

**SAKAE HOLDINGS LTD.**

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

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**RESPONSE TO SGX QUERIES**

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The Board of Directors of Sakae Holdings Ltd. ("Company" or together with its subsidiaries, the "Group") refers to the queries raised by the Singapore Exchange Securities Trading Limited ("**SGX-ST**") on 1 June 2020 relating to the Company's Third Quarter and/or Nine Months Results Announcement for the year ended 30 June 2020 ("3QFY2020 Results Announcement") released on 15 May 2020. The Company wishes to provide the following responses to the queries:

**SGX-ST QUERY 1**

1. On Pg 11 of the 3Q2020 results, it was disclosed that "The Group has received a net return of \$8.1 million in relation to the partial return of capital from its investments in GREIH and GCM". Please disclose how the \$8.1 mil was accounted for in the 9 months' ended 31 March 2020 ("9MFY2020") results.

**COMPANY'S RESPONSE**

The Group has received a net return of S\$8.1 million in relation to the partial return of capital from its investments in GREIH and GCM. At the Group level, the amount of S\$6.8 million has been offset against the investment in GREIH and GCM in accordance with SFRS(I). At the Company level, S\$1.35 million has been recognised as gain on liquidation of investments and the said gain on liquidation of investments has been eliminated at Group level.

**SGX-ST QUERY 2**

2. With reference to SGX's Regulatory Column on "What SGX expects of issuers' disclosures during COVID-19" dated 22 Apr 2020, please disclose and elaborate on the impact of the Covid-19 pandemic on the Company's operations and financials. Please consider the questions in the Regulatory Column that are likely to be considered material for investors and address them in a SGXNET announcement.

**COMPANY'S RESPONSE**

Update on the Group's business and operations arising from Covid-19 outbreak

**Impact on the Group's operations**

Since the first Covid-19 case was reported in Singapore in January 2020, the Singapore's Multi-Ministry Taskforce started to implement various forms and degrees of social distancing measures to control the local transmission of Covid-19 virus. On 3 April 2020, the Multi-Ministry Taskforce implemented an elevated set of safe distancing measures, as a circuit breaker to curb the increase of local transmission of Covid-19. The circuit breaker period was in place from 7 April 2020 until 1 June 2020 (the "Circuit Breaker Period"). Although the Group's business is considered an essential service, our restaurants have continued to operate only takeaway, on-line ordering and restaurant delivery businesses, with the support from the Group's central kitchen during the Circuit Breaker Period. The Group expects consumer demand to continue to remain weak which will impact the Group's operational and financial performance for the next quarter from 1 April to 30 June 2020.

From 2 June 2020, the Singapore Government has embarked on a three-phased approach to lift the Circuit Breaker and resume activities safely. In Phase 1, dining-in at Food & Beverage outlets will still not be

permitted for an estimate of at least a few more weeks until Phase 2. The Group will continue to monitor sales and developments closely and make adjustments accordingly to its business operations. Amidst the adverse impact of the Covid-19 pandemic, the Group will continue its efforts to control costs and keep its operations lean.

The health and safety of our staff and consumers shall remain our key focus while we navigate the challenges arising from the Covid-19 situation. We have implemented enhanced precautionary measures to safeguard and protect the well-being of our staff and customers such as mandatory temperature checks for our staff, customers and deliverymen before they enter our outlets, observe safe distancing at our premises, provide hand sanitisers and/or antiseptic wipes for customers and staff, staff to conduct temperature checks at least 2 times a day, and all staff must wear face masks at all times.

In addition, the Group has also put in place cost management measures such as a temporary halt on the procurement of bulk ingredients, freezing of headcount and salary increments, reduction of casual staff and being mindful of manpower costs amidst the slow sales period. These measures are constantly being reviewed and will be adjusted accordingly in tandem with situational developments of the Covid-19 pandemic.

#### Impact on the Group's liquidity

The Group is taking a prudent approach in managing its cash flow to conserve cash. To improve its liquidity, the Group is in the process of applying for additional bank facilities in the form of a temporary bridging loan. The various forms of support from the Singapore Government, including property tax rebates and the enhanced Jobs Support Scheme that includes waiver of foreign worker levy and deferment of income tax, as well as rental assistance and/or subsidies from the premises in which the Group operates, provide some relief for the Group during this difficult period.

#### Impact on the Group's ability to continue as going concern and contractual obligations

The Covid-19 measures are expected to adversely impact the Group's financial performance with reduced revenue for the next quarter from 1 April to 30 June 2020. However, the Group expects further challenges within the Food & Beverage industry, given the lack of visibility on when consumer sentiments and demands will recover and until such time that dining-in at restaurants is permitted. In addition, cost of materials may increase due to global supply chain disruption as announced by the Government, which may impact freight charges. While the support extended by the Singapore Government, in particular the Jobs Support Scheme and rental support, will provide some relief to the decline in the Group's revenue, the effects of the Covid-19 pandemic will dampen the Group's prospects and curtail growth for FY2020 and FY2021. In addition, the Group can leverage on the Covid-19 (Temporary Measures) Act 2020 recently passed by the Singapore Government which offers temporary relief to businesses who are unable to perform their contractual obligations due on or after 1 February 2020 because of the Covid-19 outbreak. The Group will continue to exercise caution in its capital expenditures until the current situation improves and will prioritise its resources on tackling immediate challenges brought about by the Covid-19 pandemic. Amidst this uncertain and difficult period, the Group will remain flexible in redeploying resources to sustain its core business operations. The Group shall stay vigilant in controlling its expenses while continuing to channel its existing fixed resources into enhancing efforts for optimising delivery and takeaway revenue across the Group's business. The Group will continue to closely monitor the evolving situation of the Covid-19 pandemic and shall adjust and react proactively with appropriate measures.

By Order of the Board

Douglas Foo Peow Yong  
Executive Chairman

4 June 2020