

SAKAE HOLDINGS LTD.
(Company Registration Number 199604816E)
(the “Company”)

MINUTES OF THE EXTRAORDINARY GENERAL MEETING HELD ON 20 APRIL 2020

QUESTIONS AND ANSWERS

RESOLUTION : PROPOSED ADOPTION OF THE DISPOSAL MANDATE FOR THE PROPOSED DISPOSAL OF PROPERTIES IN MALAYSIA

Question 1

It seems like both the NTA and loss per shares increased for FY2019. If the properties are disposed, what are the advantages of doing the disposal besides freeing up more cash for operations? The document briefly mentioned that 50% are used for working capital. Please advise further.

Company’s Response

As stated in the Circular on the rationale for the Proposed Disposal, the Group has adopted the strategic approach of being asset light and thus gradually disposing off its properties in Malaysia in view of a global economic slowdown due to US China trade tensions as well as volatility in the Ringgit. The Proposed Disposal will unlock the value in its investment in the Malaysia Properties, thereby strengthening the Company’s financial position. Accordingly, the Board is of the view that the Proposed Disposal is in the best interest of the Group and the Shareholders as it will enable the Group to realise the value of the Malaysia Properties, thereby improving the liquidity of the Group.

With the Proposed Disposal, the NTA per share will decrease and loss per share will increase for Property 2, 3 and 4 while the NTA per share will decrease and loss per share will decrease for Property 1, as per stated in the Circular. The respective Malaysian Properties are as follows:

- (i) A freehold commercial boutique bungalow building (with lift) on freehold land located at No. 3, Jalan Udang Harimau 2, Medan Niaga Kepong, 51200 Kuala Lumpur, Malaysia (“**Property 1**”);
- (ii) A freehold commercial boutique bungalow building (with lift) on freehold land located at No. 7, Jalan Udang Harimau 2, Medan Niaga Kepong, 51200 Kuala Lumpur, Malaysia (“**Property 2**”);
- (iii) A freehold condominium unit located at Surian Residence Condominium, Jalan PJU 7/15 Mutiara Damansara, 47810 Petaling Jaya, Selangor Darul Ehsan, Malaysia (“**Property 3**”); and
- (iv) A freehold intermediate four storey shop office building on freehold land located at No. B4, Garden Shoppe @ One City, Jalan USJ 25/1A, 47650 Subang Jaya, Selangor Darul Ehsan, Malaysia (“**Property 4**”).

With the Proposed Disposal mandate, the Group will work towards realising the best value for the Properties, amidst the current economic situation and challenges in business environment with the Covid-19 situation. The Proposed Disposal would allow the Group to re-allocate the resources to improve and optimize the utilization of assets. The Group will utilise the net proceeds of the Proposed Disposal for repayment of bank loans as well as for general working capital for the Group.

Question 2

Please update us on the claims on the Chile investment, sugar trade as well as the GREIH and GCM.

Company's Response

As per our last announcement on 14 February 2020 on the Second Quarter and Six Months Financial Statements, the updates on the above matters are as follows:

- (i) Matters concerning GREIH & GCM

The Company will provide the necessary update upon notification of any material development by the Liquidators of GREIH, concerning the recovery process pursuant to the legal proceedings.

- (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.

Question 3

Please share with us the plans to turn the Company back to profitability as well as the timeline.

Company's Response

The Covid-19 is an unpredictable pandemic, an unprecedented crisis globally. It has been unparalleled in its spread and impact on the medical, economic, financial, and other fronts. Every country and everyone in the world have been impacted in all fronts. The business environment has been in much turmoil and the situation has been ever evolving. The reality is that no one really knows how badly economies will be hurt, and how long it will take to recover. Amidst this evolving situation, the Company and Management will continue to work hard within the new evolving business environment, along with governmental advisories, to create resilient business models. The Group has and will continue to adopt measures according to the guidelines from the Ministry of Health and other government agencies, to safeguard all stakeholders. We strongly believe that together as one, we will be able to stay united and we will emerge stronger together.

Question 4

Please update announcement on the Sakae Holdings' webpage as the latest announcement mentioned was on 2 Jul 2018. Thank you.

Company's Response

We do apologise for the technical error and have since updated the pages on the announcements.

Question 5

Is there a timeline for the planned disposal of the Malaysian properties?

Company's Response

Yes, as per stated in the Circular, the timeline for the Disposal Mandate will continue in force for a period of twelve (12) months commencing from and including the day following the day of the EGM or until the next annual general meeting of the Company (whereupon at the end of the period it will lapse, unless renewed) or until it is varied or revoked by the Company in a general meeting, whichever is the earliest.

Question 6

Should the prices that is obtained not be favourable and we choose not to sell, would the company encountered a cash crunch in view of the very restrictive conditions that the retail business is operating under?

Company's Response

With several key measures and government assistances to support and provide help for businesses from the Unity, Resilience and Solidarity budgets, the Company will tap from these support and assistances to ride through this challenging period. The Company will continue to be cautious in managing its operating costs effectively and take reasonable steps in managing its cash flows.

Question 7

Please advise how long does it take from signing of Sale & Purchase Agreement to receiving net proceeds by the Group.

Company's Response

The usual market practice is around 3 to 4 months, barring any further delay caused by the outbreak of the Covid-19 pandemic.

Question 8

Please advise what other strategies have Independent Directors discussed or planned (other than EOI by marketing agents) to facilitate the disposal of the 4 properties in an expeditious manner.

Company's Response

Besides working closely with various marketing agents, Independent Directors have discussed and will:

- a) explore more contacts with their own networks to create more interest for the sale of the properties; and
- b) advise the Company to work on relevant advertising or social media platforms if they have not done so with the various marketing agents.