



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

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- (A) **APPOINTMENT OF VOLUNTARY ADMINISTRATOR; AND**
- (B) **UPDATE ON RECEIPT OF STATUTORY DEMANDS BY A SUBSIDIARY OF THE GROUP**
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**1. APPOINTMENT OF VOLUNTARY ADMINISTRATOR**

The Board of Directors (the “**Board**”) of Shen Yao Holdings Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) wishes to refer to the article titled “*Administrators called into Ballarat gold mine*” dated 9 March 2023 released by The Australian Financial Review (the “**AFR Article**”).

Based on the AFR Article, Hall Chadwick was appointed administrator (the “**Administrator**”) of Balmaine Gold Pty Ltd, a wholly-owned subsidiary of the Company (“**Balmaine**”). The appointment of the Administrator is by GI 306 Pty Ltd, a secured lender of Balmaine (“**GI 306**”) arising from a late interest payment due on 16 February 2023, which was ultimately paid by Balmaine on 9 March 2023. Balmaine has entered into loan agreement with GI 306 dated 16 November 2021 with a principal amount of approximately AUD 2.2 million, which was secured by a mortgage which is valued at AUD 2.8 million and will be due on 16 May 2023. Based on information from the directors of Balmaine as well as the Administrator, the Ballarat Gold Mine remains fully operational.

Golden Point Pty Ltd, a wholly-owned subsidiary and holding company of Balmaine (“**GPG**”), has engaged King & Wood Mallesons as its Australian legal counsel (“**KWM**”) and it is believed that, even if the appointment of Hall Chadwick as administrator of Balmaine may be technically valid, it could be set aside by order of the court. The court has the power to set aside the appointment of administrators and put an end to Balmaine’s administration if it is satisfied that, amongst other, (i) Balmaine is solvent, or (ii) the provisions of the relevant sections of the Corporation Act 2001 (Cth) of Australia with respect to the appointment of administrators are being abused by GI 306. As such, the Company, through GPG, intends to contest the appointment and will be making an urgent application to the Federal Court of Australia to set aside such appointment. The Company will update shareholders via SGXNET as and when there are further material developments in compliance with the relevant listing rules of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”).

**2. UPDATE ON RECEIPT OF STATUTORY DEMANDS BY A SUBSIDIARY OF THE GROUP**

The Board wishes to refer to its announcement dated 26 February 2023 (the “**26 Feb Announcement**”). All capitalised terms used herein, unless otherwise defined, shall have the same meanings ascribed in the 26 Feb Announcement.

The Company has on 10 March 2023 received a non-legally binding term sheet from Tomson to be entered into by Tomson and GPG (the “**GPG Term Sheet**”). On 10 March 2023, following

consultations and discussions with its advisors and Tomson, GPG has entered into the GPG Term Sheet, as supplemented, with the principal purpose of settling and restructuring the Loans.

The salient terms of the GPG Term Sheet are set out below:

Subscriber	Tomson, or such other entity as it may designate (the " <b>Subscriber</b> ").
Subscription Shares	Shares representing 51% of the issued and paid-up share capital of GPG.
Consideration	AUD 5.0 million, which shall be used to off-set against the Loans (the " <b>Consideration</b> ").
Balmaine Loan	<p>The Subscriber will procure a loan to be extended to GPG, and then to Balmaine, which will be utilised for Balmaine's financing and operational needs.</p> <p>The principal amount for such loan shall be up to AUD 10.0 million with a 15% per annum interest. The maturity date for such loan shall be 31 December 2026 and the loan will be secured against, amongst others, the assets of Balmaine.</p>
Profit Share in GPG	<p>Notwithstanding that the Subscriber is a 51% shareholder in GPG, the Subscriber is entitled to receive 100% of the dividends declared until the aggregate amounts received by the Subscriber in accordance with such arrangement reaches AUD 5.0 million (the "<b>Subscriber Profit Share</b>").</p> <p>Notwithstanding that the Company is a 49% shareholder in GPG, the Company is entitled to receive 100% of the dividends declared until the aggregate amounts received by it in accordance with such arrangement reaches AUD 15.0 million (the "<b>SYH Profit Share</b>"). Any SYH Profit Share will apply only after the full amount of the Subscriber Profit Share has been fully satisfied.</p> <p>Upon satisfaction of the full amount of the SYH Profit Share, dividends declared shall be paid to the Subscriber and the Company in proportion of their shareholdings in GPG.</p>
Appointment of Directors	<p>The Subscriber will be entitled to nominate such number of directors on the board of GPG and Balmaine such that the number of directors nominated by Subscriber will comprise the majority on the board of GPG and Balmaine.</p> <p>The Subscriber will also be granted full rights and access to all information relating to Balmaine and GPG.</p>
Definitive Agreements	The Company will take the lead on the preparation of all documents relating to the matters above (the " <b>Definitive Agreements</b> "), which shall be executed no later than four working days following the signing of the GPG Term Sheet.
Conditions Precedent	<p>The conditions precedent to all transactions detailed herein, unless waived by the Subscriber at its sole discretion, include amongst others:</p> <p>(i) receipt of regulatory approvals;</p>

	<ul style="list-style-type: none"> <li>(ii) receipt of approval from shareholders of the Company; and</li> <li>(iii) the discharge or removal of the appointment of voluntary administrator (and all equivalent actions) for Balmaine.</li> </ul>
Undertaking by Yaoo Capital Pte. Ltd.	The Company will procure an undertaking from Yaoo Capital Pte. Ltd., the shareholder holding approximately 53% of the voting rights of the Company, that it will vote in favour of the resolutions at the extraordinary general meeting of the Company to be convened.
Events of Default	<p>The GPG Term Sheet and/or the Definitive Agreements shall be terminated unless disclosed to and waived by the Subscriber at its sole discretion in the following events:</p> <ul style="list-style-type: none"> <li>(i) Cessation or halt of all or part of the mining operations being undertaken by GPG and/or Balmaine for a continuous period of 10 calendar days;</li> <li>(ii) Loss or change in the scope of mining/ exploration rights held by GPG and/or Balmaine;</li> <li>(iii) Commencement of insolvency or bankruptcy process on GPG and/or Balmaine undertaken by Balmaine, GPG, or the Company;</li> <li>(iv) Unsatisfactory due diligence (in the form of finding of or on a reasonable basis suspecting a fraud or equivalent);</li> <li>(v) Failure by employees of GPG and Balmaine to provide timely and accurate information relating to the operations of GPG and/or Balmaine;</li> <li>(vi) Breach of any financial covenants in relation to any borrowing or loan arrangements;</li> <li>(vii) Unless otherwise approved in writing by the Subscriber, repayment of any amounts owing to any third parties (including but not limited to financial investors, suppliers or regulators etc.) prior to when all amounts owing to the Subscriber and parties associated with it are fully repaid;</li> <li>(viii) Substantial communication with all relevant stakeholders (including but not limited to regulators, suppliers, agents, media) without prior consultation and approval being obtained from the Subscriber; and</li> <li>(ix) Changes to key management positions being effected without the prior consultation and approval being obtained from the Subscriber.</li> </ul>
Standstill and Restructuring Plan	Following the entry into the GPG Term Sheet, entities associated with Tomson (including Acheron) will in good faith negotiate on a repayment plan with Balmaine, with a standstill and restructuring plan to be documented and signed between the relevant parties along with the Definitive Agreements.
Funding during Voluntary Administration	While Balmaine remains under administration, the Subscriber or any party it procures may at its sole discretion extend funds to the Administrator to fund the financial and/or operational requirement of Balmaine. Such amount shall be considered as part of the Consideration and/or the Balmaine Loan if and when the transactions contemplated under the GPG Term Sheet is due to be effected.

In the event the Definitive Agreements are executed by GPG, an extraordinary general meeting of the Company will be convened and the Company will update shareholders via SGXNET as and when there are further material developments in compliance with the relevant listing rules of the SGX-ST.

The Company would also like to highlight that Tomson, together with entities associated with Tomson (including Acheron), being Balmaine's major creditors, is supportive of GPG's action to set aside the appointment of the Administrator.

### **3. BOARD'S ASSESSMENT AS TO THE IMPACT ON THE COMPANY'S OPERATIONS AND GOING CONCERN**

The Board is of the view that notwithstanding the appointment of the Administrator, the Group is able to continue as a going concern, for the following reasons:

- (a) based on the current cash flow projections, Balmaine is able to generate positive operational cash flows and operate as a going concern. The Ballarat Gold Mine is fully operational and producing higher grade gold currently, as compared to previous years. Based on the production statistics, it is expected that the higher grade gold production will sustain throughout FY2024;
- (b) the projected cash flows generated from operations in the next few months is expected to be sufficient for repayment of the loan amounts as claimed under the Statutory Demands;
- (c) progress have been made with the Creditors as evidenced by the entry of the GPG Term Sheet;
- (d) an existing lender of the Company has extended a long-term loan of up to S\$1.5 million with a duration of 18 months, and thereafter repayable on demand to maintain the continued operations of the Group. As at the date of this announcement, the Company has drawn down an amount of close to S\$0.3 million on this loan;
- (e) the Company is also exploring other options such as fund raising, share placement and refinancing; and
- (f) KWM will be making an urgent application to the Federal Court of Australia to set aside the appointment of the Administrator.

Having considered the above, the Board is of the view that notwithstanding the appointment of the Administrator, there is no material impact on the Group's operations and the Group can remain as a going concern.

The Company notes that Catalist Rule 1303, which states that the SGX-ST may at any time suspend trading of the listed securities of an issuer, where, among others, the issuer is unable to continue as a going concern or unable to demonstrate to the SGX-ST and its shareholders that it is able to do so, including the following circumstances: (a) when an application is filed with a court to place the issuer (or significant subsidiary) under judicial management; (b) when an application is filed with a court for the liquidation of the issuer (or significant subsidiary) and the amount of the debt alleged is significant; or (c) when the issuer is unable to reasonably assess its financial position and inform the market accordingly.

The Company is of the view that the circumstances set out in (a), (b) and (c) above are not applicable to the Group and that the Group is able to continue as a going concern for the reasons set out above. As such, a trading suspension of the Company's shares is not necessary.

In the event the application to set aside the appointment of the Administrator fails, the Board will reconvene to determine if a trading suspension of the Company's shares is necessary.

The Board confirms that all material information has been so disclosed and the Board will continue to update shareholders in a timely manner as and where they are material developments in respect of the foregoing. In view of this, the Board confirms that sufficient information has been disclosed to enable trading of the Company's shares to continue in an orderly manner.

#### **4. TRADING CAUTION**

Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company. Shareholders and potential investors are advised to read this Announcement and any further announcements by the Company carefully. Shareholders and investors should consult their stockbrokers, bank managers and other professional advisors if they have any doubt as to the actions they should take.

#### **BY ORDER OF THE BOARD**

Yao Liang  
Group Executive Chairman and Group Chief Executive Officer  
13 March 2023

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*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 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.*