

**Shen Yao Holdings Limited**  
(Company Registration No.: 202042117W)  
(Registered in the Republic of Singapore)

---

**ENTRY INTO TERM SHEET RELATING TO PROPOSED INVESTMENT IN UB TECHNOLOGY PTE. LTD**

---

**1. INTRODUCTION**

The board of directors (the “**Board**”) of Shen Yao Holdings Limited (the “**Company**”, and together with its subsidiaries and associates, the “**Group**”) wishes to announce that the Company had on 13 March 2023 entered into a term sheet (the “**Term Sheet**”) with UB Technology Pte. Ltd. (“**UB Technology**”), to subscribe for 51% of the issued and paid-up equity share capital of UB Technology (the “**Proposed Investment**”).

There is no binding commitment on the part of the Company to conclude the Proposed Investment, till the negotiation, finalisation and execution of the definitive agreements relating to the Proposed Investment (“**Definitive Agreements**”). The Term Sheet sets out the key commercial terms in respect of the Proposed Investment upon which the Definitive Agreements may be concluded and does not constitute an offer, agreement, agreement in principle, agreement to agree or commitment to provide financing at this time.

The Company will make further announcements on the Proposed Investment upon the execution of the Definitive Agreements in compliance with the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) Listing Manual Section B: Rules of Catalyst (“**Catalist Rules**”).

**2. INFORMATION ON THE PROPOSED INVESTMENT**

**2.1 Information on UB Technology**

UB Technology is a company incorporated in 2019 under the Companies Act 1967. UB Technology is currently engaged in the business of development of software and applications (Internet of Things on Innovative Parcel Delivery Solutions). UB Technology is currently wholly-owned by CX Technologies Holding Pte. Ltd. (“**CX Technologies**”, and together with the Company and UB Technology collectively referred to as the “**Parties**” and each a “**Party**”), and is being controlled and managed by its founder and sole director, Mr. Chen Xing (“**Founder**”).

UB Technology is a progressive internet-based technology start-up, focusing on providing smart last mile solutions. Its Founder conceptualised the idea of SMART mailboxes in Australia in late 2017, and has since successfully completed its proof of concept, resulting in SMART mailboxes being implemented in Melbourne, Australia.

In late 2019, the Founder moved his business to Singapore and incorporated UB Technology with the aim of charting its future growth plans to the rest of South-East Asia and the Asia Pacific region. UB Technology’s innovative delivery solutions aim to take the delivery experience to the next level with its UBOX smart mailbox solution which offers consumers an affordable, dedicated, safe, drop-off solution right at their doorstep. UB Technology’s patented UBOXHUB parcel locker solution is the world’s first in its design and functionality which offers adequate parcel storage to space ratio, including parcel sanitisation and temperature control storage options (“**Business**”).

Prior to the entry of the Term Sheet, UB Technology, CX Technologies and the Founder have no connections (including any business relationships or transactions) with the Company, its directors (“**Directors**”) and/or its controlling shareholders. UB Technology, CX Technologies and the Founder are not associates (as defined in the Catalyst Rules) of the Directors of the Company and/or its controlling shareholders. The Proposed Investment is not an interested person transaction under Chapter 9 of the Catalyst Rules.

## 2.2 Rationale for the Proposed Investment

As disclosed in the annual report of the Company for FY2022, the Group's core business activity and operations are devoted entirely to gold mining and exploration ("**Current Core Business**"). Conditions surrounding the gold industry are expected to remain uncertain and fraught with volatility. The Current Core Business is operating in a challenging operating and cost environment, and the Group's business and operations are expected to continue to face headwinds in an increasingly uncertain economy and market. In view of the foregoing, the Company has been looking into potential investments and acquisitions to expand from and diversify the Current Core Business.

The Board is of the opinion that the Proposed Investment represents an opportunity for the Group to diversify and enter into the technology and logistics business, which includes, *inter alia*, the last-mile delivery solutions and technology-based logistics services which the Business operates in ("**Proposed Business Diversification**"). The Proposed Business Diversification will enable the Group to branch out from its legacy business in gold mining and exploration.

The Board is of the opinion that the Business, having successfully completed its proof of concept and having been implemented in Melbourne, could also be implemented in other major cities in South-East Asia and the Asia Pacific. If the Business could be implemented in other major cities, the Proposed Investment would present the Company with significant upside potential and provide a stable and growing alternative market and revenue stream to supplement the Current Core Business.

In view of the foregoing, the Board is of the opinion that the Proposed Business Diversification and the Proposed Investment are beneficial to and in the interests of the Company and its shareholders. Accordingly, subject to execution of the Definitive Agreements, the Company will seek approval of the shareholders at an extraordinary general meeting ("**EGM**") to be convened in due course, for the carrying out of the Proposed Business Diversification and the Proposed Investment.

## 2.3 Investment Amount

Pursuant to the Term Sheet, the Company proposes to subscribe for an aggregate 520,408 new ordinary shares ("**Subscription Shares**"), representing 51% of the issued and paid-up share capital of UB Technology for a cash consideration of S\$5.1 million ("**Subscription Consideration**"), being a subscription price of S\$9.80 for each Subscription Share. The Subscription Consideration was arrived at on a willing-buyer willing-seller basis following arm's length negotiations and taking into account the Appraised Value (as defined below), and shall be satisfied by the Company in full in cash on the Completion Date (as defined below).

The Company plans to fund the Subscription Consideration either through a placement of new shares in the Company to new investors unrelated to UB Technology, CX Technologies (for which the Company will make the required announcements in compliance with the Catalist Rules at the relevant time), or third-party loans, or funds from existing operations of the Company.

## 2.4 Use of Proceeds

The Subscription Consideration shall be fully utilised by UB Technology for the day-to-day working capital for operations and activities of the Business and expansion of the Business.

## 3. OTHER SALIENT TERMS OF THE TERM SHEET

### 3.1 Independent Valuation

Pursuant to Rule 1010(5) of the Catalist Rules, the Company has commissioned an independent business valuation of UB Technology with the Business by Chay Corporate Advisory Pte. Ltd., a reputable, competent and independent valuer ("**Appraised Value**"). Based on the valuation conducted, the Appraised Value ranged between S\$11.1 million and S\$11.9

million, with a base value of S\$11.5 million as at 30 September 2022.

### **3.2 Completion Date**

Completion of the Proposed Investment (“**Completion**”) shall take place no later than three (3) months from the date of execution of the Definitive Agreements (“**Completion Date**”), or such other dates as may be agreed to in writing by the Parties, failing which the Proposed Investment and Definitive Agreements shall lapse and cease to have further effect and no Party shall have any claim against the other Party, save for antecedent breaches.

### **3.3 Conditions Precedent**

Completion shall be subject to the fulfilment and satisfaction of certain conditions precedent set out in detail in the Term Sheet and such other conditions precedent as may be set out in the Definitive Agreements, on or before the Completion Date, including the following:

- (a) The results of such legal, financial, technical commercial and relevant due diligence investigations on UB Technology and its subsidiaries and associated companies (“**UB Technology Group**”) and Business conducted by the Company and its advisers or representatives being satisfactory to the Company;
- (b) Save for the Proposed Investment, there being no capitalisation activities (including but not limited to share split, sub-division, consolidation, buy-back, cancellation, re-classification or capital reduction), re-organisation, amalgamation, restructuring, take-over or change in shareholding or share capital structure of UB Technology or any of its subsidiaries and associated companies, nor creation of new classes of share capital, nor issue of new shares or interests or other securities or convertible debt or securities convertible into shares or interests in relation to such company or entity;
- (c) All necessary approvals, consents, licences, permits, authorisations and/or registrations from/with all relevant government, regulatory and other authorities, financiers, counterparties and/or entitled third parties (if any) as may be required for the Proposed Investment having been obtained and being in full force and effect without restrictions or limitations unacceptable to the Company, including the approval (and non-withdrawal thereof);
- (d) The Company may conduct a subsequent valuation closer to the Completion Date, depending on whether there is any material change to the business of the Target and the market conditions;
- (e) Approval of shareholders of the Company at the EGM for the Proposed Business Diversification and the Proposed Investment; and
- (f) The entry into a shareholders’ agreement between the Company, UB Technology and CX Technologies on terms agreeable to all Parties to regulate the conduct and affairs of UB Technology, Business and the rights and obligations of UB technology’s shareholders after Completion.

### **3.4 Representations, Warranties and Indemnities**

The Parties shall respectively provide such representations, warranties, undertakings, covenants and indemnities pursuant to the Definitive Agreements, as are customary to transactions such as the Proposed Investment.

### **3.5 Cost and Expenses**

Save as expressly agreed to in writing, each Party shall bear all their own respective costs and expenses in relation to the drafting, taking of advice on and negotiation of this Term Sheet, the Definitive Agreements, due diligence, professional advice and for seeing through to Completion of the Proposed Investment.

### **3.6 Exclusivity**

Upon the execution of this Term Sheet, UB Technology shall, during the period between the date of this Term Sheet and the date falling 60 calendar days thereafter suspend and cease to continue any agreements, arrangements, understandings, negotiations or discussions with any person (other than this Term Sheet) in connection with any transaction, or any matter involving a transaction which would preclude, restrict or delay the Proposed Investment, or which is similar to the Proposed Investment (“**Restricted Activities**”) and not conduct, resume or solicit Restricted Activities nor approach or entertain enquiries from third parties in relation to such activities, save with the express written consent of the Company.

### **3.7 Definitive Agreements**

The Parties shall use their best endeavours to enter into the Definitive Agreements within 60 calendar days from the date of this Term Sheet.

## **4. INTERESTS OF THE DIRECTORS AND CONTROLLING SHAREHOLDERS**

None of the directors or controlling shareholders of the Company has any interest, direct or indirect, in the Proposed Investment (other than through their shareholdings in the Company as the case may be).

## **5. EGM AND FURTHER ANNOUNCEMENTS**

Subject to execution of the Definitive Agreements, the Company will convene the EGM to seek the approval of the shareholders for the Proposed Business Diversification and Proposed Investment, and a notice of EGM and accompanying circular to shareholders will be issued by the Company in due course. The Company will make further announcements, in compliance with the requirements of the Catalist Rules, as and when there are material developments in respect of the Proposed Business Diversification and the Proposed Investment and other matters contemplated in this announcement.

## **6. CAUTIONARY STATEMENT**

**Shareholders and potential investors should note that the Term Sheet is non-binding and is subject to the execution of the Definitive Agreements with terms and conditions to be agreed by the parties of the Term Sheet, and there is no certainty or assurance that the Proposed Investment will be completed on the terms disclosed in this announcement or at all. Shareholders and potential investors are advised to exercise caution when dealing or trading in the shares of the Company. In the event of any doubt as to the action they should take, shareholders and potential investors should consult their financial, tax, legal or other professional advisers.**

## **7. RESPONSIBILITY STATEMENT**

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this announcement and confirm, after making all reasonable enquiries, that to the best of their knowledge and belief, this announcement constitutes full and true disclosure of all material facts about the Term Sheet, the Proposed Investment and the Business, and the Company and the Directors are not aware of any facts, the omission of which, would make any statement in this announcement misleading. Where information in this announcement has been extracted from published or otherwise publicly available sources or obtained from a named source (including information relating to CX Technologies, UB Technology Group, the Founder and/or the Business), the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this announcement in its proper form and context.

By Order of the Board

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

---

*This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, W Capital Markets Pte. Ltd. ("**Sponsor**"), in accordance with Rule 226(2)(b) of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") Listing Manual Section B: Rules of Catalist ("**Catalist Rules**").*

*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.*

---