

SAKAE HOLDINGS LTD.

(the “Company”)

(Incorporated in the Republic of Singapore)

(Company Registration Number: 199604816E)

Annual General Meeting Matters

The Company previously appointed a Representative under its subsidiary, Sakae Capital Pte Ltd (“SCPL”) to conduct commodity trading. As this is the first time that SCPL has worked with this Representative, SCPL conducted four small commodity trades under US\$150,000 each where this Representative was authorised to find the buyer and seller for the commodity. These four transactions were successfully completed and profitable.

Subsequently in July/August 2017, the Representative brought to SCPL a 12,800 metric tonne sugar transaction. This sugar transaction was purportedly sold to two customers, A and B. Customer A took delivery of 3,457 metric tonnes of sugar and paid SCPL US\$1.6 million in October 2017. In December 2017, Customer B took delivery of 9,343 metric tonnes of sugar with a sale value of US\$4.3 million. Customer B did not pay and a full provision of doubtful debts was made in the unaudited financial statements of Sakae Holdings Ltd. (“the Company”), released on 29 August 2018.

On 27 August 2018, the Group’s auditors highlighted to the Audit Committee (“AC”) of the nature of the transaction between SCPL and Customer B and related provision for the receivable from Customer B. As part of the Group audit procedures, the Group auditors have performed certain background checks on Customer B to assess the collectability of the receivable. As the transaction amount is substantial from a group perspective, the Group auditors requested the AC and the Board of Directors to deliberate on the transactions and related recording of this transaction and thereafter comment on the transaction from a bona fide perspective. The Audit Committee then appointed an independent corporate governance and internal audit firm (“Independent Internal Auditor”) to undertake this review on 30 August 2018.

On 6 September 2018, two members of the Audit Committee met with the Independent Internal Auditor for a briefing on its preliminary findings. These preliminary findings revealed that the shareholders and directors of Customer B were uncontactable and that a visit to the place of business of Customer B showed that it was apparently not in business. The Audit Committee was also informed that the Independent Internal Auditor has requested for a meeting with the Representative but to no avail and who to date, remains uncontactable. The Independent Internal Auditor visited the registered residential address of the Representative and was informed by the occupiers that no such person lives there.

With such findings, the Audit Committee and the Board of Directors has decided that more time is needed to investigate and review this sugar transaction as well as the accompanying ancillary matters. Similarly, the Company’s external auditors would also require time to consider the findings from the review of this sugar transaction by the AC and the Board of Directors.

Accordingly, the Audit Committee and the Board of Directors has decided that as a matter of prudence and in the interest of ensuring that the Financial Statements would reflect accurately the Company’s position, the originally intended date of the Annual General Meeting should be postponed for the Company to carry out a complete and thorough

investigation on the sugar transaction with Customer B and the relationship between the Representative and Customer B. In this regard, the Company will apply to Accounting and Corporate Regulatory Authority (“ACRA”) and Singapore Exchange Securities Trading Limited (“SGX-ST”) for an extension of time for holding of the Annual General Meeting. Arising from the aforesaid and upon conclusion of the review of the said sugar transaction, the Company may or may not make amendments to its Full Year results in the announcement made on 29 August 2018.

Please refer to the Company’s Full Year results announcement on 29 August 2018.

By Order of the Board

Douglas Foo Peow Yong
Chairman
7 September 2018