



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SAKAE HOLDINGS LTD.

Report on the Audit of the Financial Statements

Qualified Opinion

We have audited the accompanying financial statements of Sakae Holdings Ltd (the “Company”) and its subsidiaries (the “Group”) as set out on pages 49 to 133 which comprise the statements of financial position of the Group and of the Company as at 30 June 2021, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group and the statement of changes in equity of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matters described in the *Basis for Qualified Opinion* section of our report, the accompanying consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the “Act”) and Singapore Financial Reporting Standards (International) (“SFRS(I)”) so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 30 June 2021 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and of the changes in equity of the Company for the financial year ended on that date.

Basis for Qualified Opinion

Corresponding figures

As described in the “*Other Matter*” section of our report, the financial statements for the financial year ended 30 June 2020 were audited by another independent auditor who expressed a qualified opinion on those financial statements.

As a result, our opinion on the current financial year’s financial statements of the Group is modified because of the possible effects of the following matters related to the consolidated profit or loss of the previous financial year on the comparability of the current financial year’s figures and the corresponding figures:

- (i) Investment in Griffin Real Estate Investment Holdings Pte. Ltd. (“GREIH”)

As disclosed in Notes 6 and 15 to the financial statements, the Group has an investment in GREIH and has recognised a fair value gain on equity investment at fair value through profit or loss amounted to \$11,147,000 in the previous financial year’s consolidated profit or loss. As the fair value of the investment as at 1 July 2019 has not been determined in accordance with SFRS(I) 9 Financial Instruments (“SFRS(I) 9”), the predecessor auditor’s opinion on the financial statements for the financial year ended 30 June 2019 was modified accordingly. Since the opening balance as at 1 July 2019 affect the determination of the previous financial year’s consolidated profit or loss, the predecessor auditor’s opinion on the financial statements for the previous year ended 30 June 2020 was modified in respect of the fair value gain on equity investment at fair value through profit or loss included in “other operating income” amounted to \$11,147,000.

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF SAKAE HOLDINGS LTD.



(ii) Investment in Gryphon Capital Management Pte. Ltd. ("GCM")

As disclosed in Notes 8 and 15 to the financial statements, the Group has an investment in GCM and has recognised a fair value loss on equity investment at fair value through profit or loss amounting to \$369,000 in the previous financial year's consolidated profit or loss. As the management could not determine the fair value of GCM as at 30 June 2019 and 2020 in accordance with SFRS(I) 9, the predecessor auditor's opinion on the financial statements for the financial year ended 30 June 2020 was modified accordingly.

(iii) Investment in and receivables from Cocosa Export S.A. ("Cocosa Export") and amount due from the non-controlling shareholder of Cocosa Export

During the financial year ended 30 June 2019, the Group has ceased consolidating of one of its subsidiaries, Cocosa Export, as the Group has assessed that it had lost control of Cocosa Export with effect from 31 March 2019. The predecessor auditor's opinion on the financial statements for the financial year ended 30 June 2019 was modified as the predecessor auditor were unable to obtain sufficient appropriate evidence in respect of (a) whether the Group continued to have control over Cocosa Export or the point in time when such control was lost and the appropriateness of the classification of the investment in Cocosa Export if the control has indeed been lost, and the existence of the gross receivables due from Cocosa Export and the recoverability of those receivables net of the loss allowance; and (b) the existence and recoverability of the receivable due from the non-controlling shareholder of Cocosa Export.

During the previous financial year ended 30 June 2020, a liquidation suit was initiated against Cocosa Export by a bank. Subsequent to end of the previous financial year, Cocosa Export has been placed under liquidation in accordance with a Chilean court order in August 2020. Consequently, management has assessed that any outstanding receivables from Cocosa Export and its non-controlling shareholder should be fully impaired and an additional loss allowance of \$5,609,000 was made on those receivables and recorded under "other operating expenses" in the previous financial year's consolidated profit or loss, as disclosed in Note 8 to the financial statements.

Since the opening balances as at 1 July 2019 affect the determination of the previous financial year's consolidated profit or loss, the predecessor auditor's opinion on the financial statements for the previous year ended 30 June 2020 was modified as the predecessor auditor were unable to determine whether adjustments to the previous year's consolidated profit or loss and opening retained earnings might be necessary in respect of the (a) additional loss allowance recognised during the previous financial year ended 30 June 2020 and (b) point in time when control in Cocosa Export was lost.



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SAKAE HOLDINGS LTD.

We conducted our audit in accordance with Singapore Standards on Auditing (“SSAs”). Our responsibilities under those standards are further described in the *Auditor’s Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the Accounting and Corporate Regulatory Authority (ACRA) *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* (ACRA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Other Matter

The financial statements for the financial year ended 30 June 2020 were audited by another firm of independent auditors whose report dated 14 October 2020 expressed a qualified opinion on the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company as detailed in Note 37 to the financial statements.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditor’s report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. As described in our report above, we have issued a qualified opinion due the matters highlighted in the Basis for Qualified Opinion section.

Accordingly, we are unable to conclude whether or not the other information is materially misstated with respect to these matters.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current financial year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matters described in the *Basis for Qualified Opinion*, we have determined the matter described below to be the key audit matter to be communicated in our report.



Valuation of leasehold building

Description of key audit matter:

The carrying amount of the Group's and the Company's property, plant and equipment, as disclosed in Note 19 to the financial statements, amounted to \$99,866,000 and \$97,495,000 respectively as at 30 June 2021. These represent 84% and 81% of the total assets of the Group and of the Company respectively. Included in property, plant and equipment of the Group and the Company is a leasehold building which is carried at revalued amount of \$87,000,000 as at 30 June 2021. The revaluation gain of the leasehold building recognised in other comprehensive income during the financial year amounted to \$8,840,000, net of deferred tax liabilities recognised of \$1,810,000.

As disclosed in Notes 3(g), 4 and 19 to the financial statements, the leasehold building is revalued based on the valuation performed by independent professional valuer engaged by the management. In determining the valuation of the leasehold building, the valuer has used valuation techniques which involves assumptions and significant unobservable inputs, as set out in Note 19 to the financial statements.

Any significant changes in the key assumptions could result in a significant impact to the fair value of the leasehold building.

Our procedures to address the key audit matter:

Our audit procedures in relation of the valuation of the leasehold building included the following:

- obtained an understanding of management's processes for the selection of valuer, the determination of the scope of work of the valuer, and the review and acceptance of the external valuation report and tested the design and implementation of the Group's relevant key controls;
- considered the professional qualifications and competence of the valuer, and read the terms and scope of engagement of the valuer to determine whether there were any matters that might have affected their objectivity or limited the scope of their work;
- discussed with the valuer to obtain an understanding of their work performed, amongst others, the valuation methodology and the key unobservable inputs and assessed appropriateness of assumptions applied; and
- reviewed the adequacy of disclosures in the financial statements



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SAKAE HOLDINGS LTD.

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and SFRS(I)s, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF SAKAE HOLDINGS LTD.



- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF SAKAE HOLDINGS LTD.

Report on Other Legal and Regulatory Requirements

In our opinion, except for the matters described in the *Basis for Qualified Opinion* section of our report, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors, have been properly kept in accordance with the provisions of the Act.

The engagement partner of the audit resulting in this independent auditor's report is Khor Boon Hong.

Baker Tilly TFW LLP
Public Accountants and
Chartered Accountants
Singapore

12 October 2021