



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

PROPOSED CHANGE OF AUDITORS FROM BAKER TILLY TWF LLP TO ERNST & YOUNG LLP

The board of directors (the “**Board**”) of Shen Yao Holdings Limited (the “**Company**”), and together with its subsidiaries, (the “**Group**”) wishes to announce the Company’s intention to change its auditors (“**Auditors**”) from Baker Tilly TWF LLP (“**Baker Tilly**”) to Ernst & Young LLP (“**EY**”) (the “**Proposed Change of Auditors**”). The Proposed Change of Auditors will be subject to the approval of shareholders of the Company (“**Shareholders**”) at an extraordinary general meeting to be convened in due course (“**EGM**”).

Following a review of the proposals from various audit firms which have experience in auditing public listed companies in Singapore, the Board, in consultation with the audit committee of the Company (“**AC**”), and taking into consideration the requirements under Rules 712 and 715 of the Listing Manual Section B: Rules of Catalyst of the Singapore Exchange Securities Trading Limited (“**Catalist Rules**”), has determined that EY is best suited to meet the existing needs and audit requirements of the Group.

The AC is of the opinion that EY will be able to meet the audit requirements of the Group after considering, *inter alia*, the Audit Quality Indicators Disclosure Framework issued by the Accounting and Corporate Regulatory Authority of Singapore (“**ACRA**”), the adequacy of the resources and experience of EY and the engagement partner in auditing companies in the mining business, the other audit engagements of EY, the size and complexity of the Group, the number and experience of supervisory and professional staff of EY assigned to the audit, the fee structure and audit arrangements proposed by EY.

Baker Tilly had, on 2 March 2021, provided its notice of resignation as Auditors of the Company and its Singapore-incorporated subsidiaries. In connection with the Proposed Change of Auditors, Baker Tilly had on 2 March 2021, applied to ACRA to seek ACRA’s consent to resign as Auditors of the Company and its Singapore-incorporated subsidiaries (“**Resignation Application**”). ACRA approved the Resignation Application on 29 March 2021.

EY had, on 2 March 2021, given its written consent to act as Auditors of the Company and its Singapore-incorporated subsidiaries, subject to the approval of Shareholders at the EGM.

EY will also be appointed as auditors of all other foreign-incorporated subsidiaries of the Company save for Signature Metals Limited and its subsidiaries (“**Signature Metals Group**”). Currently, there are minimal activities undertaken by Signature Metals Group hence it is not considered a significant subsidiary of the Group. The Signature Metals Group is currently being audited by Kingston & Knight Audit Pty Ltd and the Company intends to retain Kingston & Knight Audit Pty Ltd as the auditors of the Signature Metals Group. In accordance with Rule 716(1) of the Catalist Rules, the Directors and the Audit Committee confirm that they are satisfied that such audit arrangements would not compromise the standard and effectiveness of the audit of the Company and the Group.

In accordance with the requirements under Rule 712(3) of the Catalist Rules:

- (a) Baker Tilly has confirmed to EY, via its professional clearance letter dated 25 February 2021 that it is not aware of any professional reasons why EY should not accept the appointment as Auditors;
- (b) the Company confirms that there were no disagreements with Baker Tilly on accounting treatments within the last 12 months;
- (c) the Company confirms that it is not aware of any circumstances connected with the Proposed Change of Auditors that should be brought to the attention of Shareholders;
- (d) the Board believes that the Proposed Change of Auditors will, *inter alia*, enable the Company to benefit from fresh perspectives from different audit firms and also in consideration of the Group's recent diversification into the Investment Business (as defined in the circular to Shareholders of the Company dated 7 September 2020); and
- (e) the Company confirms that it complies with Rules 712, 715 and 716 of the Catalist Rules in relation to the appointment of EY as its Auditors.

The Board wishes to express their appreciation for the services rendered by Baker Tilly in the past.

The circular containing further details of the Proposed Change of Auditors together with the notice of the EGM in connection therewith, will be despatched to Shareholders in due course.

BY ORDER OF THE BOARD

Yao Liang
Executive Director
29 March 2021

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 Singapore Exchange Securities Trading Limited (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.

The contact person for the Sponsor is Mr Chia Beng Kwan, Registered Professional, W Capital Markets Pte Ltd, 65 Chulia Street, #43-01 OCBC Centre, Singapore 049513, Telephone (65) 65133541.