



YONGNAM HOLDINGS LIMITED

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

APPLICATION TO THE SGX-ST FOR EXTENSION OF TIME FOR FILLING THE VACANCY IN THE AUDIT COMMITTEE

The judicial managers (the “**JMs**”) of Yongnam Holdings Limited (Judicial Managers Appointed) (the “**Company**”, together with its subsidiaries (collectively, the “**Group**”)) refer to the Company’s general announcement dated 11 August 2023 in relation to the resignation of Mr Tan Eng Kiat Dominic, who was the lead independent non-executive director of the Company, from 11 August 2023 (the “**Resignation**”). Prior to the Resignation, the audit committee of the Company (the “**Audit Committee**”) comprised of Mr Tan Eng Kiat Dominic, Mr Lim Ghim Siew Henry and Mr Teng Kian Jen Ben. Following the Resignation, the number of members in the Audit Committee has been reduced to two.

Rule 704(8) of the listing manual (the “**Listing Manual**”) of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) provides that in the event of any resignation which renders the audit committee unable to meet the minimum number (not less than three), the Company should endeavour to fill the vacancy within two months, but in any case not later than three months.

Application to the SGX-ST

On 3 January 2024, the Company applied to the SGX-ST for an extension of time to comply with Rule 704(8) of the Listing Manual in relation to filling the vacancy in the Audit Committee so as to meet the minimum number of three members (the “**Extension**”) based on the following reasons:

(a) Role of the Audit Committee is limited while the Company is in judicial management

As the Company is currently placed under judicial management, the powers of the directors of the Company have been suspended and assumed by the JMs since their appointment, and decision making is undertaken by the JMs, making the functions of the Audit Committee as set out under Section 201B(5) of the Companies Act 1967 less relevant. Furthermore, the corporate governance considerations that the Code of Corporate Governance 2018 seeks to address would not be relevant to the JMs since they are unrelated third-party professionals. Also, the primary function of the Audit Committee is to protect the interests of shareholders. However, given that the interests of the creditors would trump the interests of shareholders in a judicial management situation, this makes the role of the Audit Committee less relevant.

In view of the above, the Company believes that the Extension would not be prejudicial to the Company or its minority shareholders.

(b) Unable to find a replacement director

Since the Resignation, due to the Company being placed in judicial management, it would be challenging to find a replacement director who is willing to take on such a role. Further, given the financially distressed state of the Company, the Company would not be in a position to pay directors' fees to such replacement director. Accordingly, it is practically very difficult for the Company to fill the vacancy in the Audit Committee under the current circumstances.

In view of the Company being placed under judicial management pursuant to sections 90 and 91 and the provisions of Part 7 of the Insolvency, Restructuring and Dissolution Act 2018 (“**IRDA**”) to achieve one or more of the purposes stated in section 89 of IRDA, the JMs have been prioritising, among other things, negotiating with potential investors and managing certain matters of the Group (including secured lenders, more than 30 ongoing projects, cashflow, main contractors, end customers and ongoing litigation). Accordingly, the search for a replacement director is not a priority or an expense the Company or the Group is able to incur.

In view of the above, we are of the view that it would be in a better position to pursue discussions with and attract potential candidates for such role only upon achieving a successful restructuring of the Company (if applicable) and in the event that there is a reasonable chance for the continued operation of the Company post-restructuring.

Grant of Extension from the SGX-ST

The JMs wish to announce that the SGX-ST has on 17 January 2024 responded that it has no objection to the Company's application for an extension of time until 10 February 2024, being the current expiry date of the judicial management period, to comply with Rule 704(8) of the Listing Manual (the “**Waiver**”), subject to the following:

- (a) the judicial management order (as announced in the Company's General Announcement dated 15 August 2023) remaining in full force and effect; and
- (b) the Company announcing the Waiver granted, the reasons for seeking the Waiver, the conditions as required under Rule 107 of the Listing Manual and if the Waiver conditions have been satisfied. If the Waiver conditions have not been met on the date of the announcement, the Company must make an update announcement when the conditions have all been met.

The Company is required to make an immediate disclosure via SGXNET if it is/will be in contravention of any laws and regulations governing the Company and the Constitution of the Company arising from the Waiver.

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
19 January 2024

Seow Soon Yong
Chief Executive Officer
19 January 2024