



YONGNAM HOLDINGS LIMITED

(Co Reg No 199407612N)
(Judicial Managers Appointed)

MONTHLY UPDATE PURSUANT TO RULE 704(23) OF THE LISTING MANUAL OF THE SGX-ST

By an Order of Court dated 14 August 2023, Yongnam Holdings Limited (the “**Company**”) and its subsidiary, Yongnam Engineering & Construction (Private) Limited (“**YNEC**”), was placed under judicial management (“**Judicial Management Order**”) and Messrs Toh Ai Ling, Bob Yap Cheng Ghee and Chan Kwong Shing, Adrian, care of KPMG Services Pte. Ltd., were appointed as the joint and several judicial managers of the Company and YNEC (“**Judicial Managers**”).

Pursuant to Rule 704(23) of the Listing Manual of the SGX-ST (the “**Listing Manual**”), the Judicial Managers would like to provide an update on the following:

(a) The state of any negotiations between the Company and its principal bankers

The Judicial Managers have been in discussions with the secured lenders on, amongst other things, the realisation of their security interests to reduce the bank debt.

(b) The Company’s future direction, or other material development that may have a significant impact on the Company’s financial position

Since their appointment, the Judicial Managers have, amongst others, continued to carry out the following tasks:

- (i) worked with the management of the Company to facilitate the continued operations with the intention of achieving one or more of the objectives of the Judicial Management Order. The Judicial Managers had on-going discussions with various stakeholders to understand and maintain the ongoing business operations of the Company and its subsidiaries (together with the Company, the “**Group**”) with a focus on understanding and facilitating continuity of the ongoing construction contracts that the Group has committed to; and
- (ii) on-going meetings with various potential investors and concurrently evaluating the available executable options in achieving one or more of the objectives of the Judicial Management Order

(c) Entry into novation agreement between YNEC, Kuan Construction Engineering Pte Ltd (“Kuan Construction”) and Hyundai-Keong Hong JV Limited Partnership (“Hyundai”)

YNEC has entered into a novation agreement for a structural steelwork contract (“**Contract**”) with Kuan Construction (“**Replacement Sub-Contractor**”) and Hyundai (“**Main Contractor**”) of the Contract (“**Novation Agreement**”) in respect of the Punggol Regional Sport Centre Project.

By entering into the Novation Agreement, the Replacement Sub-Contractor will perform and be bound by the terms and conditions of the Contract as if the Replacement Sub-Contractor was named in the relevant Contract as a party from the outset in lieu of YNEC. The Replacement Sub-Contractor shall be responsible for all obligations and liabilities under the Contract (including all liabilities arising from any breach of the Contract and defaults attributable to YNEC) arising prior to, on or subsequent to the novation. The Main Contractor and Replacement Sub-Contractor have warranted that YNEC shall not be liable for any accrued rights and/or claims (including, without limitation, any claims for payment or other reliefs) that the Main Contractor and/or any third party has or will have against YNEC under the Contract or at law by reason of any act or omission of YNEC whether occurring prior to, on or after the date of the Novation Agreement.

(d) Litigation / Legal Claims against the Group

The Company refers to its announcements dated 7 September 2023 on the receipt of a letter of demand by Yongnam Engineering & Construction Sdn. Bhd. from Malayan Banking Berhad, 11 September 2023 on the receipt of a writ of summons and statement of claim by Yongnam Engineering Sdn. Bhd. from RHB Trustees Berhad (as trustee for Axis Real Estate Investment Trust) in relation to Malaysian court proceedings, 12 September 2023 on the receipt of a letter of demand by YNEC from Ergo Insurance Pte. Ltd., 18 September 2023 on the receipt of a letter of demand by YNEC from Arcent (Singapore) Pte Ltd, and 28 September 2023 on the receipt of a notice of demand by YNEC from Continental Steel Pte Ltd.

The Company further refers to its announcement dated 27 October 2022 in respect of the legal proceedings between YNEC and Mero Asia Pacific Pte. Ltd. (“**Mero**”). Mero has filed an application in HC/OA 1009/2023 for permission to continue its counterclaim in HC/S 856/2021 (“**Leave Application**”). The Company is resisting the Leave Application.

Further announcements will be released as and when there are material developments which warrant disclosure, in compliance with the Company's obligations under the Listing Manual.

Shareholders, creditors and holders of existing debts and securities of the Company are advised to read this announcement and any further announcements by the Company carefully. In the event of any doubt, they should consult their stockbrokers, bank managers, solicitors, accountants or other professional advisers.

For and On Behalf of the Company

Toh Ai Ling
Joint and Several Judicial Manager
24 October 2023

Seow Soon Yong
Chief Executive Officer
24 October 2023