

**PROPOSED OVERSEAS COLLABORATION IN RESPECT OF FROZEN SEAFOOD  
PRODUCTION AND TRADING**

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**1. INTRODUCTION**

The Board of Directors (the “**Board**”) of Sakae Holdings Ltd. (the “**Company**” and together with its subsidiaries, the “**Group**”) wishes to announce that it has entered into a framework agreement on 4 March 2016 (the “**Framework Agreement**”) with, *inter alia*, Julio Leonardo Pérez Gutiérrez (“**JLPG**”). JLPG is the ultimate owner of Cocosa Export S.A. (“**Cocosa Export**”), a company incorporated in Chile which is primarily engaged in the production and trading of canned and frozen seafood (the “**Business**”).

Pursuant to the Framework Agreement, the Company will collaborate with JLPG for the purposes of participating in the Business (the “**Proposed Collaboration**”). It is intended that the Company (through its subsidiaries) will own 51% of Cocosa Export and JLPG will own the remaining 49%.

The Proposed Collaboration is in the ordinary course of business of the Company, and does not change the risk profile of the Group.

**2. THE PROPOSED COLLABORATION**

**2.1 Information on the Proposed Collaboration**

Under the terms of the Framework Agreement, it is intended that, *inter alia*, the Company will, through, Sakae Global Resources Pte. Ltd. (“**Sakae Global Resources**”), subscribe (the “**Proposed Subscription**”) for such number of shares in Cocosa Holdings Pte. Ltd. (“**Cocosa Holdings**”), such that Sakae Global Resources owns 51% of Cocosa Holdings with JLPG holding the remaining 49%. It is intended that Cocosa Holdings will hold 99 shares representing 99% of the entire issued and paid-up capital of Cocosa Export whilst Sakae Global Resources will hold 1 share representing 1% of the entire issued and paid-up capital of Cocosa Export. Cocosa Asia Pte. Ltd., a wholly-owned subsidiary of Cocosa Holdings, will be the trading arm of Cocosa Holdings in Asia through which Cocosa Export will trade its canned and frozen seafood.

The Company has, from time to time prior to the execution of the Framework Agreement but as part of the Proposed Collaboration, provided advances totally US\$3.1 million to JLPG (the “**Advances**”) for the purposes of financing Cocosa Export’s working capital requirements relating to the production of canned and frozen seafood for sale to the Company. It was intended that the payment by the Company to Cocosa Export for the canned and frozen seafood shall be used to offset the Advances. JLPG has undertaken that upon the completion of the Proposed Subscription, all outstanding amounts from the Advances (“**Outstanding Amounts**”) shall be converted into a shareholders’ loan.

## 2.2 Information on J LPG and Cocosa Export

Cocosa Export, a private company incorporated in Chile on 6 May 2014, is primarily engaged in the Business.

As at the date of this Announcement, Cocosa Export has an issued and paid-up capital of Chilean Peso (CHP) 20,000,000 divided into 100 shares. J LPG beneficially owns the entire issued and paid-up capital of Cocosa Export individually and through an investment holding entity.

As at the date of this Announcement, Cocosa Export is the registered owner of three (3) properties located at San Rafael, Calbuco, Chile, with an aggregate extension of 75,700.07 square meters (the “**Properties**”). In relation to the Properties, Rabobank Chile was engaged to value the same. In a valuation report dated 14 July 2015 (the “**Valuation Report**”), Rabobank Chile valued the Properties at Chilean Peso (CHP) 2,474,910,318 (or approximately S\$5.04 million) (the “**Valuation**”), subject to relevant assumptions, disclaimers, limitations and qualifications. In formulating their opinion on the market value of the Properties, Rabobank Chile adopted a methodology that considered the actual authorised uses (industrial and residential, its level of current utilisation and its future potential), subject to relevant assumptions, disclaimers and limitations. There is an existing mortgage on the Properties, the transfer of which to Cocosa Export is a condition precedent to the Framework Agreement.

Based on the financial information of Cocosa Export as at 30 June 2015, verified by the auditors, Cocosa Exports has total assets of approximately S\$8.1 million, including a net tangible asset value of S\$0.5 million.

The audited accounts of Cocosa Export as at 30 June 2015 records the value of the Properties at approximately Chilean Peso (CHP) 1,650,000,000 (or approximately S\$3.5 million), and not the amount as stated in the Valuation Report of Chilean Peso (CHP) 2,474,910,318 (or approximately S\$5.04 million).

Cocosa Export also has total liabilities of approximately S\$7.6 million, which includes the unpaid purchase consideration in respect the Properties.

The value of the net tangible assets of Cocosa Exports is approximately S\$0.5 million, which is the difference between the total assets of approximately S\$8.1 million and the total liabilities of S\$7.6 million.

## 2.3 Consideration

The consideration for the Proposed Subscription is US\$3 million (the “**Consideration**”), which is approximately S\$4.2 million, based on the foreign exchange rate of US\$1.00: S\$1.4010. The Consideration was determined based on arms’ length negotiations between the parties and after taking into account the Valuation. The Consideration will be satisfied through internal sources of funds.

The Consideration shall be paid to J LPG in the following manner:

| No. | Amount Payable (US\$) | Payment Date  |
|-----|-----------------------|---|
| 1.  | 1,000,000             | Within one (1) year from Completion   |
| 2.  | 2,000,000             | Within the second year of Completion (the “ <b>Second Year</b> ”) but by no later than the end of the Second Year |

## 2.4 Conditions Precedent

Completion is subject to, *inter alia*, the following:

- (i) if applicable, the Group procuring all necessary licences, consents, permits, approvals, waivers, authorisations or other orders from, and all notices, registrations, submissions or filings with, the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”), all relevant government departments, regulators, authorities, central bank or relevant third party contractors, counterparties, financing or facility providers as may be required for or in connection with the Proposed Collaboration, and the same not having been withdrawn, revoked or amended and if subject to any conditions, such conditions being mutually acceptable to the parties, fulfilled, and complied with;
- (ii) JLPG procuring that Cocosa Export obtains all licences, consents, permits, approvals, waivers, authorisations or other orders of and all notices, registratons, submissions or filings with the relevant government departments, authorities and regulators in Chile as may be required for or in connection with the Proposed Collaboration, and the same not having been withdrawn, revoked or amended and if subject to any conditions, such conditions being mutually acceptable to the parties, fulfilled, and complied with;
- (iii) the results of the due diligence exercise on Cocosa Export being satisfactory to the Company in its sole and absolute discretion;
- (iv) the signing of the shareholder’s loan agreement between Sakae Global Resources and Cocosa Holdings, setting out the terms of repayment of the shareholder’s loan (the “**Shareholder’s Loan Agreement**”) upon the conversion of the Outstanding Amounts; and
- (v) the signing of a pledge agreement by JLPG and/or his nominee to pledge his 49% shares in Cocosa Holdings to the Company and/or Sakae Global Resources, and any other security documents requested by the Company and/or Sakae Global Resources.

## 2.5 Rationale for the Proposed Collaboration

As part of the globalisation strategy of the Group in terms of the food resources segment of its business, the Group aims to continue expanding its overseas food trading and distribution business with a view to enhancing Shareholder value over the long-term and achieving long-term growth. The Proposed Collaboration is in line with the Group’s approach to pursue sustainable growth strategies to strengthen and grow its existing food and beverage (“**F&B**”) business, as it is expected to provide additional and recurrent revenue streams for the Group. The Proposed Collaboration will place the Group in a better position to capitalise on the growth prospects of the overseas markets in terms of the overseas food trading and distribution business as well as in the raw materials supply chain for its F&B business.

The Proposed Collaboration enables the Group to strategically establish a direct presence in Chile, and South America. This will provide a more diversified business and income base for the Group’s future growth. The revenue generated from the Proposed Collaboration may also provide the Group with additional funds for the expansion of the Group’s existing F&B business.

## 2.6 Chapter 10 of the Listing Manual of the SGX-ST

The relative figures for the Proposed Subscription, as computed on the basis set out in Rule 1006 of the listing manual of the SGX-ST (the “Listing Manual”), are as follows:

| Rule 1006 of the Listing Manual | Bases  | Relative Figures      |
|---------------------------------|--|-----------------------|
| (a)                             | Net asset value of the assets to be disposed of, compared with the Group’s adjusted net asset value as at 31 December 2015                                   | Not applicable        |
| (b)                             | The net profits attributable to the assets acquired, compared with the Group’s net losses for the financial year ended 31 December 2015                      | -1.44% <sup>(1)</sup> |
| (c)                             | The aggregate value of the Consideration, compared with the market capitalisation of the Company   | 7.51% <sup>(2)</sup>  |
| (d)                             | The number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue | Not applicable        |
| (e)                             | The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the Group’s proved and probable reserves    | Not applicable        |

### Notes:

- (1) “net profits” are defined as profit before income tax, minority interests and extraordinary items. The net profits attributable to the assets to be acquired under the Proposed Collaboration are approximately S\$81,000. Based on the latest announced unaudited consolidated losses for the year ended 31 December 2015, the net losses attributable to the Group were approximately S\$5.78 million.
- (2) The Consideration for the Proposed Collaboration is US\$3 million (or approximately S\$4.2 million). The market capitalisation of the Company as at 3 March 2016 of approximately S\$56 million was determined by multiplying the number of shares in issue (being 139,472,000 shares, excluding treasury shares) by the weighted average price of such shares (being S\$0.40) transacted on 3 March 2016 (being the market day preceding the date of the Framework Agreement).

The relative figures under Rules 1006(b) and (c) in the above table do not exceed 20%. The Proposed Collaboration is also in the ordinary course of business of the Company and does not change the risk profile of the Group. As such, the Proposed Collaboration is a discloseable transaction and does not require the approval of shareholders of the Company (“Shareholders”).

## 2.7 Financial Effects

The revised financial effects of the Proposed Collaboration are set out below strictly for illustrative purposes only and do not purport to be indicative or a projection of the results and financial position of the Company and the Group after the Proposed Collaboration. The table below sets out the financial effects of the Proposed Collaboration based on the following bases and assumptions:

- (i) the latest announced unaudited consolidated financial statements of the Group for financial year (“FY”) 2015;
- (ii) the financial effect on the consolidated net tangible assets (“NTA”) per Share is computed based on the assumption that the Proposed Collaboration was completed on 31 December 2015; and
- (iii) the financial effect on the consolidated earnings per Share (“EPS”) is computed based on the assumption that the Proposed Collaboration was completed on 1 January 2016.

|   | <b>Before the Proposed Collaboration</b> | <b>After the Proposed Collaboration</b> |
|---|--|---|
| Paid-up share capital (S\$'000)                               | 10,736                                   | 10,736                                  |
| Number of issued shares ('000)<br>(excluding treasury shares) | 139,472                                  | 139,472                                 |
| NTA (S\$'000)   | 45,715                                   | 48,328                                  |
| NTA per Share (S\$ cents)                                     | 32,78                                    | 34.65                                   |
| EPS (S\$ cents)   | (4.14) <sup>(1)</sup>                    | (4.08)                                  |

**Note:**

(1) The figures are calculated using the volume weighted average number of issued shares of 139,472,000 for FY2015.

**3. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS**

None of the directors and, to the best of the Company's knowledge, none of the controlling Shareholders of the Company or their associates has any interest, direct or indirect, in the Proposed Collaboration other than through their respective shareholdings in the Company.

**4. SERVICE CONTRACTS**

No person is proposed to be appointed as a director of the Company in connection with the Proposed Collaboration. Accordingly, no service contract is proposed to be entered into between the Company and any such person.

**5. DOCUMENTS FOR INSPECTION**

Copies of the Framework Agreement and the Valuation Report are available for inspection at the Company's registered office at 28, Tai Seng Street, #07-00 Sakae Building, Singapore 534106, for a period of three (3) months from the date of this Announcement.

**6. RESPONSIBILITY STATEMENT**

The Directors of the Company collectively and individually accept full responsibility for the accuracy of the information given in this Announcement and confirm, after making all reasonable enquiries, that to the best of their knowledge and belief, this Announcement constitutes full and true disclosure of all material facts about the Proposed Collaboration, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Announcement misleading. Where information in this Announcement has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Announcement in its proper form and context.

**7. FURTHER ANNOUNCEMENTS**

The Company will make further announcements on the Proposed Collaboration as appropriate or when there are further developments on the same.

**8. CAUTION IN TRADING**

Shareholders are advised to exercise caution in trading their Shares as there is no certainty or assurance as at the date of this Announcement that Proposed Collaboration will proceed to Completion, as Completion is subject to, *inter alia*, the fulfillment of all the conditions precedent in the Framework Agreement. Shareholders are advised to read this Announcement and any further announcements by the Company carefully. Shareholders should exercise caution when dealing in the shares of the Company, and should consult their stockbrokers, solicitors or other professional advisors if they have any doubts about the actions they should take.

**BY ORDER OF THE BOARD**

Douglas Foo Peow Yong  
Executive Chairman  
6 March 2016