



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

UPDATE ON THE APPOINTMENT OF VOLUNTARY ADMINISTRATOR

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 its announcement dated 13 March 2023 (the “**13 March Announcement**”). All capitalised terms used herein, unless otherwise defined, shall have the same meanings ascribed in the 13 March Announcement.

An initial hearing was held on 16 March 2023 at the Federal Court of Australia, Victoria Registry (the “**Court**”) where the Administrator was asked to file a report describing Balmaine’s financial situation and the status of its mining licences and regulatory compliance. A subsequent hearing was scheduled to be held on 22 March 2023.

On 21 March 2023, an initial creditors’ meeting was called by the Administrator. At that meeting, the majority of Balmaine’s creditors supported the appointment of the Administrator and will not seek to appoint alternative administrators. As such, GPG will, on 23 March 2023, file a notice of discontinuance and withdraw the application to set aside the appointment of the Administrator.

The Company, through GPG, met with the Administrator following the conclusion of the creditors’ meeting and will be working with the Administrator in coming up with a plan for the restructuring of the debts of GPG (the “**Restructuring**”). In the meantime, notwithstanding that the Administrator has taken over control of Balmaine, Balmaine will continue operations on a “business as usual” basis. 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.

2. BOARD’S ASSESSMENT AS TO THE IMPACT ON THE COMPANY’S 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 share subscription agreement as set out in the GPG Term Sheet. Please refer to the Company's announcement dated 23 March 2023 for more details;
- (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; and
- (e) the Company is also exploring other options such as fund raising, share placement and refinancing.

Having considered the above, the Board is of the view that notwithstanding the appointment of the Administrator, the Group can remain as a going concern.

3. VOLUNTARY TRADING SUSPENSION

While the Company is of the view that the Group is able to continue as a going concern for the reasons set out in paragraph 2 above, the application to set aside the appointment of the Administrator of Balmaine was unsuccessful and the Board is of the view that it would be prudent for the Company to request for a voluntary trading suspension of the Company's shares with immediate effect while the Company engage with the Administrator and the various stakeholder groups to progress on the Restructuring.

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 there are material developments in respect of the foregoing. The Company will seek to lift the trading suspension as soon as it is appropriate to do so without compromising the interests of all stakeholder groups.

BY ORDER OF THE BOARD

Yao Liang
Group Executive Chairman and Group Chief Executive Officer
23 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. (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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