



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

PROPOSED CHANGE OF AUDITORS FROM ERNST & YOUNG LLP TO BAKER TILLY TFW LLP

The board of directors (the “**Board**”) of Shen Yao Holdings Limited (the “**Company**”), and together with its subsidiaries, (the “**Group**”) wishes to announce the Company’s intention to change its auditors (“**Auditors**”) from Ernst & Young LLP (“**EY**”) to Baker Tilly TFW LLP (“**Baker Tilly**”) (the “**Proposed Change of Auditors**”). The Proposed Change of Auditors will be subject to the approval of shareholders of the Company (“**Shareholders**”) at an extraordinary general meeting to be convened in due course (“**EGM**”).

EY has served as auditors of the Company since 18 June 2021 and was re-appointed as the Company’s auditors at the last annual general meeting (“**AGM**”) of the Company held on 30 November 2021, to hold office until the conclusion of the next AGM.

EY had included a disclaimer of opinion in their Independent Auditors’ Report in relation to the consolidated financial statements of the Group and the Company for the financial year ended 30 June 2021. Due to a series of organisational and operational restructuring exercises that were undertaken by the Company with the intention of streamlining the Group’s operational processes, Golden Point Group Pty Ltd (“**GPG**”), the key operating subsidiary of the Company in Australia, experienced high staff attrition, including the loss of several key personnel within the finance team who had the relevant background information on the historical financial information of the Group and who understood the requirements of an audit. This resulted in difficulties experienced by EY during the course of the audit. Following the loss of several key personnel within the finance team in the second half of 2021, GPG is currently still in the process of rebuilding its finance team and strengthening the competency of the team. As such, management is of the view that the Group will benefit from the appointment of Baker Tilly, who prior to EY, had served as the auditors of the Company for the period between 14 September 2015 to 18 June 2021 and is familiar with the operations and financial processes of the Group, as the new Auditors of the Company.

The Board, in consultation with the audit committee of the Company (“**AC**”) and taking into consideration the requirements under Rules 712 and 715 of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited (“**Catalist Rules**”), has determined that Baker Tilly is best suited to meet the existing needs and audit requirements of the Group.

The AC is of the opinion that Baker Tilly will be able to meet the audit requirements of the Group after considering, *inter alia*, the Audit Quality Indicators Disclosure Framework issued by the Accounting and Corporate Regulatory Authority of Singapore (“**ACRA**”), the adequacy of the resources and experience of Baker Tilly and the engagement partner in auditing companies in the mining business, the other audit engagements of Baker Tilly, the size and complexity of the Group, the number and experience of supervisory and professional staff of Baker Tilly assigned to the audit, the fee structure and audit arrangements proposed by Baker Tilly. Baker Tilly will also be appointed as auditors of GPG, the key operating Australian subsidiary of the Group.

Baker Tilly will also be appointed as auditors of all other foreign-incorporated subsidiaries of the Company save for Signature Metals Limited and its subsidiaries (“**Signature Metals Group**”). Currently, there are minimal activities undertaken by Signature Metals Group hence it is not considered a significant subsidiary of the Group. The Signature Metals Group is currently being audited by Kingston & Knight Audit Pty Ltd and the Company intends to retain Kingston & Knight Audit Pty Ltd as the auditors of the Signature Metals Group. In accordance with Rule 716(1) of the Catalist Rules, the Directors and the AC confirm that they are satisfied that such audit arrangements would not compromise the standard and effectiveness of the audit of the Company and the Group.

Pursuant to Section 205AB(5) of the Companies Act (Cap. 50) of Singapore (“**Companies Act**”), the resignation of EY will take effect upon the later of (a) the day (if any) specified by EY in the notice of resignation; (b) the day on which ACRA notifies EY and the Company of its consent to the resignation; or (c) the day (if any) fixed by ACRA. Further, pursuant to Rule 712(3) of the Catalist Rules and Section 205AF of the Companies Act, the Proposed Change of Auditors must be specifically approved by Shareholders in a general meeting.

The appointment of Baker Tilly as Auditors will therefore take effect upon the later of (a) the date of approval of the Proposed Change of Auditors by Shareholders at the EGM, and (b) the date of ACRA’s consent to EY’s resignation, and if so appointed, Baker Tilly will hold office until the conclusion of the next AGM of the Company.

EY had on 29 March 2022 applied to ACRA to seek ACRA’s consent to resign as Auditors of the Company and its Singapore-incorporated subsidiaries (“**Resignation Application**”). The Company will update Shareholders on the outcome of the Resignation Application.

The circular containing further details of the Proposed Change of Auditors together with the notice of the EGM in connection therewith, will be despatched to Shareholders in due course.

BY ORDER OF THE BOARD

Yao Liang
Executive Director
4 April 2022

*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.*

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