

SAKAE HOLDINGS LTD.

(the “Company”)

(Incorporated in the Republic of Singapore)

(Company Registration Number: 199604816E)

MATTERS CONCERNING THE COMPANY’S ASSOCIATE COMPANIES - GRIFFIN REAL ESTATE INVESTMENT HOLDINGS PTE LTD (“GREIH”) AND GRYPHON CAPITAL MANAGEMENT PTE LTD (“GCM”)

The Board of Directors of the Company (the “Board”) refers to the Company’s announcements dated 9 May 2017 and 29 November 2017 concerning the appeals that were filed by:

- (a) ERC Holdings Pte Ltd (“**ERC Holdings**”), Mr Andy Ong Siew Kwee, Mr Ong Han Boon, GCM, ERC Unicampus Pte Ltd, ERC Institute Pte Ltd and ERC Consulting Pte Ltd in CA/CA 87/2017 (“**CA 87**”) against the parts of the High Court’s Judgment of 7 April 2017 that were set out in the annex to the Company’s announcement of 9 May 2017; and
- (b) Mr Ho Yew Kong in CA/CA 86/2017 (“**CA 86**”) against those part of the High Court’s Judgment of 7 April 2017 where adverse findings and/or rulings were made against him

The Board wishes to announce that on 29 June 2018, the Court of Appeal handed down its Judgment in the appeals.

CA 87

The Court of Appeal dismissed CA 87 save in respect of a “*Share Option Agreement*” which purported to grant ERC Holdings an option to buy additional shares in GREIH.

The Court of Appeal observed that the facts of the present case, taken as a whole, presented a picture of systemic abuse by Mr Andy Ong, the key figure behind all the impugned transactions, and Mr Ong Han Boon in relation to the management of GREIH’s affairs. The Court of Appeal held that Mr Andy Ong and Mr Ong Han Boon misappropriated large sums of money from GREIH without the Company’s knowledge, that the Company had entered the joint venture with Gryphon Real Estate Investment Corporation Pte Ltd as an investor and had partially funded the joint venture, and that it would clearly have been the Company’s legitimate expectation that its funds would not be mismanaged, much less siphoned away in the way that was done by Mr Andy Ong and Mr Ong Han Boon.

The Court of Appeal also held that as was evident from the numerous sham documents that were fabricated, Mr Andy Ong and Mr Ong Han Boon also engaged in fraudulent schemes to mislead the Company and Mr Douglas Foo and conceal the nature of the transactions from them.

The Court of Appeal also held that while Mr Andy Ong and Mr Ong Han Boon’s conduct constituted a wrong against GREIH, it separately amounted to a distinct personal wrong against the Company, a minority shareholder who had let Mr Andy Ong and his team manage GREIH’s affairs because of the long-standing friendship between Mr Andy Ong and Mr Douglas Foo, the Chairman of the Board.

The Court of Appeal held that that the Company subscribed for an additional 2,641,975 shares in GREIH because the Company did not know that the Share Option Agreement was a sham and felt compelled to subscribe for the additional shares in order to maintain its percentage shareholding in GREIH. However, the Court of Appeal found that the High Court erred in ordering Mr Andy Ong, rather than GREIH, to pay the Company the sum of S\$2,641,975 and interest thereon as a remedy

for Mr Andy Ong's breach of his fiduciary duties and as a remedy for the Company's minority oppression claim in relation to the Share Option Agreement.

In respect of the "*Share Option Agreement*", the Court of Appeal set aside the High Court's Order for Mr Andy Ong to pay the Company the sum of S\$2,641,975 and interest thereon, and made the following Orders:

- (a) The Company's subscription for the additional 2,641,975 shares in GREIH and ERC Holdings' subscription for 8,058,025 shares in GREIH be invalidated;
- (b) GREIH shall repay the Company the sum of S\$2,641,975; and
- (c) The sum paid by ERC Holdings for the 8,058,025 shares in GREIH shall be held by GREIH in escrow, and the Company and ERC Holdings shall have liberty to apply to the Court of Appeal within 30 days of its Judgment for an appropriate Order as to how the sum is to be disbursed.

CA 86

The Court of Appeal allowed CA 86 because it found that while Mr Ho had acted in breach of his duty of care, skill and diligence and negligently, he did not act dishonestly or fraudulently or in breach of his fiduciary duties. The Court of Appeal also held that Mr Ho's breaches of his duty of care, skill and negligence did not amount to commercial unfairness to the Company and was thus not oppressive.

Costs

The Court of Appeal also directed that unless the parties come to an agreement on the costs of the appeals, the parties are to furnish written submissions to the Court of Appeal on the same within 30 days of its Judgment.

The Board will continue to keep the shareholders updated on material developments.

BY ORDER OF THE BOARD

DOUGLAS FOO PEOW YONG
CHAIRMAN
SAKAE HOLDINGS LTD.
2 July 2018