

**SAKAE HOLDINGS LTD.**

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

---

**RESPONSE TO SGX QUERIES**

---

The Board of Directors of Sakae Holdings Ltd. ("Company" or together with its subsidiaries, the "Group") refers to the queries raised by the Singapore Exchange Securities Trading Limited ("**SGX-ST**") on 12 September 2022, relating to the Company's announcement dated 30 August 2022 containing the Company's financial results for the financial year ended 30 June 2022 ("FY2022"). The Company's replies to the queries are as stated below:

**SGX-ST QUERY**

1. Given the Group's negative working capital of S\$20.9 million as at 30 June 2022, including short-term bank loans of S\$25.9 million, we draw the Company's attention to Listing Rule 1303(3) which states that, "The Exchange may at any time suspend trading of the listed securities of an issuer in any of the following circumstances:-...(3) where the issuer is unable to continue as a going concern or unable to demonstrate to the Exchange and its shareholders that it is able to do so, including the following circumstance: (c) when the issuer is unable to reasonably assess its financial position and inform the market accordingly". In this regard, please disclose with specific details the Board's assessment of
  - (a) the Company's ability to operate as a going concern, including its bases of assessment;
  - (b) how the Company intends to fulfill its significant payment obligations and debt covenants in the next 12 months as and when they fall due. Please substantiate with details; and
  - (c) provide the Board of Directors' confirmation that all material information has been fully disclosed by the Company to enable trading to continue on an informed basis.

**COMPANY'S RESPONSE**

As at 30 June 2022, the Group and the Company have net current liabilities of S\$20.9 million and S\$29.5 million respectively. The Group and the Company have total bank borrowings of S\$29.0 million as at 30 June 2022. 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\$90,000,000 as at 30 June 2022.

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 June 2023. The Group has met financial covenants stipulated by the bank. In addition, the Group also has available unutilised credit facilities with the bank; and
- (c) The Group is expected to receive S\$0.4 million from the disposal of its property in Malaysia.

Accordingly, the Board of Directors confirmed that all material information has been fully disclosed by the Company to enable trading to continue on an informed basis.

#### **SGX-ST QUERY**

- 2. We note that the Company has not provided updates on the efforts taken to resolve each outstanding audit issue highlighted in the qualified opinion on its FY2021 financial statements. Please disclose accordingly.

#### **COMPANY'S RESPONSE**

Please refer to section F.5(a) of Company's announcement dated 30 August 2022.

As mentioned, a qualified opinion was issued by the Group's previous statutory auditor in relation to the financial statements for the financial year ended 30 June 2020 ("FY2020"). The financial statements for the financial year ended 30 June 2021 ("FY2021") were accordingly modified by the Group's current statutory auditor because of the possible effects related to the consolidated profit or loss, when the FY2020 financial statements are used as comparison to FY2021's financial statements.

The consolidated financial position and consolidated profit or loss in FY2021 were not qualified by the Group's current statutory auditor. Thus, the above matter will not have an impact on the consolidated profit or loss and financial position for the current financial period or on the comparability of the current period's figures and the corresponding FY2021 consolidated profit or loss.

Accordingly, as the outstanding audit issues have already been resolved in FY2021, no further updates were made.

#### **By Order of the Board**

Chan Lai Yin  
Company Secretary

14 September 2022