)	(738)	(462)
Interest received	22	16	71	47
Income taxes and withholding taxes paid	(203)	(679)	(367)	(1,533)
Net cash (used in) from operating activities	(1,771)	1,944	(6,206)	2,263
<b>Investing activities</b>				
Dividend income	16	23	37	88
Convertible loan notes issued	-	-	(498)	-
Proceeds on disposal of property, plant and equipment	3	(352)	3	8
Purchase of property, plant and equipment	(591)	(308)	(1,683)	(3,509)
Advance to supplier	(547)	(868)	(1,278)	(2,901)
Investment in quoted shares	-	(58)	-	(2,642)
Proceeds from sale of quoted shares	11	-	25	-
Net cash used in investing activities	(1,108)	(1,563)	(3,394)	(8,956)
<b>Financing activities</b>				
Dividends paid	-	-	-	(1,395)
Proceeds from bank loans	10,250	3,300	17,700	12,300
Repayment of bank loans	(9,522)	(409)	(12,346)	(1,226)
Net cash from financing activities	728	2,891	5,354	9,679
Net increase in cash and cash equivalents	(2,151)	3,272	(4,246)	2,986
Cash and cash equivalents at beginning of period	9,601	10,636	11,713	11,313
Effects on exchange rate changes on the balance of cash held in foreign currencies	(109)	(1,797)	(126)	(2,188)
<b>Cash and cash equivalents at end of period</b>	<b>7,341</b>	<b>12,111</b>	<b>7,341</b>	<b>12,111</b>

**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	Capital reserve	Currency translation reserve	Revaluation reserve	Accumulated profits	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 January 1, 2015	10,736	(892)	166	(471)	39,624	2,670	51,833	(44)	51,789
Total comprehensive (loss) income for the period	-	-	-	(145)	-	1,031	886	-	886
Balance at March 31, 2015	10,736	(892)	166	(616)	39,624	3,701	52,719	(44)	52,675
Total comprehensive (loss) income for the period	-	-	-	(945)	-	638	(307)	-	(307)
Dividends paid	-	-	-	-	-	(1,395)	(1,395)	-	(1,395)
Balance at June 30, 2015	10,736	(892)	166	(1,561)	39,624	2,944	51,017	(44)	50,973
Total comprehensive loss for the period	-	-	-	(949)	-	(1,598)	(2,547)	-	(2,547)
Balance at September 30, 2015	10,736	(892)	166	(2,510)	39,624	1,346	48,470	(44)	48,426
Balance at January 1, 2016	10,736	(892)	166	(2,300)	40,599	(3,356)	44,953	(44)	44,909
Total comprehensive income (loss) for the period	-	-	-	871	-	(2,119)	(1,248)	-	(1,248)
Balance at March 31, 2016	10,736	(892)	166	(1,429)	40,599	(5,475)	43,705	(44)	43,661
Total comprehensive loss for the period	-	-	-	(595)	-	(2,077)	(2,672)	-	(2,672)
Balance at June 30, 2016	10,736	(892)	166	(2,024)	40,599	(7,552)	41,033	(44)	40,989
Total comprehensive loss for the period	-	-	-	(331)	-	(3,127)	(3,458)	-	(3,458)
Balance at September 30, 2016	10,736	(892)	166	(2,355)	40,599	(10,679)	37,575	(44)	37,531

**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	Revaluation reserve	Accumulated profits	Attributable to equity holders of the company
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<b>Company</b>					
Balance at January 1, 2015	10,736	(892)	38,890	(3,360)	45,374
Total comprehensive income for the period	-	-	-	274	274
Balance at March 31, 2015	10,736	(892)	38,890	(3,086)	45,648
Total comprehensive loss for the period	-	-	-	(65)	(65)
Dividends paid	-	-	-	(1,395)	(1,395)
Balance at June 30, 2015	10,736	(892)	38,890	(4,546)	44,188
Total comprehensive loss for the period	-	-	-	(2,931)	(2,931)
Balance at September 30, 2015	10,736	(892)	38,890	(7,477)	41,257
Balance at January 1, 2016	10,736	(892)	39,820	(8,407)	41,257
Total comprehensive loss for the period	-	-	-	(1,749)	(1,749)
Balance at March 31, 2016	10,736	(892)	39,820	(10,156)	39,508
Total comprehensive loss for the period	-	-	-	(2,256)	(2,256)
Balance at June 30, 2016	10,736	(892)	39,820	(12,412)	37,252
Total comprehensive loss for the period	-	-	-	(2,654)	(2,654)
Balance at September 30, 2016	10,736	(892)	39,820	(15,066)	34,598

- 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>Q3-2016</b>		<b>FY2015</b>	
	No. of shares		No. of shares	
	('000)	(\$'000)	('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>30/09/2016</b>	<b>31/12/2015</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) If the company has granted options or shares under its share scheme during the year, please confirm that an SGXNET announcement has been made on the date of the offer as well as details of the grant in accordance with Rule 704(29).**

Not applicable.

- 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.



**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 December 31, 2015.

**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.**

	<b>3 months ended 30 September 2016</b>	<b>3 months ended 30 September 2015</b>	<b>9 months ended 30 September 2016</b>	<b>9 months ended 30 September 2015</b>
Earnings per ordinary share for the period				
(a) Based on weighted average number of ordinary shares in issue (cents)	(2.24)	(1.15)	(5.25)	0.05
(b) On a fully diluted basis (cents)	(2.24)	(1.15)	(5.25)	0.05

**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.**

	<b>Group</b>		<b>Company</b>	
	<b>30/09/2016</b>	<b>31/12/2015</b>	<b>30/09/2016</b>	<b>31/12/2015</b>
Net asset value per ordinary share based on issued share capital as at the end of period (cents)	26.94	32.23	24.81	29.58

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

Quarter Financial Performance

Group revenue for the third quarter ended 30 September 2016 ("3Q2016") totalled \$20.3 million, a decrease of 11.1% as compared to \$22.8 million in the corresponding period of the previous year ("3Q2015"). This was due to sluggish economic conditions and competition in the F&B sector. In Malaysia, the weakening Ringgit contributed to lower sales values in SGD, although in the local currency terms, Malaysian sales has risen. The Group also saw revenue improvements in China due to market expansion.

Although quality raw material prices rose, the Group maintained competitive pricing with its latest Singapore menu offering since June 2016, resulting in profit margins declining to 58.4% in 3Q2016 from 64.3% in 3Q2015.

Higher government grants have been recorded in 3Q2016, causing an increase of 68.4% in other operating income to \$1.6 million in 3Q2016 from \$1.0 million in 3Q2015.

Administrative expenses were \$9.7 million in 3Q2016, a decrease of 14.2% from \$11.3 million in 3Q2015. This was due to lower labour costs and cost reduction measures put in place. Other operating expenses of \$6.4 million in 3Q2016, which included an increase in amortisation of provision for reinstatement costs, was 2.0% lower than \$6.3 million in 3Q2015, also due to cost management.

Higher finance costs at \$0.3 million were recorded in 3Q2016, representing an increase of 24.3% from \$0.2 million in 3Q2015 due to rising bank borrowings and associated costs.

Group losses was \$3.1 million in 3Q2016, which increased \$0.9 million (or 41.1%) as compared to the Group loss before tax of \$2.2 million and \$1.5 million (or 95.7%) as compared to net loss after tax of \$1.6 million in 3Q2015.

Non-operating expenses were \$0.2 million in 3Q2016, which consisted primarily of legal fees incurred in relation to its associate, Griffin Real Estate Investment Holdings Pte Ltd ("GREIH"). There were no non-operating expenses recorded in 3Q2015.

#### Year-to-Date Financial Performance

Year-to-date 30 September 2016 ("YTD 2016" or "9M2016") Group revenue totalled \$63.8 million, a decrease of 12.0% as compared to \$72.5 million in the corresponding period of the previous year ("YTD 2015" or "9M2015"). Group revenue was affected by sluggish economic conditions and fierce competition in the F&B sector locally. Similar conditions affecting quarterly results in China and Malaysia also applied to year-to-date results. Group profit margin fell to 64.2% in 9M2016 from 67.2% in 9M2015.

Administrative expenses decreased 7.1% from \$32.7 million in 9M2015 to \$30.4 million in 9M2016 due to controls in labour cost and other measures put in place. Other operating expenses were \$18.3 million in 9M2016, a decrease of 4.7% from \$19.2 million in 9M2015.

Higher finance costs at \$0.7 million was recorded in 9M2016. This represented an increase of 59.7% from \$0.5 million in 9M2015, as a result of rising bank borrowings and costs.

Group losses was \$7.3 million in 9M2016. These represent a YTD decrease of \$7.3 million and \$7.4 million respectively compared to Group loss before income tax of \$0.03 million and net profit after tax of \$0.07 million in 9M2015.

The Group recorded non-operating expenses of \$2.5 million in 9M2016, made up primarily of legal fees incurred in relation to its associate, Griffin Real Estate Investment Holdings Pte Ltd ("GREIH"). Non-operating expenses in 9M2015 totaled \$0.2 million.

Group year-to-date operating losses was \$4.8 million in 2016, compared to operating profit before tax and net operating profit after tax of \$0.2 million and \$0.3 million respectively in 2015.

## Financial Position

Group cash and bank balances as at 30 September 2016 were \$7.3 million as compared to \$11.7 million as at 31 December 2015. To stem revenue declines, the Group is focusing on increasing brand awareness, grow its core businesses, and partner with local and global players for both raw material supply as well as business expansion. Partnerships have increased Group investments accordingly. The Group also made advances to a South American supplier, now a subsidiary of the Group, of \$0.5 million for production and trading of canned and frozen seafood.

Group's trade receivables reduced to \$2.1 million, as at 30 September 2016, by 40.5% from \$3.6 million as at 31 December 2015, in line with the declining revenue and also as a result of the Group's effort in managing its cash flows. Its trade payables decreased by 39.4% to \$4.5 million as at 30 September 2016 from \$7.5 million as at 31 December 2015, for the Group has worked on shorter payment terms so as to enjoy rebates for early repayments, which was part of the Group's effort in reducing its costs.

Group's accruals decreased by 32.0% to \$4.5 million as at 30 September 2016 from \$6.6 million as at 31 December 2015, as the Group had paid off \$1.5 million in legal fees, as well as other accrued operating expenses during 9M2016. In addition, the accrued expenses for 9M2016 were only for the corresponding nine months of 2016, while the accruals made as at 31 December 2015 was for the full financial year of 2015.

Short-term revolving loans increased by 19.1% to \$41.1 million as at 30 September 2016 from \$34.5 million in 2015, due to increase in working capital and strategic investments needs.

Although the Group and Company were in negative working capital positions of \$24.1 million and \$32.8 million respectively as at 30 September 2016, both continue operating as going concerns. The negative net working capital positions were mainly due to outstanding short-term revolving loans (at \$41.1 million) that would be renewable at maturity.

Shareholders' equity for the Group and Company stood at \$37.6 million and \$34.6 million respectively as at 30 September 2016, as compared with \$44.9 million and \$41.3 million respectively as at 31 December 2015.

## Cash Flows

The Group had negative operating cash flows of \$1.8 million in 3Q2016, as compared to positive operating cash flows of \$1.9 million in 3Q2015, as a result of its declining revenue and profitability. Year-to-date, the Group experienced negative operating cash flows of \$6.2 million mainly due to payment of \$3.9 million in legal fees in relation to its associate, GREIH, as well as weakening sales.

The Group continues to monitor its cash flow performance and cash generation closely, and will take strategic steps to turn around the current profitability of its operations.

## Matters concerning GREIH & GCM

The Group refers to the Company's announcements made in relation to the matters concerning the Company's associate companies - GREIH and GCM on 21 January 2013, 1 February 2013, 8 February 2013, 16 February 2013, 20 February 2013, 22 February 2013, 7 March 2013, 18 March 2013, 3 May 2013, 3 December 2013, 6 February 2014, 28 August 2014, 24 September 2014, 22 December 2015, 15 January 2016 and 1 July 2016 and the Company's Full year financial statement and dividend announcement for FY2012 on 25 February 2013, for FY2013 on 27 February 2014, for FY2014 on 28 February 2015 and FY2015 on 1 March 2016.

Capitalised terms in this section have the meanings given to them in the announcements referred to above.

The Company earlier announced that (a) it had commenced three actions (Suit 122, Suit 1098 and Suit 1099) against various parties in connection with the affairs of GREIH and GCM; (b) in two of those actions (Suit 122 and Suit 1098), Mr Andy Ong, Mr Ho Yew Kong, GREIC, GCM and various other Defendants had commenced third party actions against Mr Douglas Foo; and (c) GREIC had also commenced an action (Suit 969) against the Company and Mr Douglas Foo in connection with the affairs of GREIH. Details of these actions are set out in the Company's earlier announcements.

As stated in the Company's earlier announcements, the trial of Suit 122 and Suit 1098 commenced on 15 January 2016. The trial of those two Suits concluded on 26 February 2016. All parties have filed their Closing and Reply Closing Submissions by the stipulated timelines. The Company will make the necessary announcement(s) when the Judgment on Suit 122 and Suit 1098 is released.

As stated in the Company's earlier announcements, Suit 1099 and Suit 969 have been deferred for now pursuant to directions made by the High Court.

The Company had earlier also announced that in connection with Suit 1098, it had also applied for an interim proprietary injunction to restrain ERC Unicampus from disposing of or otherwise dealing with a portion of the sale proceeds of the sale of Big Hotel.

In that application, the Company calculated the amount that should be restrained as being in the region of \$33.0 million. The injunction and the amount were contested by ERC Unicampus.

On 30 June 2016, the High Court granted the Company's application for the interim proprietary injunction. The High Court calculated the amount that should be restrained as being \$9.71 million.

The Company has applied to the High Court for leave to appeal against the part of the High Court's decision which relates to the quantum of monies over which the injunction has been granted. The Company did so on the basis that the quantification of the monies raises, among other things, a novel point of law.

That leave application was heard on 31 August 2016. The High Court has reserved its decision.

ERC Unicampus and its lawyers have confirmed to the Company and to the Court that pending the resolution of the Company's leave application to the High Court and, if necessary, the Court of Appeal, and, if leave is granted, the appeal, the sum of \$33 million will remain with ERC Unicampus's lawyers as stakeholders.

The Group would like to reiterate that despite the full allowance for impairment being made in its FY2012 financial statements, the Company had taken all necessary steps to recover the value of its investments in the associates through the above legal actions and will expeditiously make announcements on the above matters as and when there are material developments thereon.

The Company will make further announcements on these matters as and when there are material developments.

**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.**

Due to deepening sluggish economic conditions and increasing competition within the F&B industry, in addition to acute labour shortages, the Group expects operating conditions to be challenging as food, labour and rental costs continue to rise in the foreseeable next 12 months.

- 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***

NA.

***(d) Books closure date***

NA.

- 12. If no dividend has been declared/recommendeded, a statement to that effect.**

No dividend has been declared/recommendeded for the quarterly period ended 30 September 2016.

- 13. Interested party transactions**

No general mandate has been obtained from shareholders for IPTs.

- 14. Confirmation Pursuant to Rule 705(4) 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 nine months ended 30 September 2016 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**

Douglas Foo Peow Yong  
Executive Chairman

14 November 2016