

**ADDENDUM TO THE ANNUAL REPORT DATED 15 OCTOBER 2020**

**THIS ADDENDUM IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. IF YOU ARE IN DOUBT AS TO THE ACTION THAT YOU SHOULD TAKE, YOU SHOULD CONSULT YOUR LEGAL, FINANCIAL, TAX OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY.**

This Addendum is circulated to shareholders (the “**Shareholders**”) of Sakae Holdings Ltd. (the “**Company**”) together with the Company’s annual report for the financial year ended 30 June 2020 (the “**Annual Report**”). Its purpose is to provide Shareholders with information relating to, as well as, to seek Shareholders’ approval for the Proposed Change of Auditors to be tabled at the forthcoming Annual General Meeting (“AGM”) of the Company to be held on 30 October 2020 at 10.00 a.m. at 28 Tai Seng Street, Sakae Building Level 7, Singapore 534106.

The Notice of the AGM and a proxy form are enclosed with the Annual Report.

Unless otherwise stated, the capitalised terms on this cover are defined in this Addendum under the section titled “Definitions”.

The Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) assumes no responsibility for the correctness of any statements made, reports contained or opinions expressed in this Addendum.



**SAKAE HOLDINGS LTD.**

(Company Registration No. 199604816E)  
(Incorporated in the Republic of Singapore)

**ADDENDUM TO THE ANNUAL REPORT IN RELATION TO  
THE PROPOSED CHANGE OF AUDITORS FROM DELOITTE & TOUCHE LLP  
TO BAKER TILLY TFW LLP**

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## DEFINITIONS

In this Addendum, unless the context otherwise requires, the following terms or expressions shall have the following meanings:

- “ACRA”** : The Accounting and Corporate Regulatory Authority of Singapore
- “Act” or “Companies Act”** : The Companies Act (Cap. 50) of Singapore, as may be amended or modified from time to time
- “Addendum”** : This Addendum dated 15 October 2020 in respect of the Proposed Change of Auditors
- “AGM”** : The forthcoming annual general meeting of the Company, notice of which is available on SGXNet and the Company’s corporate website [www.sakaeholdings.com/agm](http://www.sakaeholdings.com/agm)
- “Audit Committee”** : The audit committee of the Company comprising Independent Directors Mr. Loh Chee Peng, Mr. Ngoh York Chao Nicholas and Mr. David Pang Kam Wei.
- “Board” or “Board of Directors”**: The board of Directors of the Company as at the date of this Addendum
- “CDP”** : The Central Depository (Pte) Limited
- “Company”** : Sakae Holdings Ltd.
- “Directors”** : The directors of the Company as at the Date of this Addendum
- “FY 2020”** : The financial year ended 30 June 2020
- “Group”** : The Company, its subsidiaries and its Associated Companies
- “Latest Practicable Date”** : 30 September 2020, being the latest practicable date prior to the printing of this Addendum
- “Listing Manual”** : The SGX-ST Listing Manual, as amended or modified from time to time
- “Notice of AGM”** : The notice of the AGM is enclosed with the Annual Report on pages 130 to 135.
- “PMP”** : Practice Monitoring Programme by ACRA
- “Proposed Change of Auditors”** : The proposed change of Company’s auditors from Deloitte & Touche LLP to Baker Tilly TFW LLP
- “Securities Account”** : The securities accounts maintained by Depositors with CDP, but not including the securities accounts maintained with a Depository Agent
- “SFA”** : The Securities and Futures Act (Cap. 289) of Singapore as may be amended or modified from time to time

“ <b>SGX-ST</b> ”	:	Singapore Exchange Securities Trading Limited
“ <b>Shareholders</b> ”	:	The registered holders of Shares except that where the registered holder is CDP, the term “ <b>Shareholders</b> ” in relation to Shares held by CDP shall mean the persons named as Depositors in the Depository Register maintained by CDP and to whose Securities Accounts such Shares are credited
“ <b>Shares</b> ”	:	Ordinary shares in the capital of the Company
“ <b>Substantial Shareholder</b> ”	:	A person who has an interest in one or more voting shares of a company, and the total votes attached to those shares are not less than 5% of the total votes attached to all the voting shares in the Company
“ <b>%</b> ” or “ <b>per-cent</b> ”	:	Per Centum or Percentage

The terms “**Depositor**”, “**Depository Agent**” and “**Depository Register**” shall have the meanings ascribed to them respectively in the SFA. The term “**treasury shares**” shall have the meaning ascribed to it in Section 4 of the Companies Act. The term “**subsidiary**” shall have the meaning ascribed to it in Section 5 of the Companies Act.

Words importing the singular shall, where applicable, include the plural and *vice versa* and words importing the masculine gender shall, where applicable, include the feminine and neuter genders and *vice versa*. References to persons shall include corporations.

Any reference in this Addendum to any enactment is a reference to that enactment for the time being amended or re-enacted. Any word defined under the Act or the Listing Manual or any statutory modification thereof and used in this Addendum shall, where applicable, have the meaning assigned to it under the Act or the Listing Manual or any such statutory modification thereof, as the case may be, unless otherwise provided.

Any reference to a time of day in this Addendum shall be a reference to Singapore time, unless otherwise stated.

Any discrepancies in figures included in this Addendum between the amounts listed and the totals thereof are due to rounding. Accordingly, figures shown as totals in this Addendum may not be an arithmetic aggregation of the figures that precede them.

**SAKAE HOLDINGS LTD.**  
(Incorporated in the Republic of Singapore)  
(Company Registration Number: 199905292D)

**Directors:**

Mr. Douglas Foo Peow Yong (Executive Chairman)  
Ms. Foo Lilian (Chief Executive Officer and Executive Director)  
Mr. Loh Chee Peng (Independent Director)  
Mr. Ngho York Chao Nicholas (Independent Director)  
Mr. David Pang Kam Wei (Independent Director)

**Registered Office:**

28 Tai Seng Street,  
Sakae Building Level 7,  
Singapore 534106

15 October 2020

**TO: THE SHAREHOLDERS OF SAKAE HOLDINGS LTD.**

Dear Sir/Madam,

**THE PROPOSED CHANGE OF AUDITORS FROM DELOITTE & TOUCHE LLP TO BAKER TILLY TFW LLP (“PROPOSED CHANGE OF AUDITORS”)**

**1. INTRODUCTION**

At the last annual general meeting (“AGM”) of the Company held on 29 October 2019, Shareholders approved the re-appointment of Deloitte & Touche LLP as the auditors of the Company until the conclusion of the forthcoming AGM of the Company to be held on 30 October 2020. Deloitte & Touche LLP has served as auditors of the Company for 17 years since our listing on SGX Sesdaq in 2003 and subsequently on SGX Mainboard in 2008.

- 1.1** The Directors of the Company refer to the Notice of AGM convening the AGM and Ordinary Resolution 5 in the Notice of AGM, in relation to the Proposed Change of Auditors.

Ordinary Resolution 5 proposed in the Notice of AGM is to appoint Baker Tilly TFW LLP as the auditors of the Company in place of the retiring auditors, Deloitte & Touche LLP.

- 1.2** The purpose of this Addendum is to provide Shareholders with information relating to the Proposed Change of Auditors at the AGM. The Notice of AGM is set out on pages 130 to 135 of the Annual Report.
- 1.3** The SGX-ST assumes no responsibility for the correctness or accuracy of any of the statements made, reports contained or opinions expressed in this Addendum.

**2. THE PROPOSED CHANGE OF AUDITORS**

**2.1. Background and Rationale for the Proposed Change of Auditors**

**Background.** Ordinary Resolution 5 proposed in the Notice of AGM is to appoint Baker Tilly TFW LLP as the auditors of the Company in place of the retiring auditors, Deloitte & Touche LLP, and to authorise the Directors to fix its remuneration.

**Rationale.** The Company’s current auditors, Deloitte & Touche LLP, were re-appointed as auditors at the Company’s last annual general meeting on 29 October 2019. Deloitte & Touche LLP have served as auditors of the Company for 17 years since our listing on SGX Sesdaq in 2003 and subsequently on SGX Mainboard in 2008.

As part of its ongoing corporate governance initiatives as well as to manage its overall business costs and expenses amidst the challenging business climate, the Board is of the view that it would be appropriate and timely to effect a change of auditors for the following financial year ending 30 June 2021 (“FY2021”), subject to Shareholders’ approval by ordinary resolution 5 proposed in the Notice of AGM. The Board believes that a change of auditors will also enable the Company to benefit from fresh perspectives and views of another professional audit firm to enhance the value of the audit services and accord the Group an opportunity to benchmark audit fees with a view to realising cost efficiencies. The outgoing Auditor, Deloitte & Touche LLP, has also indicated that it will not be seeking re-appointment at the forthcoming AGM.

Accordingly, fee proposals were sought from various audit firms. Presentations by each firm were made to the Audit Committee of the Company. The Audit Committee reviewed and deliberated on the proposals received from each of the audit firms, taking into consideration the audit quality indicators disclosure framework issued by ACRA and the criteria for the evaluation and selection of external auditors contained in the Guidebook for Audit Committees in Singapore, including Factors such as the adequacy of the resources and experience of the auditing firm and the proposed audit engagement partner, the audit firm’s other engagements, and the number and experience of supervisory and professional staff to be assigned. Management feedback was also sought as part of the deliberations by the Audit Committee. An objective approach was adopted throughout the process. After evaluating the above factors and taking into consideration the factors set out in Sections 2.3 and 2.4 below, the Audit Committee recommended to the Board that Baker Tilly TFW LLP be selected for the proposed appointment as the Company’s auditors for FY 2021.

The Board took into account, inter alia, (i) the Audit Committee’s recommendation, including the factors listed in Sections 2.3 and 2.4 below; (ii) that the Proposed Change of Auditors is estimated to result in cost savings of up to approximately 54% when compared to audit fees paid for FY2020, based on the audit fees proposed by Baker Tilly TFW LLP for FY2021, and (iii) that there is no reason to believe that the scope of audit services to be provided by Baker Tilly TFW LLP will not be comparable to those currently provided by Deloitte & Touche LLP. Accordingly, the Board is of the opinion that Baker Tilly TFW LLP meets the existing needs and audit requirements of the Company.

Pursuant to Rule 712(3) of the Listing Manual and Section 205AF of the Companies Act, the appointment of Baker Tilly TFW LLP as Auditors in place of Deloitte & Touche LLP must be specifically approved by Shareholders in a general meeting.

Accordingly, the retirement of Deloitte & Touche LLP and the appointment of Baker Tilly TFW LLP as auditors of the Company will take effect upon the approval by the Shareholders at the AGM. Baker Tilly TFW LLP, if appointed, will hold office until the conclusion of the next annual general meeting of the Company.

## **2.2. Information on Baker Tilly TFW LLP and the Audit Engagement Partner**

### **About Baker Tilly TFW LLP**

Baker Tilly TFW LLP is a firm of Chartered Accountants in Singapore registered with ACRA. It is one of the top 10 largest accounting and business advisory firms in Singapore and has 17 partners and a staff strength of more than 300. It has significant experience acting as auditors for companies listed on the SGX-ST. Baker Tilly TFW LLP is an independent member of Baker Tilly International, which is globally the 10 largest accounting and business advisory network by combined revenue and with member firms in more than 146 territories and a global workforce of more than 36,300 people.

For more information about Baker Tilly TFW LLP, please visit its website at – [www.bakertilly.sg](http://www.bakertilly.sg).

### **The Audit Engagement Partner**

Mr. Khor Boon Hong will be the audit engagement partner assigned to the audit of the Company and its subsidiaries. He has more than 20 years of audit and assurance experience in public accounting in Singapore, Malaysia and the People's Republic of China, including audit of listed companies in Singapore. Prior to joining Baker Tilly TFW LLP, he spent over 13 years in large international accounting firms. Mr. Khor's extensive experience includes financial audits of multinational, local and listed companies in diverse industries. He had also been involved in several initial public offerings and reverse takeovers of listed companies.

Mr. Khor is currently the engagement partner of several Singapore listed companies with operations in various geographical locations including Malaysia, Indonesia, Australia, New Zealand, the People's Republic of China and Singapore. He has been involved in external audits in various industries such as food & beverages, manufacturing, life science & healthcare, fintech, fund management, logistics and mining. He passed his last Practice Monitoring Programme review conducted by the ACRA in 2015.

Mr. Khor is a Public Accountant registered with ACRA, a Practising Member of the Institute of Singapore Chartered Accountants, an ASEAN CPA, a Fellow Chartered Accountant in Australia and New Zealand, and a Fellow Chartered Accountant in England and Wales.

### **2.3. Requirements under Rule 712 of the Listing Manual**

The Board, having taken into account the Audit Committee's recommendation and various factors, including, inter alia, the following:

- (a) the fee structure, the adequacy of the resources and experiences of Baker Tilly TFW LLP;
- (b) the audit engagement partner assigned to the audit;
- (c) Baker Tilly TFW LLP's other audit engagements;
- (d) the size and complexity of the Group's operations; and
- (e) the number and experience of supervisory and professional staff assigned to the audit of the Group

is of the opinion that Baker Tilly TFW LLP will be able to meet the audit requirements of the Group and that Rule 712 of the Listing Manual has been complied with.

### **2.4. Requirements under Rule 715 of the Listing Manual**

The Board confirms that pursuant to Shareholders' approval of the Proposed Change of Auditors, Baker Tilly TFW LLP will become the auditors of the Company and its Singapore incorporated subsidiaries for FY 2021.

The Company's foreign-incorporated subsidiaries that are incorporated in Malaysia will be audited by Baker Tilly Monteiro Heng PLT, an independent member firm of Baker Tilly International network. The Board and the Audit Committee have assessed various factors, including comparative fee quotes, the experience of Baker Tilly Monteiro Heng PLT, the number and experience of supervisory and professional staff to be assigned and the size of the Company's Malaysia subsidiaries, and are of the opinion that Baker Tilly Monteiro Heng PLT is a suitable audit firm for the Company's Malaysia subsidiaries.

Accordingly, Rule 715 of the Listing Manual has been complied with and/or will be complied with upon obtaining Shareholders' approval for the Proposed Change of Auditors.

## 2.5. Requirements under Rule 1203(5) of the Listing Manual

In accordance with the requirements under Rule 1203(5) of the Listing Manual:

- (a) Deloitte & Touche LLP has confirmed in its professional clearance letter dated 14 October 2020 that it is not aware of any professional reasons why Baker Tilly TFW LLP should not accept the appointment as the new auditors of the Company (the “Professional Clearance Letter”);
- (b) as stated in the Company’s announcement on 17 October 2019 and 30 August 2020, notwithstanding the disclaimer opinion issued by Deloitte & Touche LLP on the Group’s audited financial statements for financial year ended 30 June 2019 (“FY2019”), due to the following audit issues, the management and the Board have provided their updates on the efforts to resolve the outstanding audit issues below :-

- (i) Matters concerning GREIH & GCM

The Company has received a net return of \$11.4 million in relation to the partial return of capital from its investments in GREIH.

The Company has applied equity accounting of its investment in the associates, GREIH and GCM according to the respective shareholdings in these two investees. Based on information obtained from liquidators of GREIH and GCM, the Company has derived its share of results and net assets accordingly. Accordingly, the Group has recognised fair value gain on equity investments from GREIH and GCM of \$9.9 million, barring any unforeseen factors or other costs, such as those possibly to be incurred by liquidators of GCM.

The Company will continue to keep shareholders updated on any material development.

- (ii) Matters concerning sugar trade business

Investigations are still on-going and in light of the same, the Company will provide further updates as and when it is appropriate to do so.

- (iii) Matters concerning Cocosa Export

The Company has appointed a Special Auditor and will provide further updates as and when it is appropriate to do so.

- (iv) Matters concerning the differences arising from the intragroup balances

The Management is in the process of resolving the differences with its statutory auditor.

Save for the foregoing, the Company wishes to state that it is not aware of any other disagreements as of the time of this Addendum with the outgoing auditors, Deloitte & Touche LLP in relation to the accounting treatments within the last 12 months;

- (c) the Company confirms that it is not aware of any circumstances connected with the Proposed Change of Auditors that should be brought to the attention of the Shareholders which has not been disclosed in this Addendum;
- (d) the reasons for the Proposed Change of Auditors are disclosed in Section 2.1 of this Addendum; and



- (e) as set out in Sections 2.3 and 2.4, the Company confirms that it is in compliance with Rules 712 and 715 of the Listing Manual in relation to the proposed appointment of Baker Tilly TFW LLP as the Company's new auditors.

### 3. NOMINATION NOTICE

Pursuant to Section 205 of the Act, a copy of the notice of nomination of Baker Tilly TFW LLP dated 17 September 2020 from a Shareholder is attached in the Annex to this Addendum.

### 4. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

The interests of the Directors and the substantial Shareholders in the share capital of the Company as at the Latest Practicable Date are set out below:

- (a) **Directors Interests.** As at the Latest Practicable Date, the interest of the Directors of the Company in the Shares of the Company are as follows:

Name of Directors	Direct Interest		Deemed Interest	
	No. of Shares	% <sup>(1)</sup>	No. of Shares	% <sup>(1)</sup>
Douglas Foo Peow Yong	31,926,740	22.89	60,000,100 <sup>(2)</sup>	43.02

**Notes:**

(1) The percentage of shareholdings is calculated based on 139,472,000 Shares (excluding treasury shares) as at the Latest Practicable Date.

(2) Mr. Douglas Foo Peow Yong is deemed interested in 100 Shares held by his wife, Ms. Koh Yen Khoon and 60,000,000 Shares held in trust by Raffles Nominees (Pte) Limited.

- (b) **Substantial Shareholders Interests.** As at the Latest Practicable Date, the interest of the Substantial Shareholders of the Company in the Shares of the Company are as follows:

Name of Substantial Shareholders	Direct Interest		Deemed Interest	
	No. of Shares	% <sup>(1)</sup>	No. of Shares	% <sup>(1)</sup>
Douglas Foo Peow Yong	31,926,740	22.89	60,000,100 <sup>(2)</sup>	43.02
Goh Khoon Lim	4,320,000	3.10	13,860,000 <sup>(3)</sup>	9.94

**Notes:**

(1) The percentage of shareholdings is calculated based on 139,472,000 Shares (excluding treasury shares) as at the Latest Practicable Date.

(2) Mr. Douglas Foo Peow Yong is deemed interested in 100 Shares held by his wife, Ms. Koh Yen Khoon and 60,000,000 Shares held in trust by Raffles Nominees (Pte) Limited.

(3) Mr. Goh Khoon Lim is deemed interested in 13,860,000 Shares held by KGI Securities (Singapore) Pte. Ltd.

### 5. AUDIT COMMITTEE'S RECOMMENDATION

The Audit Committee has reviewed the Proposed Change of Auditors and recommends the appointment of Baker Tilly TFW LLP in place of Deloitte & Touche LLP to the Board, having satisfied itself of the suitability of Baker Tilly TFW LLP and compliance with the requirements of the Listing Manual.

**6. DIRECTORS' RECOMMENDATION**

The Directors are of the opinion that the proposed appointment of Baker Tilly TFW LLP as auditors of the Company in place of the retiring auditors, Deloitte & Touche LLP, is in the best interests of the Company. Accordingly, they recommend that the Shareholders vote in favour of Ordinary Resolution 5, being the Ordinary Resolution relating to the appointment of Baker Tilly TFW LLP as auditors of the Company in place of the retiring auditors, Deloitte & Touche LLP, to be proposed at the AGM.

**7. DIRECTORS' RESPONSIBILITY STATEMENT**

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Addendum and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Addendum constitutes full and true disclosure of all material facts about the Proposed Change of Auditors, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Addendum misleading. Where information in this Addendum has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Addendum in its proper form and context.

**8. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents may be inspected at the registered office of the Company at 28 Tai Seng Street, Sakae Building Level 7, Singapore 534106 during normal business hours on any weekday (public holidays excepted) from the date of this Addendum up to and including the date of the AGM:

- (a) the Constitution of the Company;
- (b) the Annual Report of the Company for FY2020;
- (c) the Professional Clearance Letter;
- (d) Baker Tilly TFW LLP's formal letter of consent to act as Auditor of the Company; and
- (e) Notice of Nomination from a Shareholder.

Yours faithfully  
For and behalf of the Board of Directors of  
Sakae Holdings Ltd.

Douglas Foo Peow Yong  
Executive Chairman

**NOTICE OF NOMINATION**

17 September 2020

**The Board of Directors**

Sakae Holdings Ltd.  
28 Tai Seng Street  
Sakae Building Level 7  
Singapore 534106

Dear Sirs

**Notice of Nomination**

Pursuant to Section 205(11) of the Companies Act, Chapter 50, I, Douglas Foo Peow Yong, in my capacity as a member of Sakae Holdings Ltd. (the "Company"), hereby give notice of my nomination of Baker Tilly TFW LLP of 600 North Bridge Road, #05-01 Parkview Square, Singapore 188778 for appointment as Auditor of the Company in place of the retiring Auditor, Deloitte & Touche LLP of 6 Shenton Way, #33-00 OUE Downtown 2, Singapore 068809 at the forthcoming Annual General Meeting of the Company .

Yours faithfully



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Douglas Foo Peow Yong  
Member, Sakae Holdings Ltd.