YONGNAM HOLDINGS LIMITED

(Co Reg No 199407612N)
(Judicial Managers Appointed)

TERMINATION OF JOINT VENTURE DEED BY LEIGHTON CONTRACTORS (ASIA) LIMITED (SINGAPORE BRANCH) AND NOVATION OF WORKS FOR TUNNEL AND INFRASTRUCTURE CONTRACT

The judicial managers of Yongnam Holdings Limited (Judicial Managers Appointed) (the "**Company**") refer to the Company's news release dated 23 May 2018 in relation to a joint venture entered into by its wholly-owned subsidiary, Yongnam Engineering & Construction (Private) Limited ("**YEC**") and Leighton Contractors (Asia) Limited (Singapore Branch) ("**Leighton**") that had clinched a S$553.8 million tunnel and infrastructure contract (the "**Project**") with the Land Transport Authority of Singapore (the "**Authority**"), as part of the North-South Corridor Project known as "N103".

On 27 November 2017, YEC entered into a Joint Venture Deed ("**JV Deed**") with Leighton with the intention to tender in joint venture for the Project and perform the work under the Project. YEC and Leighton have an interest in 30% and 70% of the joint venture company, Leighton Yongnam Joint Venture ("**LYJV**"), respectively.

Termination of Joint Venture Deed

YEC and Leighton have received a direction for payment dated 6 October 2023 from LYJV ("**Direction**") for a sum of S$5,000,000, to be paid in the proportion of their shareholdings, in accordance with the JV Deed. Thus, a sum of S$1,500,000 was to be paid by YEC within 21 days of 6 October 2023 to LYJV. On 16 October 2023, YEC responded in a letter that they were not in a position to comply with the Direction.

The judicial managers of the Company wish to update that they received a letter dated 24 November 2023 (the "**Letter**") from Leighton stating that it is exercising its rights to terminate the JV Deed on the following grounds:

(a) on the basis that YEC is in breach of the JV Deed for non-compliance with the Direction; and

(b) on the basis that YEC has been placed under judicial management on 14 August 2023, pursuant to an order of the High Court of Singapore, and in this circumstance, has committed an Insolvency Event.

None of the directors and controlling shareholders of the Company have any interest, direct or indirect, in the termination of the JV Deed other than through their respective shareholding's interests in the Company.

Novation of Project

The judicial managers of the Company wish to update that YEC has entered into a novation agreement ("**Novation Agreement**") with Leighton and the Authority in respect of the Project.

By entering into the Novation Agreement, the Authority will release and discharge YEC from performance of the Project and from all claims, demands, obligations and liabilities arising out of or in connection with the Project and in lieu thereof, will accept the sole liability of Leighton to perform the Project and to be bound by the terms of the Project in every way and to satisfy and discharge all duties, obligations, claims, demands and liabilities thereunder arising out of or in connection with the Project in place of YEC as if Leighton were, and had been from the inception, the sole party to the Project.

Further announcements will be released as and when there are material developments which warrant disclosure, in compliance with the Company's obligations under the Listing Manual.

Shareholders, creditors and holders of existing debts and securities of the Company are advised to read this announcement and any further announcements by the Company carefully. In the event of any doubt, they should consult their stockbrokers, bank managers, solicitors, accountants or other professional advisers.

For and On Behalf of the Company

Toh Ai Ling
Joint and Several Judicial Manager
21 December 2023

Seow Soon Yong
Chief Executive Officer
21 December 2023