YONGNAM HOLDINGS LIMITED
(Company Registration No. 199407612N)
(Incorporated in the Republic of Singapore on 19 October 1994)

STATUS UPDATE

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1. INTRODUCTION

1.1. The board of directors (the "**Board**" or "**Directors**") of Yongnam Holdings Limited (the "**Company**", together with its subsidiaries, the "**Group**" and each a "**Group Company**") refers to the announcements dated 23 November 2022 in relation to the responses to SGX queries and a letter to its shareholders in relation to an update on the Company's affairs (the "**Previous Announcements**").

1.2. Unless otherwise defined in this announcement, capitalised terms shall bear the meanings as ascribed to them in the Previous Announcements.

2. RECEIPT OF LETTER OF DEMAND

2.1. The Board wishes to update its shareholders that the Yongnam Engineering Sdn Bhd ("**YESB**"), a wholly-owned subsidiary, had on 23 November 2022, received a letter of demand dated 22 November 2022 (the "**Letter of Demand**") in relation to arrears of rental, compensation charges and legal fees due for premises known as AXIS Steel Centre @ SiLC(JB), No. 27, Jalan SiLC 1/5, Kawasan Perindustrian SiLC, 79200 Bandar Nusajaya, Johor Darul Ta'zim, Malaysia (the "**Premises**") from the attorney of RHB Trustees Berhad (as Trustee for AXIS-REIT) ("**AXIS Trustee**"). Since its receipt of the Letter of Demand, the Company has been in discussions with AXIS Trustee on the matter but the parties have yet to reach an arrangement on the revision of repayment terms.

2.2. Under the Letter of Demand, notice has been given that AXIS Trustee expects (a) the repayment of RM8,380,446.35 (equivalent to approximately S$2,597,938.37[1]) for the arrears of rental compensation charges and legal fees due for the Premises; and (b) the procurement of a fresh bank guarantee or cash deposit in the sum of RM1,119,000 (equivalent to approximately S$346,890) in the favour of AXIS Trustee (the "**Demand**"). As stated in the Letter of Demand, the Demand, was to be due within seven (7) days from the date of the Letter of Demand (the "**Due Date**"). The Company also wishes to highlight that a rental deposit of RM5,918,214 had previously been paid to AXIS Trustee under the terms of the rental of the Premises (the "**Rental Deposit Amount**") and AXIS Trustee has the right to set-off this Rental Deposit Amount against the Demand.

2.3. Notwithstanding that the Due Date has passed, the Company is currently seeking legal advice on its position vis-à-vis the Letter of Demand and is negotiating with AXIS Trustee on the repayment terms, in light of the Refinancing and/or the Investment as announced in the Previous Announcements. As at the date of this announcement, to the best of the Company's knowledge, no further letters, demands or actions have been taken by AXIS Trustee.

2.4. The Company intends to continue the discussions with AXIS Trustee and seek its continued support for the revision of repayment terms.

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[1] Based on the exchange rate of RM1:S$0.31.

3. OTHER UPDATES

3.1. As stated in the Previous Announcements, the Company is in the midst of negotiations with (a) a potential refinancing party (the "**Refinancing**"); and (b) a potential strategic investor (the "**Investment**"), with a view to advance and finalise these discussions. These transactions are mutually exclusive and the Company is in the midst of negotiating definitive documentation. The intention of undertaking either the Refinancing or the Investment is to ensure that the Company is able to have sufficient funds to service its borrowings and is able to continue as a going concern.

3.2. The Board will also like to update that it remains in active engagement with its lenders to secure arrangements for revisions of repayment terms, in light of the Refinancing and/or the Investment. Pending the resolution of these discussions, the Group had previously paused the repayment of amounts due under the relevant financing agreements.

3.3. The Company continues to manage its payments to its trade creditors such that the Company can manage its cash flows, in light of the Refinancing and/or the Investment.

4. TRADING SUSPENSION

The Company called for a trading halt of its shares on the SGX-ST on 23 November 2022 and such shares were voluntarily suspended by the Company with effect from 24 November 2022.

5. FURTHER ANNOUNCEMENTS

The Company will make further announcements as and when there are material updates in relation to the abovementioned matters, the Refinancing and/or the Investment, and will endeavour to resume the trading of its shares as soon as possible.

For and on behalf of the Board of Directors of
YONGNAM HOLDINGS LIMITED

Seow Soon Yong
Chief Executive Officer
2 December 2022