

SAKAE HOLDINGS LTD.

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

RESPONSE TO SGX QUERIES IN RELATION TO THE RESIGNATION OF INDEPENDENT DIRECTOR AND THE COMPANY'S ANNUAL REPORT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

The Board of Directors of Sakae Holdings Ltd. (the “**Company**” or together with its subsidiaries, the “**Group**”) refers to the queries raised by the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) on 17 October 2019 relating to the resignation of Mr Foo Maw Shen as Independent Director of the Company and the Company’s Annual Report for the financial year ended 30 June 2019 (“**2019 Annual Report**”), both announcements were released on 17 October 2019.

The Company wishes to provide clarification as follow :

SGX-ST QUERY

Resignation of Independent Director

1. The Company disclosed that due to “differing views on the follow-up action to the disclaimer of the independent auditors in the report on the audit of the financial statements for FYE 30 June 2019”, Mr Foo Maw Shen, had resigned as “Non-Executive Independent Director” of the Company with effect from 16 October 2019.
 - (a) Please elaborate on the reason(s) for the differing views;
 - (b) Please disclose whether the decision for the follow-up action(s) has been reached by the Board. If so, please elaborate.

COMPANY'S RESPONSE

- (a) The differences in views arose primarily due to paragraph d) of the Independent Auditor’s Report, which relates to the amount due from related party, being a company owned by the non-controlling shareholder of Cocosa Export S.A. (“**Cocosa Export**”) as disclosed in Note 2(iv) to the Company’s financial statements for the financial year ended 30 June 2019 (the “**FY2019 FS**”).

As a background, the Company refers to its announcements dated 9 September 2019 and 12 September 2019. The Board of Directors of the Company (the “**Board**”), having duly assessed and reviewed the future prospect of Cocosa Export, was of the view that the value of the Group’s investment in the long term would be highly unrecoverable. Accordingly, the Board had decided to make full impairment on the goodwill and other receivables associated with the said investment. However, due to lack of appropriate audit evidence provided to the Company’s Independent Auditors, the Independent Auditors had deemed that a full loss allowance on the receivables had not been made by the Group and the Company.

- (b) The Board is still in the process of resolving the differences, exploring options available to them, including but not limited to commissioning an independent review of the Auditors’ disclaimer opinion on the FY2019 FS (the “**Review**”).

SGX-ST QUERY

Auditor's Comments of Accounts

2. We note that under the auditors had issued their report on their audit of the Company's financial statements dated "11 October 2019" but subsequently, the auditors issued a "revised Auditors comments" dated "14 October 2019".
- (a) Please disclose the material differences between the two (2) opinions;
 - (b) Please elaborate on the reason(s) for the change in the auditors' opinions dated 11 October 2019 and 14 October 2019 respectively.

COMPANY'S RESPONSE

- (a) There is no material difference between the two opinions.
- (b) The date of the Independent Auditors Report was changed as a consequence to the amendment made to Note 2(iv) to the FY2019 FS relating to amount due from related party. The change was made to be consistent with Management's understanding.

By Order of the Board

Douglas Foo Peow Yong
Executive Chairman

18 October 2019