



YONGNAM HOLDINGS LIMITED

(the “Company”)

(Company Registration No. 199407612N)

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

RESPONSE TO FURTHER QUERIES RAISED BY THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED ON ANNOUNCEMENT OF CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2022

The Board of Directors (the “**Board**”) of Yongnam Holdings Limited (the “**Company**”) refers to its announcement released on 17 August 2022 in relation to the queries raised by the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) on 15 August 2022, and sets out below its responses to the further queries received from the SGX-ST on 18 August 2022 as follows:

Question

We note that SCB Building Construction Pte Ltd had, in December 2019, commenced arbitration proceedings (“**Arbitration**”) against Yongnam Engineering & Construction (Private) Limited, which is a wholly owned subsidiary of the Company.

- (a) Please provide further information relating to the Arbitration, including the venue of arbitration, the date instituted and description of the issues / allegations;
- (b) Please quantify the claim(s) sought by SCB Building Construction Pte Ltd, if any; and
- (c) Please clarify whether the Arbitration was previously disclosed by the Company on SGXNET. If so, please specify the date of the announcement. Otherwise, please provide the Board’s view as to why the Arbitration is not material and does not warrant any disclosures. In your response, you should also explain how has the Company complied with Listing Rules 703(1) and 703(4) with regard to disclosure of material information.

Company’s response:

- (a) The Arbitration was commenced by SCB Building Construction Pte Ltd (the “**JV Partner**”) in December 2019 in Singapore. The Arbitration is in relation to a joint venture formed between Yongnam Engineering & Construction (Private) Limited (“**Yongnam Engineering**”) and the JV Partner pertaining to, amongst others, the funding and management of the JV, pricing of the bid and the JV’s internal budget, decisions to carry out certain work, monies advanced to and payments made on behalf of the JV, and the JV partners’ entitlement to returns from the project.
- (b) The JV Partner claimed for approximately S\$19 million from Yongnam Engineering and Yongnam Engineering thereafter counterclaimed for S\$15 million. The Board is of the view that the outcome of the arbitration is not expected to have a material impact on financial results of the Group. The next step in the Arbitration process¹ is for the parties to submit their respective final submissions and the arbitrator to deliver his award subsequently.
- (c) The Arbitration was not previously disclosed by the Company on the SGXNET as the Board was of the view, having taken into consideration the facts at that time, that the claim brought by the JV Partner was without merit and standing, thereby not having a material impact on the financial results of the joint venture and the Group. The Board also took into consideration the confidentiality element of arbitration proceedings.

The Group will also continue to work closely with its legal counsel on the Arbitration and will provide further updates and information on the Arbitration at the appropriate juncture if and when there are material developments in relation to the Arbitration.

¹ As the Arbitration is ongoing, the Board has been advised that further details on the Arbitration should only be provided at a subsequent stage.

Shareholders, securityholders 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,
YONGNAM HOLDINGS LIMITED

Seow Soon Yong
Chief Executive Officer
23 August 2022