

SAKAE HOLDINGS LTD.

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

COMPANY'S CLARIFICATION TO BUSINESS TIMES ARTICLE DATED 17 MAY 2021

1. INTRODUCTION

1.1 The Board of Directors of Sakae Holdings Ltd. ("Company" or together with its subsidiaries, the "Group") refers to the Business Times article published on 17 May 2021 in relation to the Company's matters ("BT article") as well as to the Company's announcement dated 12 May 2021 (the "earlier announcement").

1.2 Since the disclaimer of opinion from its previous statutory auditor, Deloitte & Touche LLP ("Deloitte") for the financial year ended 30 June 2019 ("FY2019"), the Company has worked at resolving the audit issues. Resulting from the resolution of the audit and adjustments made to the Group's financial statements for the financial year ended 30 June 2020 ("FY2020"), Deloitte issued a qualified opinion which represent a positive progress from the disclaimer of opinion in FY2019.

1.3 As stated in the earlier Announcement, as part of the resolution process of the audit issues, the Company's Audit Committee commissioned an independent audit of the Company's investment in Cocosa Export S.A. ("Cocosa Export") by KPMG Services Pte. Ltd. ("KPMG") and an Agreed Upon Procedure ("AUP") by Deloitte to reconcile the differences in the intragroup balances.

1.4 With the above as background, the Company would like to clarify and respond to certain statements in the said BT article:

1.4.1 Regarding *BT article "Sakae Holdings' internal audit function to be performed by independent professional service providers reporting directly to the association's audit committee (AC)."*

The Company utilises the services of independent professional internal auditors. The selection of the internal auditors and the scope of the internal audit are approved by the Company's Audit Committee, which also receives the report of the internal auditors directly.

1.4.2 Regarding *BT article "It however noted that not all the recommendations - in the areas of payments processing, internal accounting control, employee retention and training, and new business and new projects - have been implemented by Sakae."*

The Company reiterates that which is stated in its earlier Announcement – "The Board has since approved for the Company to proceed with the changes stated above (referring to the policies implemented which address the recommendations).

Implementation of the policies has been done progressively since July 2019 and will continue to be refined and implemented taking into consideration the recommendations stated in the above reports."

1.4.3 Regarding *BT article "Further, Sakae should respond to the concerns...on its 2020 annual report, which had highlighted other concerns relating to corporate governance, financials, and strategy, as well as those from SGX RegCo."*

The Company, through its announcements to the public, have responded where necessary and appropriate to do so. The Company also appreciates the close collaboration and working relationship it has with the SGX Regco.

In this regard, the Company has stated in its earlier Announcement that “to ensure accountability and adherence to the above implemented policies (referring to the policies implemented which address the recommendations), the processes stated in the policies will be included in the scope of the internal audit function to be performed by independent professional service providers reporting directly to the Company’s Audit Committee. The Company will continue to strengthen its work processes and policies to improve its internal control environment.”

2. Shareholders and potential investors of the Company are advised to read this announcement and any further announcements by the Company carefully. Shareholders of the Company are advised to refrain from taking any action in respect of their securities in the Company which may be prejudicial to their interests, and to exercise caution when dealing in the securities of the Company. In the event of any doubt, shareholders of the Company should consult their stockbrokers, bank managers, solicitors, accountants or other professional advisers.

By Order of the Board

Chan Lai Yin
Company Secretary

20 May 2021