



YONGNAM HOLDINGS LIMITED

(the "Company")

(Company Registration No. 199407612N)

(Incorporated in the Republic of Singapore on 19 October 1994)

23 November 2022

To: All shareholders ("**Shareholders**") of the Company

Dear Shareholders,

Thank you for your support towards the Company.

We released our Q3FY2022 Results Announcement on 11 November 2022. The general operating environment continues to be highly competitive and further exacerbated by the sharp increases in construction material prices and tight labour supply. Margins of projects secured prior to the COVID pandemic have been adversely impacted. Notwithstanding, we see that infrastructural projects that had been delayed by the COVID pandemic are recommencing and there would be further opportunities in the market over the next few years. The Company would need to put itself in a position to secure these projects.

As you would be aware, the Company is undertaking ongoing negotiations which the Company hopes to advance with (i) a potential refinancing party (the "**Refinancing**"); or (ii) a potential strategic investor (the "**Investment**"). These negotiations and the underlying transactions are mutually exclusive.

The Company has been exploring these options as the construction industry continues to compete in a highly competitive operating environment where costs have been kept high by increased energy and construction material prices, and exacerbated by a tight labour supply. The intention of undertaking either the Refinancing or the Investment is to ensure that the Company is able to have sufficient funds to service its borrowings and is able to continue as a going concern.

Given the ongoing talks with potential financier and potential investor, we have temporarily suspended the trading of Yongnam Holding Limited's shares.

With the current dynamic situation that the Company is in, a trading suspension would avoid any irregular movement in share price and prevent any irregular trading activities that may result from the leakage of any information which the Company has no control over. A trading suspension would also provide market certainty and avoid market confusion as the Company continues its focus on concluding the negotiations for the Refinancing or the Investment, with a view to strengthen the Group's balance sheet, improve the cash flow position of the Group and preserve value for its stakeholders.

We seek your understanding and time as the Company strives to reach a conclusion with all parties concerned.

We will keep you posted of the developments.

Thank you.

Yours faithfully

For and on behalf of the Board of Directors of
YONGNAM HOLDINGS LIMITED

Seow Soon Yong
Chief Executive Officer