

SAKAE HOLDINGS LTD.

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

APPLICATION FOR WAIVER TO COMPLY WITH RULE 707(1) OF THE LISTING MANUAL AND AN EXTENSION OF TIME TO HOLD ANNUAL GENERAL MEETING FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

The Board of Directors (the “**Board**”) of Sakae Holdings Ltd. (the “**Company**”, and together with its subsidiaries, collectively the “**Group**”) wishes to announce that the Company has already made applications to the Singapore Exchange Regulation (SGX RegCo) to seek its approval for a waiver from complying with Rule 707(1) of the Listing Manual of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”)(the “**Waiver**”); and, an extension of time to hold the annual general meeting of the Company (the “**AGM**”) for the financial year ended 30 June 2019 (“**FY2019**”)(the “**Extension of Time**”). If the applications for the Waiver and the Extension of Time are approved by SGX RegCo, the originally scheduled AGM for FY2019 (the “**FY2019 AGM**”) on 29 October 2019 will be re-scheduled.

The reasons for seeking the Waiver and Extension of Time (the “**Applications**”) are set out below:

- (a) As announced by the Company on 17 October 2019, the Company’s Independent Auditors, Messrs Deloitte & Touche LLP (the “**Auditors**”), have issued a disclaimer opinion on the Company’s financial statements for the financial year ended 30 June 2019 (the “**FY2019 FS**”).
- (b) Subsequent to the release of the FY2019 FS, Mr. Foo Maw Shen resigned as an Independent Director of the Company with effect from 16 October 2019, due to differing views that he has on the follow-up action to be taken by the Management to address the disclaimer of the Auditors in the Independent Auditors Report for FY2019 FS. His resignation was announced on 17 October 2019.
- (c) The differences in views arose primarily due to paragraph d) of the Independent Auditor’s Report, which relates to the amount due from a related party, being a company owned by the non-controlling shareholder of Cocosa Export S.A. (“**Cocosa Export**”), as disclosed in Note 2(iv) to the FY2019 FS.
- (d) As a background, the Company refers to its announcements dated 9 September 2019 and 12 September 2019. The Board, having duly assessed and reviewed the future prospect of Cocosa Export S.A., was of the view that the value of the Group’s investment in the long term would be highly unrecoverable. Accordingly, the Board had decided to make full impairment on the goodwill and other receivables associated with the said investment. However, the Auditors had deemed that a full loss allowance on the receivables had not been made by the Group and the Company, citing that the appropriate audit evidence available before them was insufficient.
- (e) The Board is still in the process of resolving the differences, exploring options available to them, including but not limited to commissioning an independent review of the Auditors’ disclaimer opinion on the FY2019 FS. An Independent Auditor for the review of the Auditors’ disclaimer opinion on the Company’s financial statements for the financial year ended 30 June 2019 (“**FY2019 FS**”)(the “**Review**”) has been identified for appointment. The Company is in the process of appointing the Independent Auditor after it concludes its independence checks.
- (f) With the completion of the Review, the Company’s shareholders would have more information on the FY2019 FS, including those raised in the disclaimer and to clarify any other questions that they may have at the re-scheduled FY2019 AGM.

Concurrently, the Company has also made an application to the Accounting and Corporate Regulatory Authority (“**ACRA**”) for relief from the requirement of the Accounting Standards pursuant to Section 201(12) and for an Extension of Time pursuant to Section 175(2) of the Singapore Companies Act, Chapter 50. The Company will update its shareholders on the outcome of the applications to SGX RegCo and ACRA in due course.

By Order of the Board

Douglas Foo Peow Yong
Executive Chairman
21 October 2019