

SAKAE HOLDINGS LTD.

Company Registration Number 199604816E
(Incorporated in the Republic of Singapore)

RESPONSE TO SGX QUERY

The Board of Directors of Sakae Holdings Ltd. (“Company” or together with its subsidiaries, the “Group”) refers to the query raised by the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) on 23 November 2021, relating to the Company’s First Quarter Ended 30 September 2021 Results Announcement on 14 November 2021 (“1QFY2022”). The Company’s reply to the query is as stated below:

SGX-ST QUERY

Given the Group's negative working capital of S\$25.4 million as at 30 September 2021 and the Company's loss for the period of S\$0.134 million, please disclose the Board's assessment of

- (a) the Company's ability to operate as a going concern;
- (b) whether the Company's current assets are adequate to meet the Company's short term liabilities, including its bases of assessment; and
- (c) how the Company intends to fulfill its significant payment obligations and debt covenants in the next 12 months. Where the Company has worked out debt repayment plans to fulfill its debt obligations, please disclose if the Company is on track to fulfilling these obligations.

COMPANY'S RESPONSE

As at 30 September 2021, the Group and the Company have net current liabilities of S\$25.4 million and S\$46.2 million respectively. The Group and the Company have total bank borrowings of S\$32.5 million and S\$32.1 million as at 30 September 2021 respectively. Net current liabilities are mainly due to bank borrowings.

The Group has adopted short term bank borrowings as part of its cash management strategy, due to the flexibility and low interest rates of such banking facilities. These short term bank borrowings are fully secured against the Group's leasehold building in Singapore, last valued at S\$87.0 million as at 30 June 2021.

Based on the Group's cash flow forecast, the Board of Directors has concluded the Group and the Company will have sufficient financial resources to enable the Group and the Company to continue as a going concern and there is no material uncertainty regarding the Group's and the Company's ability to continue as a going concern, taking into consideration the following:

- (a) The Group will be able to continue to generate positive operating cash flow to meet its day-to-day expenditure, taking into account the impact posed by Covid-19 on its operations;
- (b) The Group will be able to continue to roll-over its short-term revolving loans and such credit facilities will continue to be available for at least up to September 2022. The Group has met financial covenants stipulated by the bank. In addition, the Group also has available unutilised credit facilities with the banks; and
- (c) The Group is expected to receive S\$3.3 million from the disposal of its property in Malaysia.

By Order of the Board

Chan Lai Yin
Company Secretary

25 November 2021