

**SAKAE HOLDINGS LTD.**

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

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**PROPOSED DISPOSAL OF THE MALAYSIA PROPERTY**

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**1. INTRODUCTION**

The Board of Directors of Sakae Holdings Ltd. (the “**Board**”) refers to the resolution passed at the Annual General Meeting of Sakae Holdings Ltd. (the “**Company**”) held on 30 October 2020 (the “**AGM**”) that relates to the disposal of properties located in Malaysia (the “**Resolution**”). Capitalized terms used herein shall have the same meaning as used in the circular that related to the Resolution (the “**Circular**”).

Following the renewal of the Disposal Mandate for the proposed disposal of properties in Malaysia by the Company or its subsidiary (i.e. Apex-Pal Malaysia Sdn. Bhd. (the “**Vendor**”), the Group wishes to announce that, it has just received from the Vendor’s solicitors in Malaysia (Messrs. Pei Chambers), a copy of the executed and duly stamped Sale and Purchase Agreement dated 20 September 2021 in relation to – a freehold commercial boutique bungalow building (with lift) on freehold land located at No. 7, Jalan Undang Harimau 2, Medan Niaga Kepong, 51200 Kuala Lumpur, Malaysia (referred to in the Resolution and hereinafter as “**Property 2**”) at the proposed purchase price of RM11,500,000 (equivalent to approximately S\$3,673,100) (“**Proposed Disposal**”)(the “**Agreement**”).

As shared at the AGM, based on the valuation report dated 26 June 2020 (the “**Previous Report**”) issued by KGV International Property Consultants (M) Sdn Bhd (“**KGV International**”), the then market value of Property 2 was RM11,600,000 (equivalent to approximately S\$3,705,040) (“**Valuation Price**”). As the Previous Report is dated more than six (6) months ago, the Company has commissioned a revaluation of Property 2 in accordance with the terms of the Resolution. Based on the letter of update of valuation dated 30 June 2021 issued by KGV International (the “**New Report**”), the date of valuation is taken to be 30 June 2021 and the present market value is RM11,220,000 (equivalent to approximately S\$3,583,668) (“**Updated Valuation Price**”). While KGV International has not reinspected Property 2, they have made relevant investigations before deriving the present market value. KGV International has arrived at the revised valuation by using the same methods of valuation (the Comparison Approach) as in the past valuations; some of the methods used are set out below:

- i. comparing with recent sales and/or listings of similar properties in the vicinity, or if not available, within similar localities;
- ii. as no two properties are often identical, making adjustments for differences in factors such as location, physical characteristics and time element; and
- iii. interpreting available data and making the necessary adjustments to the value of Property 2.

The book value of Property 2 amounting to RM11,220,000 (equivalent to approximately S\$3,583,668) has been adjusted to be the same as the value stated in the New Report.

As the Proposed Disposal will be for a consideration of an amount that is higher than the Updated Valuation Price, and in view of the current economic climate, the Board is of the view that accepting the offer contained in the Agreement is in the best interest of the Group and the Shareholders. As such, the Board has approved the proposed disposal of Property 2. The Group is now awaiting the completion of the sale and will provide further updates as necessary and appropriate.

## **2. INFORMATION RELATING TO THE PROPOSED DISPOSAL**

### **2.1 Information on the Purchaser**

The purchaser of Property 2 under the Agreement is Seafood Island Malaysia Sdn. Bhd. (the “**Purchaser**”). The Purchaser may finance the purchase of Property 2 through a loan from a bank or other financial institution.

### **2.2 Terms of the Proposed Disposal**

The Disposal Mandate provided that Property 2 may be disposed at a price which the Directors deem fair and reasonable after taking into account the relevant factors including but not limited to the valuation for Property 2 from an independent valuer. The Board had pursuant to the terms of the Disposal Mandate undertaken to the Shareholders to facilitate the sale of Property 2 at the best price based on the latest market valuation of Property 2, with such valuation being not more than six (6) months before the signing of any sale and purchase agreement. As the Previous Report is dated more than six months ago, the Company commissioned a revaluation for Property 2 and the present market value is RM11,220,000 (equivalent to approximately S\$3,583,668), based on the New Report (as defined above). While KGV International has not reinspected Property 2, they have made relevant investigations before deriving the present market value.

The Board had pursuant to the terms of the Disposal Mandate undertaken that the disposal price of Property 2 shall be at least the Minimum Disposal Price of S\$3,410,330, being 90% of the Valuation Price in the Previous Report, as disclosed in the Company’s Appendix dated 15 October 2020. Based on the New Report, the Minimum Disposal Price, being 90% of the Updated Valuation Price, has been reduced to S\$3,225,301 (“**Updated Minimum Disposal Price**”). Following the terms of the Disposal Mandate, the Proposed Disposal at RM11,500,000 (equivalent to approximately S\$3,673,100) is higher than the Updated Minimum Disposal Price of S\$3,225,301.

The consideration in respect of such disposal shall be satisfied in cash upon completion of the sale and in such manner as the Board deems fit in the best interest of the Company.

Property 2 is presently charged to **CIMB BANK BERHAD (Company No. 947162-V)** of 317-319, Jalan Pudu, 55100 Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur (the "**Chargee Bank**") as security for banking facilities granted to the Vendor.

### 2.3 Consideration

Based on the Agreement, the purchase price for the Proposed Disposal is RM11,500,000 (equivalent to approximately S\$3,673,100 based on the exchange rate of RM1.00 : S\$0.3194 as at the date immediately preceding the date of this Announcement) (the "**Consideration**").

Prior to the execution of the Agreement, the Purchaser has paid to the Vendor's authorised realty agent, Tech Realtors Properties Sdn Bhd (Company No. 1066954-K) a sum of **RM230,000.00** (equivalent to approximately S\$73,462) being the payment of the earnest deposit (the "**Earnest Deposit**"). Upon the execution of the Agreement, the Purchaser shall pay to the Vendor, a further sum of **RM920,000.00** (equivalent to approximately S\$293,848) (the "**Balance Deposit**"), in the following manner:

- (a) A sum equivalent to 3% of the Consideration amounting to **RM345,000.00** (equivalent to approximately S\$110,193) (the "**Retention Sum**") to be retained by the Purchaser's solicitors; and
- (b) A balance sum amounting to **RM575,000.00** (equivalent to approximately S\$183,655) to the Vendor upon the execution of the Agreement.

The Earnest Deposit and the Balance Deposit will be referred to as "**Deposit Sum**". The Deposit Sum shall in the event of the completion of the sale and purchase of Property 2 form part payment towards the Consideration.

- (c) Within **Six months** from the date of the Agreement (the "**Completion Period**") the Purchaser shall pay, the balance sum of **RM10,350,000.00** (equivalent to approximately S\$3,305,790) (the "**Balance Purchase Price**") of the Purchase Price to the Vendor's Solicitors as stakeholder to be dealt with in accordance with the terms and conditions of the Agreement save and except where the Balance Purchase Price or a part thereof is to be utilized to redeem the said Property from the Chargee Bank, the payment of the sum equivalent to the redemption sum to the Chargee Bank may be made payable directly to the Chargee Bank.
- (d) In the event that the Purchaser is unable to pay the Balance Purchase Price within the Completion Period for any reason, the Vendor and the Purchaser may, within 14 days from the expiry of the Completion Period, mutually agree on an extension of time for the Purchaser to pay the Balance Purchase Price ( the "**Extended Completion Period**") PROVIDED ALWAYS that the Purchaser shall pay to the Vendor interest on the Balance Purchase Price or any outstanding balance thereof at the rate of **8%** per annum calculated on a day to day basis ( the "**Late Payment Interest**") from the first day of the Extended Completion Period until the date of receipt of full payment by the Vendor's Solicitors.

## 2.4 Completion

The completion of the sale and purchase of Property 2 shall take place upon the receipt of the Balance Purchase Price by the Vendor's solicitors in accordance with as applicable, together with any Late Payment Interest (if any) (hereinafter referred to as "**Completion Date**").

## 3. RATIONALE AND USE OF PROCEEDS

The Company expects to utilise the proceeds of the Proposed Disposal for general working capital of the Group and for repayment of bank loans (including those associated with Property 2 that have to be redeemed for the sale of Property 2 to be completed).

## 4. CHAPTER 10 OF THE LISTING MANUAL

### Relative Figures Under Rule 1006 of the Listing Manual

The relative figures computed on the bases set out in Rule 1006 of the Listing Manual in respect of the Proposed Disposal and based on latest unaudited consolidated financial statements of the Company for the year ended 30 June 2021 ("**FY2021**") are as follows:

Listing Rule	Bases of Computation	Relative Figures
1006(a)	Net asset value of the assets to be disposed of, compared with the Group's net asset value	6.35% <sup>1</sup>
1006(b)	Net profits attributable to the assets disposed of, compared with the Group's net profit	-1.20% <sup>2</sup>

<sup>1</sup> Under Rule 1002(3)(a), "net assets" means total assets less total liabilities. The net asset value of Property 2 is approximately RM11,220,000 (equivalent to approximately S\$3,583,668) based on updated KGV International valuation report dated 30 June 2021, whilst the net asset value of the Group is S\$56,417,000 as at 30 June 2021.

<sup>2</sup> Under Rule 1002(3)(b) of the Listing Manual, "net profits" means profit or (loss) before income tax, minority interests and extraordinary items. Property 2 does not generate income as it is used to house staff of the Group. The losses attributable to Property 2 amount to S\$27,179.

1006(c)	Aggregate value of the consideration received, compared with the Company's market capitalisation <sup>3</sup> based on the total number of issued shares excluding treasury shares	25.57% <sup>4</sup>
1006(d)	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 <sup>5</sup>
1006(e)	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 <sup>6</sup>

As the relative figure computed pursuant to Rule 1006(c) in respect of the Proposed Disposal exceeds 20% and is subject to the approval of the Shareholders in a general meeting as defined under Chapter 10 of the Listing Manual. As the Proposed Disposal forms part of the Disposal Mandate, the approval of the Company's Shareholders for the Disposal Mandate was obtained by the Company at a AGM held on 30 October 2020.

## 5. FINANCIAL EFFECTS OF THE PROPOSED DISPOSAL

The financial figures set out below are for illustrative purposes only and do not necessarily reflect the actual results and financial performance of the Group after the Proposed Disposal. No representation is made as to the actual financial position and/or results of the Group after the completion of the Proposed Disposal.

The following financial effects of the Proposed Disposal are computed based on the latest unaudited consolidated financial statements of the Group for FY2021 and the following bases and assumptions:

- (a) For the purposes of illustrating the financial effects of the Proposed Disposal of Property 2 on the EPS of the Group, it is assumed that Property 2 was disposed of on 30 June 2021; and
- (b) For the purposes of illustrating the financial effect on the NTA per Share of the Group, it is assumed that Property 2 was disposed of on 30 June 2021;

<sup>3</sup> For purpose of illustration and for purpose of this Circular, the market capitalisation of the Company is determined by multiplying the 139,472,000 Shares (excluding treasure shares) by S\$0.103 per share on 21 September 2021, being the closing price of such shares transacted on the market day immediately preceding the Latest Practicable Date.

<sup>4</sup> Calculated based on the Consideration of RM11,500,000 (equivalent to approximately S\$3,673,100) for Property 2 as set out in paragraph 2.3 above.

<sup>5</sup> This basis is not applicable as it is not an acquisition.

<sup>6</sup> This basis is not applicable as it only applies to a disposal of mineral, oil and gas assets by a mineral, oil and gas company.

**Effect on NTA per share**

	Before Proposed Disposal	After Proposed Disposal
NTA (S\$'000)	56,417	56,519
Number of issued shares	139,472	139,472
NTA per share (cents)	40.45	40.52

**Effect on EPS**

	Before Proposed Disposal	After Proposed Disposal
Profit attributable to equity holders of the Company (S\$'000)	2,317	2,290
Weighted average number of issued shares	139,472	139,472
EPS (cents)	1.66	1.64

**6. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS**

None of the Directors or Controlling Shareholders (as defined in the Listing Manual) of the Company has any interest, direct or indirect, in the Proposed Disposal (other than through their respective shareholdings in the Company, if any).

**7. SERVICE AGREEMENTS**

No new directors are proposed to be appointed to the board of directors in connection with the Proposed Disposal. Accordingly, no service agreements will be entered into with any new director of the Company in connection with the Proposed Disposal.

**8. DOCUMENTS FOR INSPECTION**

Copies of the Agreement and the valuation reports are available for inspection at the registered office of the Company at 28 Tai Seng Street, Sakae Building Level 7, Singapore 534106, during normal business hours for three (3) months from the date of this Announcement.

**9. FURTHER ANNOUNCEMENTS**

The Company will make subsequent announcements to update Shareholders when there are material updates as may be necessary or appropriate.

**10. CAUTION IN TRADING**

Shareholders and potential investors of the Company should note that the Proposed Disposal is subject to the fulfilment of certain conditions precedent of the Agreement.

The Board will continue to keep the shareholders updated on material developments on the disposal as and where appropriate to do so.

Shareholders and potential investors are advised to read this announcement and any further announcements by the Company carefully. In particular, Shareholders and potential investors of the Company should note that there is no certainty or assurance as at the date of this Announcement that the Proposed Disposal will be completed. Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company. Persons who are in doubt as to the action to be taken should consult their stockbrokers, bank managers, lawyers, accountants or other professional advisers.

By Order of the Board

Chan Lai Yin  
Company Secretary

22 September 2021