



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

RESPONSE TO SGX QUERIES – CLARIFICATION ON ARTICLE PUBLISHED ON AUSTRALIA FINANCIAL REVIEW AND THE COMPANY’S ANNUAL REPORT

*Capitalised terms in this announcement shall have the same meanings as ascribed to them in the Company’s announcements released on 18 October 2022 (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:

SGX noted the Sponsor’s view that “the subsequent outcome of the events set out in response to SGX Query 3 in the Previous Announcement would be critical to the Group’s going concern.”

For reference, SGX Query 3 is in relation to whether the Company has received any letters of demands and if so, whether it would affect the Group’s ability to operate as a going concern. The Company’s response to SGX Query 3 in the Previous Announcement stated that “The Group/Company has not received any Letter of Demands thus far. However, between 14 October 2022 and 16 October 2022, notices of default have been issued by a related group of creditors in relation to loans owing by the Company and Balmaine Gold Pty Ltd (“Balmaine”), the indirect wholly-owned subsidiary of the Company which holds the Ballarat Goldmine. The Company is in the process of seeking legal advice to determine whether there are legal grounds for the claims of default and is also in discussions with the creditors in the view of achieving an amicable resolution. The Company will update shareholders in due course.”

- (a) Please provide more details in relation to the notices of default received by the Company:
 - (i) loan quantum;
 - (ii) what are the next steps which the Company plans to take and timelines to do so.
- (b) Please provide Board’s assessment as to the impact on the Company’s operations and going concern in the event that the Company is unable to achieve an amicable resolution with creditors on the notice of default.
- (c) 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:

- (a) The notices of default relate to four loan agreements entered into by the Group with three creditors. The total principal amount of loans affected by the notices of default is approximately S\$7 million as at the date of this announcement and was initiated by one creditor who has been appointed as the lender representative of the other two creditors.

The Company has already sought and received legal advice on this matter. The Company wishes to update that it has concluded negotiations with the creditors and parties have reached

an amicable resolution and the creditors have withdrawn all the notices of default and all terms of the loan agreements remain unchanged.

- (b) The Board, having considered the circumstances surrounding the matter, the legal advice provided by the lawyers based on the latest available information on the situation and the latest updates in relation to discussions with the creditors as set out in response (a), is of the view that there is no impact on, the financial position, the financial performance, business and operations.

The Company will provide further updates to Shareholders if and when required.

- (c) The Board is of the view that all material information has been so disclosed and the Board will continue to update shareholders in a timely manner as and when there are material developments in respect of the foregoing. In view of this, the Board confirms that sufficient information has been disclosed for the trading of the Company's shares to continue in an orderly manner.

BY ORDER OF THE BOARD

Yao Liang
Executive Director
21 October 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.