



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

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

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

**1.1 Subscription Agreement**

Following the execution of the GPG Term Sheet on 10 March 2023, the Board wishes to announce that the Company, GPG and Tomson Pte. Ltd. the Subscriber has entered into a share subscription agreement dated 20 March 2023 (the “**SSA**”), pursuant to which, the Subscriber shall subscribe for 155,991,917 new shares in GPG such that it becomes a 51.0% shareholder of GPG (the “**Transaction**”). Following the Transaction, the Company will hold shares representing 49% of the issued share capital in GPG.

**1.2 Salient terms of the SSA**

The salient terms of the SSA are set out below:

Subscription Shares	155,991,917 new shares representing 51.0% of the issued and paid-up share capital of GPG (“ <b>New Shares</b> ”).
Consideration	<p>AUD5.0 million (the “<b>Consideration</b>”), which shall be off-set against any and all amounts due and owing from GPG to the Subscriber upon the completion of the restructuring of GPG and Balmaine’s indebtedness (“<b>Debt Restructuring</b>”).</p> <p>The Consideration was arrived at on a willing-buyer and willing-seller basis, taking into account, among other things, the following factors:</p> <ul style="list-style-type: none"><li>(i) the unaudited net asset value of GPG is approximately AUD36.3 million as at 30 June 2022;</li><li>(ii) the historical operating track record and financial performance of GPG (including Balmaine and the Ballarat Gold Mine); and</li><li>(iii) the existing debt situation of GPG and Balmaine.</li></ul>
GPG Loan	The Subscriber shall, on a best endeavour basis, procure the extension of a loan on terms satisfactory to the Subscriber to be extended to GPG within 20 business days from the Completion Date. The proceeds of such a loan (the “ <b>GPG</b> ”

	<p><b>Loan</b>") will be solely to fund the working capital, financing and operational needs of Balmaine.</p> <p>The principal amount for such loan shall be up to AUD10.0 million.</p>
<p>Conditions Precedent</p>	<p>The obligations of the Subscriber are conditional upon the following matters being fulfilled or done on or prior to the completion date of the SSA (the "<b>Completion Date</b>"):</p> <ul style="list-style-type: none"> <li>(i) Due diligence – the satisfactory completion of legal, financial and business due diligence by the Subscriber in respect of the business, management and affairs of GPG (including resolution of all issues relating to GPG on terms satisfactory to the Subscriber);</li> <li>(ii) Debt Restructuring – the restructuring of all the amounts due and owing by Balmaine and/or GPG to the Subscriber, on terms satisfactory to the Subscriber;</li> <li>(iii) Consents – all consents, waivers and approvals (including the Company's Board and shareholder approvals, if required, and all waivers of pre-emption rights held by the existing shareholders of GPG in relation to the allotment and issuance of the New Shares) necessary for or required in connection with the execution or performance of the SSA having been obtained on terms satisfactory to the Subscriber and remaining valid and effective up till and including the Completion Date, and where any such consent, waiver or approval is subject to conditions, such conditions being satisfactory to the Subscriber in its reasonable discretion and being fulfilled;</li> <li>(iv) No legal prohibition – the allotment, issuance and subscription of the New Shares not being prohibited by any statute, order, rule, regulation or directive promulgated or issued after the date of the SSA by any legislative, executive or regulatory body or authority which is applicable to GPG or the Subscriber;</li> <li>(v) Material adverse change – the absence of any event or occurrence which has, would have or could reasonably be expected to have, a material and adverse effect on the financial position, business, results of operations or assets of GPG at any time between the execution of the SSA and the Completion Date;</li> <li>(vi) Warranties – the warranties being true, complete and accurate in all respects as at the Completion Date;</li> </ul>

	<p>(vii) Shareholders agreement – the Company and the Subscriber having entered into a Shareholders' Agreement in relation to GPG on terms satisfactory to the Subscriber;</p> <p>(viii) Undertaking deed – The Company and Yao Capital Pte. Ltd. having executed an undertaking deed on terms satisfactory to the Subscriber; and</p> <p>(ix) Disclosure letter – The Subscriber being satisfied with the contents of the disclosure letter to the warranties in the SSA.</p>
Deed of Undertaking	Yao Capital Pte. Ltd., a controlling Shareholder, shall enter into a deed of undertaking (the “ <b>Deed of Undertaking</b> ”) to vote in favour of the Transaction at the EGM to be convened.
Completion Date	The Completion Date shall be the business day falling 10 business days after the fulfilment (or, as the case may be, waiver) of the last of the conditions precedent set out above, or such other date as may be determined.

### 1.3 Information on the Subscriber

The Subscriber is a company incorporated in Singapore with a principal place of business at 9 Temasek Boulevard, #23-03, Suntec Tower Two, Singapore 038989. Its principal business is management consultancy services. The Subscriber is also a creditor of Balmaine (a wholly-owned subsidiary of GPG), having extended loans of total approximately AUD6.1 million to Balmain as of the date of this announcement.

### 1.4 Information on GPG

GPG is a wholly-owned subsidiary of the Company and was incorporated in Australia with a registered office at 10 Woolshed Gully Drive, Mount Clear, VIC 3350. GPG holds the entire shareholding interest in Balmaine, which in turn holds Ballarat Gold Mine in Australia and several tenements in the vicinity of the Ballarat Gold Mine

Based on the latest unaudited consolidated financial statements of GPG for FY2022, the net asset value for GPG was approximately AUD36.3 million. Accordingly, the deficit of the proceeds over the book value is approximately AUD31.3 million and the loss on disposal is approximately AUD13.5 million.

No valuation was conducted on GPG for the purpose of the Transaction. Taking into consideration an Administrator has been preliminary appointed over Balmaine, and the Company is unable to control matters concerning Balmaine and its assets, an independent valuer could not be appointed, and valuation could not be carried out on GPG and its assets. An independent qualified persons report was issued on 28 February 2021 (“QPR”) and there has been no significant update since that date. Based on the QPR, mineral resources which are not ore reserves (as is the case with the Ballarat Gold Mine) has no economic value. Accordingly, the Board is of the view that neither an updated QPR nor a valuation on GPG is necessary and the Transaction is in the best interest of the Group, taking into consideration the rationale of the Transaction set out below.

## 1.5 Use of Proceeds

The Consideration will be used in its entirety to off-set against any and all amounts due and owing from GPG to the Subscriber upon the completion of the restructuring of GPG and Balmaine's indebtedness and, save for the GPG Loan which shall be procured by the Subscriber on a best endeavour basis, GPG will not be receiving any cash following the completion of the Transaction.

## 1.6 Financial Effects of the Transaction

### (a) Assumptions

The pro forma financial effects of the Transaction as set out below are for illustrative purposes only and do not reflect the future financial position of the Company and/or the Group after the Completion Date.

The pro forma financial effects in this section are based on the consolidated audited financial statements of the Group for FY2022 and are based on the following assumptions:

- (i) the number of shares is based on the 33,706,206,055 issued and paid-up ordinary shares in the capital of the Company ("**Shares**") as at 30 June 2022;
- (ii) the Transaction had been completed on 30 June 2022 for the purposes of computing the pro forma financial effects on the net tangible assets ("**NTA**") of the Group; and
- (iii) the transaction had been completed on 1 July 2021 for the purposes of computing the pro forma financial effects on the earnings per Share ("**EPS**") of the Group.

### (b) Effects on NTA per Share

	<b>Before the completion of the Transaction</b>	<b>After the completion of the Transaction</b>
NTA (SGD'000)	32,030	17,453
Number of Shares	33,706,206,055	33,706,206,055
NTA per Share (Singapore Cents)	0.0950	0.0518

### (c) Effects on EPS

	<b>Before the completion of the Transaction</b>	<b>After the completion of the Transaction</b>
Profit attributable to Shareholders (SGD'000)	7,507	6,475
Basic weighted average number of Shares	33,706,206,055	33,706,206,055
EPS (Singapore Cents)	0.0223	0.0192

## 1.7 Relative Figures under Rule 1006 of the Catalyst Rules

The relative figures for the Transaction as computed on the bases set out in Rule 1006 of the Catalyst Rules and the audited consolidated financial information of the Group for FY2022 are as follows:

- |     |  |                               |
|-----|--|-------------------------------|
| (a) | Net asset value of the assets to be disposed of, compared with the group's net asset value.  | 52.45% <sup>(1)</sup>         |
| (b) | Net profits attributable to the assets disposed of, compared with the Group's net profits.   | 21.52% <sup>(2)</sup>         |
| (c) | Aggregate value of the consideration received, compared with the Company's market capitalisation based on the total number of issued Shares excluding treasury shares.   | 14.83% <sup>(3)</sup>         |
| (d) | The number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue.  | Not applicable <sup>(4)</sup> |
| (e) | The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the group's proved and probable reserves. This basis is applicable to a disposal of mineral, oil or gas assets by a mineral, oil and gas company, but not to an acquisition of such assets. | Not applicable <sup>(5)</sup> |

**Notes:**

- (1) The relative figure in Rule 1006(a) is computed by dividing 51% multiplied by the unaudited net asset value of GPG of AUD18.52 million or equivalent to approximately SGD16.80 million, by the Group's audited net asset value of SGD32.03 million as at 30 June 2022.
- (2) The relative figure in Rule 1006(b) is computed by dividing 51% of the net profit before tax attributable to GPG of AUD2.23 million or equivalent to approximately SGD2.02 million by the Group's net profit before tax of SGD4.80 million for the financial year ended 30 June 2022.
- (3) The relative figure in Rule 1006(c) is computed by dividing the consideration of AUD5 million (equivalent to S\$4.54 million) by the market capitalisation of the Company of S\$33.7 million, which is determined by multiplying the total issued share capital of the Company of 33,706,206,055 Shares and the volume weighted average price of the shares of S\$0.001 as at 20 March 2023, being the market day immediately preceding the date of the signing of the SSA.
- (4) Rule 1006(d) of the Catalist Rules is not applicable to a disposal of assets.
- (5) Rule 1006(e) of the Catalist Rules is not applicable as neither the Company nor GPG has any proved or probable reserves figures.
- (6) All the calculations are based on an exchange rate of SGD1.00: AUD1.1025.

As the relative figures computed under Rule 1006(a) exceeds 50%, the Transaction is considered a "major transaction" under Rule 1014 of the Catalist Rules. In addition, upon the completion of the Transaction, GPG will cease to be a subsidiary of the Company and will be accounted for as an associated company. Accordingly, the approval of shareholders of the Company ("**Shareholders**") at an extraordinary general meeting ("**EGM**") is required for the Transaction.

## **1.8 Rationale for the Transaction**

The Transaction is undertaken pursuant to a strategic review of the financial position, operational needs, long-term strategy and direction of GPG, including Balmaine and the Ballarat Gold Mine.

As announced on 26 February 2023, Balmaine received statutory demands from the Subscriber and Acheron Capital Ltd in relation to loans owing by Balmaine to them. On 10 March 2023, the Company received term sheet from the Subscriber to subscribe for shares representing 51% of the issued and paid-up share capital of GPG. This Transaction was entered into on 20 March 2023. As set out in paragraph 1.2 above, the Subscriber will provide a loan will help to fund the working capital, financing and operational needs of Balmaine. The Transaction (including the GPG Loan) will provide the Group with an opportunity to improve the Group's liquidity, fund GPG's working capital requirements. This will also free up liquidity which the Company can use to pursue new opportunities including new businesses that may add value of Shareholders. Apart from the term sheet from the Subscriber, the Group has not received any other term sheets which are on better terms compared to this SSA.

In view of the above, although the Group will record a loss of AUD13.5 million, the Board is of the view that the Transaction is in the best interest of the Company and its shareholders.

## **2. INTEREST OF DIRECTORS, SUBSTANTIAL SHAREHOLDERS OR THEIR ASSOCIATES IN THE TRANSACTION**

Save for the Deed of Undertaking with respect to Mr Yao Liang and Mr Yao Yilun (who each owns 51% and 49% of the issued share capital of Yaoo Capital Pte. Ltd), none of the Directors (other than in his capacity as a Director), substantial Shareholders of the Company or their associates has any interest, direct or indirect, in the Transaction.

## **3. DIRECTORS' SERVICE CONTRACTS**

No person is proposed to be appointed as a Director in connection with the Transaction. Accordingly, no service contract is proposed to be entered into between the Company and any such person.

## **4. DIRECTORS RESPONSIBILITY STATEMENT**

The Directors of the Company 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 Transaction, the Company and its subsidiaries, 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, 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.

## **5. DOCUMENTS FOR INSPECTION**

A copy of the SSA will be made available for inspection during normal business hours at the registered office of the Company at 9 Temasek Boulevard, #24-01, Suntec Tower Two, Singapore 038989 for a period of three months from the date of this Announcement.

## **6. EXTRAORDINARY GENERAL MEETING AND CIRCULAR**

A circular (“**Circular**”) to the Shareholders containing further details of the Transaction and enclosing a notice of EGM to be convened in connection with the Transaction, will be despatched by the Company to the Shareholders in due course. In the meantime, Shareholders are advised to refrain from taking any action in relation to their Shares in the Company which may be prejudicial to their interests until they or their advisers have considered the information and recommendations to be set out in the Circular.

## **7. 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  
22 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.*

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