



**Sakae Holdings Ltd.**

**Fourth Quarter and Twelve months 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 fourth quarter and twelve months period ended 31 December 2017**

	<b>Group</b>					
	<b>4th Quarter ended</b>		<b>Increase /</b>	<b>12 months ended</b>		<b>Increase /</b>
	<b>31 December</b>			<b>31 December</b>		
	<b>2017</b>	<b>2016</b>	<b>(Decrease)</b>	<b>2017</b>	<b>2016</b>	<b>(Decrease)</b>
<b>S\$'000</b>	<b>S\$'000</b>	<b>%</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>%</b>	
Revenue	18,562	22,638	(18.0)	68,872	86,448	(20.3)
Cost of sales	(9,072)	(9,771)	(7.2)	(28,347)	(32,624)	(13.1)
Gross profit	9,490	12,867	(26.2)	40,525	53,824	(24.7)
Other operating income	799	2,193	(63.6)	4,006	5,853	(31.6)
Administrative expenses	(6,937)	(8,936)	(22.4)	(29,635)	(39,320)	(24.6)
Other operating expenses	(2,784)	(11,204)	(75.2)	(15,293)	(29,537)	(48.2)
Non-operating expenses	-	(319)	N.M.	2,869	(2,808)	
Finance cost	(446)	(263)	69.6	(1,173)	(1,001)	17.2
Profit/(Loss) before income tax	122	(5,662)	(102.2)	1,299	(12,989)	(110.0)
Income tax	(6)	569	N.M.	(41)	573	(107.2)
Profit/(Loss) after income tax	116	(5,093)	(102.3)	1,258	(12,416)	N.M.
Attributable to:						
Equity holders of the company	99	(5,320)	N.M.	1,062	(12,636)	N.M.
Non-controlling interest	17	227	N.M.	196	220	(10.9)
	116	(5,093)	(102.3)	1,258	(12,416)	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.

**STATEMENT OF COMPREHENSIVE INCOME FOR FOURTH QUARTER AND TWELVE MONTHS ENDED 31 DECEMBER 2017**

	Group					
	4th Quarter ended		Increase / (Decrease)	12 months ended		Increase / (Decrease)
	31 December			31 December		
	2017	2016	%	2017	2016	%
S\$'000	S\$'000	%	S\$'000	S\$'000	%	
Net profit/(loss) for the period	114	(5,093)	N.M.	1,256	(12,416)	N.M.
(loss)						
Revaluation of properties	0	227	N.M.	0	1,165	N.M.
Deferred tax liability relating to revaluation of						
revaluation of properties	0	(205)	N.M.	0	(205)	N.M.
Currency translation differences	493	164	N.M.	329	164	N.M.
<b>Total comprehensive income/(loss) for the period</b>	<b>607</b>	<b>(4,907)</b>	<b>N.M.</b>	<b>1,585</b>	<b>(11,292)</b>	<b>N.M.</b>
Attributable to:						
Equity holders of the Company	590	(11,555)	N.M.	1,389	(11,555)	N.M.
Non-controlling interests	17	263	N.M.	196	263	N.M.
<b>Total comprehensive income/(loss) for the period</b>	<b>607</b>	<b>(11,292)</b>	<b>N.M.</b>	<b>1,585</b>	<b>(11,292)</b>	<b>N.M.</b>

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

	4th Quarter ended		Increase / (Decrease)	Group 12 months ended		Increase / (Decrease)
	31 December			31 December		
	2017	2016	%	2017	2016	%
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Depreciation	1015	1,555	(34.7)	3,958	5,878	(32.7)
Loss on disposal of plant and equipment (net)	100	3	N.M.	18	22	(18.2)
Write off of plant and equipment	50	379	(86.8)	640	487	31.4
(Reversal of) Provision for impairment of property, plant and equipment	-322	(81)	N.M.	49	453	(89.2)
early termination of leases (net)	0	3,405	N.M.	(1,757)	3,405	N.M.
Foreign currency exchange differences (net)	-7	606	N.M.		549	N.M.
Interest expense	447	263	70.0	1,173	1,001	17.2
Interest income	-11	(21)	(47.6)	(38)	(92)	(58.7)
Government grants	-184	(488)	N.M.		(922)	N.M.
Income tax credit/(expense)	0	-				
- Current tax credit/(expense)	7	277	N.M.	(84)	272	N.M.
- Adjustments recognised in relation to prior years	0	(154)	N.M.	(262)	(155)	N.M.

N.M. – Not Meaningful

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	
	31/12/2017	31/12/2016	31/12/2017	31/12/2016
	S\$'000	S\$'000	S\$'000	S\$'000
<b><u>ASSETS</u></b>				
<b>Current assets:</b>				
Cash and cash equivalents	7,555	8,627	1,732	3,327
Trade receivables	5,450	1,871	1,849	1,332
Other receivables and prepayments	11,447	11,304	2,941	3,855
Inventories	8,989	2,357	4,121	1,524
Convertible loan receivable	-	-	-	-
Held for sale investment				
Held for trading investments	2,810	2,790	2,113	2,113
Income tax recoverable	1,087	838	-	-
<b>Total current assets</b>	<b>37,338</b>	<b>27,787</b>	<b>12,756</b>	<b>12,151</b>
<b>Non-current assets:</b>				
Subsidiaries	-	-	10	10
Due from subsidiaries	-	-	42,141	17,316
Associates	-	-	-	-
Joint venture	350	150	-	-
Other investments	198	192	-	-
Property, plant and equipment	73,747	77,237	60,632	63,176
Investment properties	2,953	2,800	-	-
Goodwill	726	704	-	-
<b>Total non-current assets</b>	<b>77,974</b>	<b>81,083</b>	<b>102,783</b>	<b>80,502</b>
<b>Total assets</b>	<b>115,312</b>	<b>108,870</b>	<b>115,539</b>	<b>92,653</b>
<b><u>LIABILITIES AND SHAREHOLDERS' EQUITY</u></b>				
<b>Current liabilities:</b>				
Bank loans	52,870	50,227	50,238	46,822
Trade payables	6,809	6,657	3,082	4,322
Accruals	4,398	3,658	2,362	2,152
Provisions	2,257	4,616	621	2,702
Due to subsidiaries	-	-	19,368	1,064
Income tax payable	59	28	-	2
<b>Total current liabilities</b>	<b>66,393</b>	<b>65,186</b>	<b>75,671</b>	<b>57,064</b>
<b>Non-current liabilities:</b>				
Bank loans	4,477	388	3,780	-
Deferred tax liabilities	8,025	8,464	7,900	7,900
<b>Total non-current liabilities</b>	<b>12,502</b>	<b>8,852</b>	<b>11,680</b>	<b>7,900</b>
<b>Capital and reserves:</b>				
Share capital	10,736	10,736	10,736	10,736
Treasury shares	(892)	(892)	(892)	(892)
Reserves	24,943	23,554	18,344	17,845
Equity attributable to equity holders of the company	34,787	33,398	28,188	27,689
Non-controlling interests	1,630	1,434	-	-
<b>Total equity</b>	<b>36,417</b>	<b>34,832</b>	<b>28,188</b>	<b>27,689</b>
<b>Total liabilities and equity</b>	<b>115,312</b>	<b>108,870</b>	<b>115,539</b>	<b>92,653</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 31/12/2017</b>		<b>As at 31/12/2016</b>	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
45,942	4,295	7,322	42,632

**Amount repayable after one year**

<b>As at 31/12/2017</b>		<b>As at 31/12/2016</b>	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
1,701	-	705	-

**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 and short term loans for working capital.[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.**

	4th Quarter ended		12 months ended	
	2017	2016	2017	2016
	S\$'000	S\$'000	S\$'000	S\$'000
<b>Operating activities</b>				
Profit/(Loss) before income tax	(117)	(5,662)	1,060	(12,989)
Adjustments for:				
Receipt of Judgement Amount	-	-	(3,241)	-
Depreciation of property and equipment	1,015	1,555	3,958	5,878
Depreciation of investment property	-	22	-	22
Amortisation of prepaid lease	(38)	12	-	50
Loss (Gain) on disposal of property, plant and equipment	18	3	18	
Write-off of property, plant and equipment	50	379	640	487
Provision for impairment of plant and equipment	(322)	(81)	49	453
Impairment loss recognised on trade receivables	-	264	-	264
Impairment recognised on other receivables	-	409	-	409
Impairment loss recognised on held for sale investment	-	1,017	-	1,017
Loss (Gain) on disposal of held for trading investments (r	-	19	-	13
Net fair value gain on quoted shares	-	155		
Dividend income from held for trading investments	(24)	(3)	(53)	(40)
Fair value loss on held for trading investments (net)	-	13		13
Provision/reversal for early termination of leases	-	3,405	(1,757)	3,405
Provision for reinstatement costs	-	643		643
Gain on acquisition of subsidiary	-	(647)	-	(647)
Unrealised foreign exchange loss (gain)	(22)	(92)		(149)
Interest expense	446	263	1,173	1,001
Interest income	(11)	(21)	(38)	(92)
Operating cash flows before movements in working capital	995	1,653	1,809	(262)
	-	-		
Trade receivables	(2,681)	149	(3,579)	1,609
Other receivables and prepayments	1,557	(949)	(143)	8
Inventories	(6,505)	498	(6,632)	341
Trade payables	2,076	2,069	152	(599)
Other payables & accruals	(3,449)	336	138	(2,513)
Cash used in operations	(8,007)	3,756	(8,255)	(1,416)
	-	-		
Interest paid	(446)	(263)	(1,173)	(1,001)
Interest received	11	21	38	92
Income taxes and withholding taxes paid	(108)	307	(259)	(60)
Net cash used in operating activities	(8,550)	3,821	(9,649)	(2,385)
<b>Investing activities</b>				
Dividend income	24	3	53	40
Convertible loan notes issued	-	-		(498)
Proceeds from disposal of property, plant and equipment	-	32	-	35
Purchase of property, plant and equipment	(397)	(982)	(1,175)	(2,665)
Advance to supplier	-	-		(1,278)
Investment in joint venture	-	(150)	(200)	(150)
Proceed from disposal of held for trading investments	-	99		124
Cash arising from acquisition of subsidiary	-	251	-	251
Receipt of Judgement Amount	-	-	3,241	-
Net cash used in (generated from) investing activities	(373)	(747)	1,919	(4,141)
<b>Financing activities</b>				
Proceeds from bank loans	6,707	2,147	13,677	19,847
Repayment of bank loans	(860)	(4,043)	(6,945)	(16,389)
Net cash from financing activities	5,847	(1,896)	6,732	3,458
Net increase/(decrease) in cash and cash equivalents	(3,076)	1,178	(998)	(3,068)
Cash and cash equivalents at beginning of period	-	-	8,627	11,713

**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.**

Group	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	S\$'000
Balance at January 1, 2016	10,736	(892)	166	(2,300)	40,599	(3,356)	44,953	(44)	44,909
<i>Total comprehensive income (loss) for the period:</i>									
Income (loss) for the period	-	-	-	-	-	(2,119)	(2,119)	-	(2,119)
Other comprehensive income (loss) for the period	-	-	-	871	-	-	871	-	871
Total	-	-	-	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
<i>Total comprehensive income (loss) for the period:</i>									
Income (loss) for the period	-	-	-	-	-	(2,077)	(2,077)	-	(2,077)
Other comprehensive income (loss) for the period	-	-	-	(595)	-	-	(595)	-	(595)
Total	-	-	-	(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
<i>Total comprehensive income (loss) for the period:</i>									
Income (loss) for the period	-	-	-	-	-	(3,127)	(3,127)	-	(3,127)
Other comprehensive income (loss) for the period	-	-	-	(331)	-	-	(331)	-	(331)
Total	-	-	-	(331)	-	(3,127)	(3,458)	-	(3,458)
Balance at Sept 30, 2016	10,736	(892)	166	(2,355)	40,599	(10,679)	37,575	(44)	37,531
<i>Total comprehensive income (loss) for the period:</i>									
Income (loss) for the period	-	-	-	-	-	(5,313)	(5,313)	220	(5,093)
Other comprehensive income (loss) for the period	-	-	-	176	960	(5,313)	(4,177)	263	(3,914)
Total	-	-	-	176	960	(5,313)	(4,177)	263	(3,914)
acquisition of a subsidiary	-	-	-	-	-	-	-	1,215	1,215
Balance at Dec 31, 2016	10,736	(892)	166	(2,179)	41,559	(15,992)	33,398	1,434	34,832
Balance at January 1, 2017	10,736	(892)	166	(2,179)	41,559	(15,992)	33,398	1,434	34,832
<i>Total comprehensive income (loss) for the period:</i>									
Income (loss) for the period	-	-	-	-	-	(1,341)	(1,341)	(56)	(1,397)
Other comprehensive income (loss) for the period	-	-	-	(144)	-	-	(144)	-	(144)
Total	-	-	-	(144)	-	(1,341)	(1,485)	(56)	(1,541)
Balance at March 31, 2017	10,736	(892)	166	(2,323)	41,559	(17,333)	31,913	1,378	33,291
<i>Total comprehensive income (loss) for the period:</i>									
Income (loss) for the period	-	-	-	-	-	2,098	2,098	169	2,267
Other comprehensive income (loss) for the period	-	-	-	(46)	-	-	(46)	-	(46)
Total	-	-	-	(46)	-	2,098	2,052	169	2,221
Balance at June 30, 2017	10,736	(892)	166	(2,369)	41,559	(15,235)	33,965	1,547	35,512
<i>Total comprehensive income (loss) for the period:</i>									
Income (loss) for the period	0	0	0	0	0	206	206	66	272
Other comprehensive income (loss) for the period	-	-	-	25	-	-	25	-	25
Total	-	-	-	25	-	206	231	66	297
Balance at Sept 30, 2017	10,736	(892)	166	(2,344)	41,559	(15,029)	34,196	1,613	35,809
<i>Total comprehensive income (loss) for the period:</i>									
Income (loss) for the period	-	-	-	-	-	97	97	17	114
Other comprehensive income (loss) for the period	-	-	-	494	-	-	494	-	494
Total	-	-	-	494	-	97	591	17	608
Balance at Dec 31, 2017	10,736	(892)	166	(1,850)	41,559	(14,932)	34,787	1,630	36,417
Company									
Balance at January 1, 2016	10,736	(892)	-	-	39,820	(8,407)	41,257	-	41,257
<i>Total comprehensive income (loss) for the period:</i>									
Income (loss) for the period	-	-	-	-	-	(1,749)	(1,749)	-	(1,749)
Balance at March 31, 2016	10,736	(892)	-	-	39,820	(10,156)	39,508	-	39,508
<i>Total comprehensive income (loss) for the period:</i>									
Income (loss) for the period	-	-	-	-	-	(2,256)	(2,256)	-	(2,256)





<pls amend>

- 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 and subsidiary holdings 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>12 months ended 31-December-2017</b>		<b>FY2016</b>	
	No. of shares		No. of shares	
	('000)	(\$'000)	('000)	(\$'000)
At beginning and end of period/year	2,528	892	2,528	892

<pls amend>

- 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>31/12/2017</b>	<b>31/12/2016</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 holdings as at the end of the current financial period reported on.**

During the financial period, there were no transaction 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.

**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, 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.**

Not applicable.

<pls amend>

**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 31 December 2017</b>	<b>3 months ended 31 December 2016</b>	<b>12 months ended 31 December 2017</b>	<b>Full Year ended 31 December 2016</b>
Earnings per ordinary share for the period				
(a) Based on weighted average number of ordinary shares in issue (cents)	0.15	(2.24)	0.69	(5.25)
(b) On a fully diluted basis (cents)	0.15	(2.24)	0.69	(5.25)

<pls amend>

**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>31/12/2017</b>	<b>31/12/2016</b>	<b>31/12/2017</b>	<b>31/12/2016</b>
Net asset value per ordinary share based on issued share capital as at the end of period (cents)	24.52	23.95	20.87	19.85

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

Financial performance (4Q2017 vs 4Q2016)

Group revenue for the fourth quarter ended 31 December 2017 (“4Q2017”) totalled \$18.6 million, a decrease of 18.0% as compared to \$22.6 million in the corresponding period of the previous year (“4Q2016”). Group revenue declined following the effects of sluggish economic conditions which led to weaker market sentiments globally. The rationalisation of non-performing outlets in the Singapore market has also contributed to the fall in Group revenue.

Group revenue in 4Q2017 included a new stream of revenue from commodities trading of \$3 million.

The Group’s gross profit margin from the retail business decreased from 56.8% in 4Q2016 to 51.1% in 4Q2017.

Administrative expenses was \$6.9 million in 4Q2017, a decrease of 22.4% from \$8.9 million in 4Q2016. This resulted from a substantial decrease in labour costs to \$5.0million in 4Q2017. Other administrative expenses including depreciation charges and other expenses have also declined accordingly with the streamlining of the Group's operations.

Other operating expenses decreased 75.2% to \$2.8 million in 4Q2017 from \$11.2 million in 4Q2016, as the Group continued to carry out its rationalisation exercise on non-performing outlets whereby the expenses incurred were offset against the provision for early termination of leases recorded in FY2016, with a net reversal of overprovision for early termination of leases of \$1.4 million made in 4Q2017 as the actual expenses incurred was much lower. Reduction in rental, utilities and other expenses, resulted from the rationalisation exercise have also contributed to the reduced operating expenses.

Group profit before tax and net profit after tax each tallied at \$0.1 million in 4Q2017, which represented an increase of \$5.8 million and \$5.2 million respectively, as compared to the Group's loss before tax of \$5.7 million and net loss after tax of \$5.0 million in 4Q2016.

#### Financial performance (12M2017 vs 12M2016)

Group revenue for the twelve months ended 31 December 2017 ("12M2017") totalled \$68.9 million, a decrease of 20.3% as compared to \$86.4 million in the corresponding period of the previous year ("12M2016"). Group revenue decline following the effects of sluggish economic conditions which led to weaker market sentiments globally. The rationalisation of non-performing outlets in the Singapore market has also contributed to the fall in Group revenue.

The Group's gross profit margin from the retail business decreased from 62.3% in 12M2016 to 58.8% in 12M2017. The slight reduction in gross profit margin was due to the effect of continuous rising prices of high quality raw materials as well as low pricing margins due to fierce market competition.

Group other operating income has decreased 31.6% to \$4.0 million in 12M2017 from \$5.9 million in 12M2016.

Administrative expenses was \$4.0 million in 12M2017, a decrease of 31.6% from \$5.9 million in 12M2016. Other administrative expenses including depreciation charges and other expenses have also declined accordingly with the streamlining of the Group's operations.

Other operating expenses decreased 48.2.% to \$15.3 million in 12M2017 from \$29.5 million in 12M2016, as the Group continued to carry out its rationalisation exercise on non-performing. Reduction in rental, utilities and other expenses, resulted from the rationalisation exercise have also contributed to the reduced operating expenses.

Group profit before tax and net profit after tax each tallied at \$1.3 million in 12M2017, which represented an increase of \$14.3 million and \$13.7 million respectively, as compared to the Group's loss before tax and net loss after tax of \$13.0 million and \$12.4 million respectively, in 12M2016.

#### Financial Position of the Group

Group and Company cash and bank balances as at 31 December 2017 ("12M2017") stood at \$0.6 million and \$7.0 million respectively as compared to \$0.3 million and \$3.3 million respectively as at 31 December 2016 ("FY2016"), following the usage of funds to carry out its rationalization exercise and development of its commodities trading business. The Group has and will continue its efforts to grow its businesses, including partnering with potential strategic business partners, both locally and globally, for both raw materials as well as business expansion strategy.

Total trade payables and accruals as well as provisions balances of both the Group and Company have reduced as at 12M2017 from FY2016 following the completion of its rationalisation exercise and the streamlining of its F&B retail business.

Shareholders' equity for the Group and Company stood at \$34.8 million and \$28.2 million respectively as at 12M2017, as compared with \$33.4 million and \$27.7 million respectively as at FY2016.

#### Cash Flow (4Q2017 vs 4Q2016)

The Group had negative operating cash flows of \$8.6 million in 4Q2017, which has improved from that of \$3.8 million as at 4Q2016.

The Group will continue to be cautious and take reasonable steps to ensure the continuous growth in the operations and managing its operating costs effectively.

#### Cash Flow (12M2017 vs 12M2016)

The Group had negative operating cash flows of \$8.3 million in 12M2017, a drop from \$1.4 million in 12M2016, due to slowdown in operating performances.

The Group will continue to be cautious and take reasonable steps to ensure the continuous growth in the operations and managing its operating costs effectively.

Following the receipt of the Judgment Amount in relation to Suit Nos. 122 and 1098 carried out by the Company in relation to its investments in associate, Griffin Real Estate Investment Holdings Pte Ltd ("GREIH"), the Group and Company recorded a net cash from investing activities of \$2.3 million in 12M2017.

#### 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, 1 July 2016, 6 April 2017, 7 April 2017, 21 April 2017, 5 May 2017, 9 May 2017, 10 July 2017, 8 September 2017 and 29 November 2017, 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, FY2015 on 1 March 2016 and FY2016 on 1 March 2017, the Company's Q1-2017 results announcement on 15 May 2017, the Company's Q2-2017 results announcement on 14 August 2017 and the Company's Q3-2017 results announcement on 14 November 2017.

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 ("Third Party Claim"); 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: (a) the trial of Suit 122 and Suit 1098 commenced on 15 January 2016 and concluded on 26 February 2016; and (b) Suit 1099 and Suit 969 were deferred pursuant to directions made by the High Court.

The Company had earlier also announced that in connection with Suit 1098, it had 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 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. On 5 April 2017, the High Court refused the Company's application for leave to appeal and maintained its decision that the amount that should be restrained was \$9.71 million.

On 7 April 2017, the High Court handed down its Judgment in Suit Nos. 122 and 1098 of 2013. The High Court found that the Company had made out most of its claims of minority oppression. In its Judgment, the High Court granted a substantial number of the reliefs that the Company had sought in these Suits, including, but not limited to the following:

- (i) the Company's ex-NED, Andy Ong, pay to the Company the sum of S\$2,641,975 and interest thereon from 8 February 2013;
- (ii) various reliefs that the Company's ex-NED, Andy Ong, and his associates, Ho Yew Kong and Ong Han Boon, pay a total of about \$35,000,000 to GREIH; and
- (iii) the Company was invited to put forward its nomination for a private liquidator for GREIH.

On 20 April 2017, the High Court ordered that GREIH be wound up and appointed the Companies' nominees, Mr Aaron Loh Cheng Lee and Ms Ee Meng Yen Angela of Ernst & Young Solutions LLP, as liquidators of GREIH.

On 4 May 2017, the High Court also handed down its Judgment on the Third Party Claim. The High Court dismissed all of the third party claims against Mr Foo. The High Court also ordered Mr Andy Ong, Mr Ho Yew Kong and Mr Ong Han Boon to pay Mr Foo's costs in defending the third party claims on an indemnity basis.

On 5 May 2017, in relation to Suit 1098, Mr Ho Yew Kong filed a Notice of Appeal to the Court of Appeal against part of the High Court's Judgment dated 7 April 2017 where adverse findings and/or rulings were made against him. On 5 May 2017, ERC Holdings Pte Ltd, Mr Andy Ong, Mr Ong Han Boon, Gryphon Capital Management Pte Ltd, ERC Unicampus Pte Ltd, ERC Institute Pte Ltd and ERC Consulting Pte Ltd also filed a Notice of Appeal to the Court of Appeal against the whole of the High Court's Judgment date 7 April 2017.

There was also a dispute between the parties on whether an appeal had been filed against the High Court's decision in Suit 122. Mr Andy Ong's position is that he filed such an appeal on 5 May 2017. The Company disputes that. The Company's position is that no such appeal was filed on 5 May 2017 and that as a result, Mr Andy Ong is out of time to file an appeal in relation to Suit 122. On 30 June 2017, Mr Andy Ong filed an application for a retrospective extension of time to file an appeal in relation to Suit 122. The Company objected to that application, which had been fixed for hearing together with the appeal in relation to Suit 1098.

On 12 May 2017, and pursuant to demands made by the Company in relation to the relief at paragraph (i) above, the Company received from Mr Andy Ong the sum of \$3,238,422.93 (being the sum of \$2,641,975 plus interest thereon from 8 February 2013 to 5 May 2017). On 15 May 2017, the Company received from My Andy Ong the sum of \$2,700.61 (being the balance interest amount for the period 6 May 2017 to 12 May 2017).

On 5 July 2017, GREIC wholly discontinued Suit 969 with no order as to costs. The discontinuance is without prejudice to GREIH's liquidators' rights to pursue such claims against such parties as they consider are available to GREIH.

On 21 August 2017, the High Court has ordered that GCM be wound up by consent, and appointed the Company's nominees, Mr Seshadri Rajagopalan and Mr Jotangia Paresh Tribhovan of SR Associates LLP, as liquidators of GCM. GCM's liquidators will now look into the affairs of GCM and bring such claims as they consider appropriate. In light of the High Court's order, the trial of Suit 1099, which was a claim by the Company against ERC Holdings Pte Ltd, Mr Andy Ong, and Mr Ong Han Boon in connection with the affairs of GCM, will no longer proceed.

On 28 November 2017, the appeal in relation to Suit 1098 as well as the application pertaining to Suit 122 was heard by the Honourable Court of Appeal and judgment was reserved.

At the hearing on 28 November 2017, the Court of Appeal was also informed that GCM was withdrawing its appeal.

The Group had earlier disclosed that as it was not possible to predict the outcome of the litigation with certainty, the Company had decided to adopt a conservative and prudent approach in the financial statements and made full allowance for potential impairment loss on its investment in GREIH and GCM. There was (and continues to be) uncertainty as to whether the interest of the Group and Company can be recovered. The Group and Company have therefore retained its allowance for potential impairment loss on its investments in GREIH and GCM. The Group would like to reiterate that despite the full allowance for impairment being made in its financial statements, the Company will continue to take all necessary steps to recover the value of its investments in the associates. The Company will expeditiously make further announcements on the above matters as and when there are material developments thereon.

**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.**

Moving forward, the F&B industry will continue to remain challenging as labour costs will continue to rise, together with acute labour shortages and high rental costs, amidst intense competition in the industry. The Group continues to work hard to manage the challenging operating conditions in the F&B industry.

**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/recommended, a statement to that effect.**

No dividend has been declared/recommended for the twelve months ended 31 December 2017.

**13. Interested party 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 twelve months ended 31 December 2017 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 February 2018