



YONGNAM HOLDINGS LIMITED

(the “**Company**”)

(Company Registration No. 199407612N)

(Incorporated in the Republic of Singapore on 19 October 1994)

LEGAL PROCEEDING

The board of Directors (the “**Board**”) of the Company wishes to announce that the Company’s wholly owned subsidiary, Yongnam Engineering & Construction (Private) Limited (“**YEC**”) (the “**Group**”) has commenced a suit in the High Court of Singapore against Mero Asia Pacific Pte. Ltd. (“**Mero**”) for the sum of approximately S\$1.89 million (excluding the goods and services tax) outstanding under a sub-contract between the parties (the “**Sub-Contract**”).

The Sub-Contract is in relation to the engagement of YEC by Mero as the specialist sub-contractor for the fabrication supply, delivery and installation of the structural steel package for the roof faced system for the Jewel Project at Changi Airport, pursuant to a contract entered into on around 22 February 2016.

In this connection, Mero has brought a counterclaim against YEC for the sum of approximately S\$5.9 million being the alleged estimated costs of rectification for certain paint defects and bolt failures. The Company’s legal counsel is of the opinion that Mero’s counterclaim is lacking in merit and that there are good arguable grounds for YEC to challenge the same at trial. YEC and Mero have presently agreed to attend a mediation session to explore the possibility of an amicable resolution of the matter. The mediation session is scheduled to be held on 31 October 2022.

The Group will continue to work closely with its legal counsel on the above case. As the case is ongoing, the Board also took into consideration the confidentiality element of the matter and will provide further updates and information at the appropriate juncture when there are material developments in relation to this matter.

Shareholders, security holders and potential investors are advised to read this announcement and any past and future announcements by the Company carefully when dealing with the shares and securities of the Company. Shareholders, securityholders and potential investors should consult their stockbrokers, bank managers, solicitors or other professional advisors if they have any doubt about the actions they should take or when dealing with their shares or securities of the Company.

BY ORDER OF THE BOARD

SEOW SOON YONG
Chief Executive Officer
27 October 2022