

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 query raised by the Singapore Exchange Securities Trading Limited ("**SGX-ST**") on 23 February 2023, relating to the Company's announcement dated 14 February 2023, for the Company's financial results for the half year ended 31 December 2022 ("HY2023"). The Company's reply to the query is contained herein.

SGX-ST QUERY

- 1) We note that the Company is in net current liabilities position of S\$21.3 million, with S\$23.1 million of bank loans due within 1 year and a cash and bank balance of only S\$3.2 million and cash flow from operating activities of S\$1.0 million in 1H2023. Please disclose the Board's assessment (i) whether the Company's current assets are adequate to meet the Company's short term liabilities of S\$27.9 million, providing details and bases of this assessment; and (ii) how the Company intends to meet its short term payment obligations as and when they fall due in the next 12 months.

COMPANY'S RESPONSE

As at 31 December 2022, the Group and the Company have net current liabilities of S\$21.3 million and S\$30.3 million respectively. The Group and the Company have total bank borrowings of S\$25.4 million as at 31 December 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 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; and
- (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.

SGX-ST QUERY

- 2) Please provide a confirmation from the Board that all material information has been fully disclosed by the Company in relation to its ability to operate as a going concern to enable trading to continue on an informed basis.

COMPANY'S RESPONSE

With reference to the Company's response to the SGX-ST query above, the Board of Directors confirms that all material information has been fully disclosed by the Company to enable trading to continue on an informed basis.

By Order of the Board

Chan Lai Yin
Company Secretary

24 February 2023