



SHEN YAO HOLDINGS LIMITED
(Company Registration No. 202042117W)
(Registered in Singapore)

RESPONSE TO SGX QUERIES

*Unless otherwise defined herein, all capitalised terms used in this announcement shall bear the same meanings ascribed to them in the Company's announcement dated 20 September 2021 ("**Announcement**").*

Shen Yao Holdings Limited (the "**Company**") and together with its subsidiaries, the "**Group**") has received the following queries from the Singapore Exchange Securities Trading Limited (the "**SGX Queries**") in relation to, amongst other matters, the Notices.

The board of directors (the "**Board**") of the Company has provided the following responses to the SGX Queries.

SGX Query:

We refer to:

1. The Announcement in relation to its receipt of improvement notices from WorkSafe Victoria, which is the state's health and safety regulator; and
2. the ABC news article dated 10 Sep 2021 titled "Ballarat Gold Mine put on notice after tunnel collapse" (here: <https://www.abc.net.au/news/2021-09-10/ballarat-gold-mine-put-on-notice-after-tunnel-collapse/100450092>) (the "**ABC Article**").

Query 1:

In the Company's announcement on the receipt of the Notices,

- a. Please clarify the dates of receipt of each of the Notices
- b. Prior to the Company's compliance with the Notices by 15 October 2021, is the Ballarat Gold Mine allowed to continue to operate? If not, can the Company quantify the impact of stoppage of operations and financial impact to the Group?

Response:

The Notices were issued and received on 2 September 2021 but was brought to the attention of the Board on 15 September 2021.

As mentioned in the Announcement, operations at the Ballarat Gold Mine are ongoing and have not been adversely affected by the contraventions mentioned in the Notices.

Query 2

In the ABC Article, it was stated that there was a tunnel collapse at the Ballarat Gold Mine in March 2021 which resulted in a jumbo drilling rig to be trapped which prompted a series of site visits from WorkSafe inspectors.

- a. Please disclose if the tunnel collapse incident indeed took place in March 2021 and whether this was a material development which ought to be announced? If so, why did the Company not announce such development?
- b. Please disclose if the tunnel collapse incident had any operational impact on the mine and financial impact on the Group?
- c. Please disclose if the tunnel collapse incident caused the Company to receive the Notices as disclosed by the Company on 20 September 2021. If so, please explain why the context of receipt of the Notices were not elaborated in the Company's announcement?

Response:

The tunnel collapse incident ("**Incident**") took place on 15 March 2021. Operations were not affected because of the Incident as the collapse involved only a small section of the mine. It was also not expected to have a material impact on the financial position of the Group. As such no announcement was made in relation to the Incident.

Details in relation to the Notices and the contraventions mentioned in each of the Notices have been disclosed in the Announcement. There was no mention of the Incident in the Notices and it is not specified whether the Notices were issued as a result of the Incident.

Query 3

The ABC Article suggests that there are several employees who are locked in industrial disputes over unfair dismissal allegations. Please disclose if this is true and whether this was a material development which ought to be announced.

Response:

Staff attrition rate has increased mainly due to a series of organisational and operational restructuring exercises implemented in respect of the Group's mining operations. This resulted in several unfair dismissal allegations and claims being initiated. The amount of the claims were assessed to be immaterial and operations at the mine were not affected. As such no announcements were made.

Query 4

The ABC Article suggests that Earth Resources Regulation, the state's mining regulator, is conducting a "fit and proper" assessment of the mine's licensee and operator, Balmaine Gold.

- a. Please disclose if this is true and whether this was a material development which ought to be announced.
- b. Please confirm if the Group's license to operate the Ballarat mine is currently impacted.

Response:

The “fit and proper” assessment (“**Assessment**”) is related to the Notice issued concerning the suitability of the individual holding the position of Mine Manager.

The Assessment will be undertaken on the individual who will assume the position of Mine Manager and in conjunction with other assessment criteria such as qualifications and experience, will be used to determine if the contravention is remedied.

As mentioned in the Announcement, the Company expects that it will be able to remedy the contravention before the deadline of 15 October 2021. In the meantime, operations at the Ballarat Gold Mine are ongoing and have not been adversely affected.

Query 5

Please disclose the composition of the management team of the Ballarat mine. Please provide the Board’s opinion on the adequacy of the Ballarat mine’s management team and ability to continue to operate.

Response:

Operations at the Ballarat Gold Mine are led by a team comprising mainly of the following persons:

- Wang Yong, General Manager (Balmaine)
- Jason Fothergill, Acting Mine Manager
- Sun He, Chief Geologist

The Board is of the opinion that the abovementioned team has the necessary experience to lead and enable the operations at the Ballarat Gold Mine to continue.

Query 6

Please provide the Board of Directors’ confirmation as to whether sufficient information has been disclosed to enable trading of the Company’s shares to continue in an orderly manner and the bases for its views.

Response:

Taking into consideration the fact that operations at the Ballarat Gold Mine are ongoing and that the matters mentioned in this announcement are not likely to have a material impact on the financial position of the Group, the Board is of the view that sufficient information has been disclosed to enable trading of the Company’s shares to continue in an orderly manner.

BY ORDER OF THE BOARD

Yao Liang
Executive Director
23 September 2021

*This announcement has been prepared by the Company and its contents have been reviewed by the Company’s sponsor, W Capital Markets Pte. Ltd. (the “**Sponsor**”).*

*This announcement has not been examined or approved by the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) and the SGX-ST assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.*

The contact person for the Sponsor is Mr Chia Beng Kwan, Registered Professional, W Capital Markets Pte Ltd, 65 Chulia Street, #43-01 OCBC Centre, Singapore 049513, Telephone (65) 65133541.