



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

UPDATE ON OPERATIONS - RESPONSE TO SGX QUERIES

Capitalised terms in this announcement shall have the same meanings as ascribed to them in the Company's announcement released on 30 December 2021 which provided an update on operations (the "Previous Announcement"), unless otherwise defined.

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

SGX Query:

It was stated that "in the Previous Announcement that applications for the expansion of the capacity of the current tailings storage facilities as well as for the development of alternative storage facilities have been submitted to the relevant authorities and that the Company is hoping to be able to receive approval before the end of 2021. The Company would like to update shareholders that, as at the date of this announcement, the Company has yet to receive the said approvals but is following up closely with the relevant authorities on this matter."

- (a) Please provide update on the status of the application for the expansion of the capacity of the current tailings storage facilities as well as for the development of alternative storage facilities.
- (b) Please explain in the event that the approvals are not obtained, the Board's assessment of the impact on its operations, the going concern of the Company and the bases of the assessment.

Response:

- (a) The Company has been and is still in the process of following up closely with the Earth Resources Regulation on this matter. Much progress has been made as the Company has received in-principle approval in the form of a limited use of the Dry Stack. Whilst the formal approval for the use of the Dry Stack on a greater scale is still pending, the in-principle approval provides a certain degree of validation as to the Company's plans in this aspect and that we should be able to meet the requirements for the formal approval. As we understand, the Earth Resources Regulation is still in the process of reviewing the Work Plan Variation and has not given any firm indication on the timing for the grant of approval. However, barring any unforeseen issues, the Company is hoping to be able to receive approval by the 4th quarter of 2022.
- (b) As mentioned in the announcement released by the Company on 18 November 2021, in the unlikely event that approvals are not obtained, the Board is of the view that this limitation in terms of the capacity of the current tailings storage facility is not expected to affect the going concern of the Company as adjustments can be made to the operational strategy as follows to ensure continuity in terms of operations:

- (i) expediting ongoing plans for the construction of a new tailings dam which is expected to accommodate storage of tailings for an additional 10 years;
- (ii) re-mining product from the existing tailings dam facility, which exhibits economically viable mineralization in its composition; and
- (iii) processing higher grade ore to maximise gold recovery whilst minimizing waste outputs.

The Board will continue to update shareholders as and when material developments occur in this regard.

BY ORDER OF THE BOARD

Yao Liang
Executive Director
4 August 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.

The contact person for the Sponsor is Ms Sheila Ong, Registered Professional, W Capital Markets Pte Ltd, 65 Chulia Street, #43-01 OCBC Centre, Singapore 049513, Telephone (65) 6513 3543.