SHEN YAO HOLDINGS LIMITED

ANNUAL REPORT 2022

Contents

This annual report 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 annual report 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 annual report including the correctness of any of the statements or opinions made or reports contained in this annual report.

The contact person for the Sponsor is Ms Sheila Ong, Registered Professional, W Capital Markets Pte. Ltd., 65 Chulia Street, #43-01 OCBC Centre, Singapore 049513, Telephone (65) 6513 3543.

Corporate Profile

A SINGAPORE HEADQUARTERED **GOLD MINING & EXPLORATION** COMPANY WITH **OPERATIONS IN AUSTRALIA**

Shen Yao Holdings Limited ("**Shen Yao**" or the "**Company**" and together with its subsidiaries, the "**Group**"), is a Singapore headquartered gold mining and exploration company with operations in Australia.

The Company's wholly owned subsidiary, Golden Point Group Pty Ltd ("**Golden Point**" or "**GPG**") produced 33,303 ounces of gold for the financial year ended 30 June 2022 ("**FY2022**"), contributing to S$83.5 million in revenue.

Plutus Mazu Pte. Ltd.
[Singapore]
100%

Shen Yao Investments Pte. Ltd.
[Singapore]
100%

Shen Yao (Singapore) Pte. Ltd.
[Singapore]
100%

Signature Metals Limited
[Australia]
76.86%

- **Embuyaga Exploration Ltd**
  [Uganda]
  100%

- **Uganda Minerals Pty Ltd**
  [Australia]
  100%

Golden Point Group Pty Ltd
[Australia]
100%

- **Balmaine Gold Pty Ltd**
  [Australia]
  100%

- **Shen Yao Capital Pty Ltd**
  [Australia]
  100%

- **Ironbark Mining Pty Ltd**
  [Australia]
  85.1%

- **Moliagul Mining Pty Ltd**
  [Australia]
  85.1%

Letter to Shareholders

Dear Shareholders,

On behalf of the board of directors (the "**Board**") of Shen Yao, I present to you our Annual Report for the financial year from 1 July 2021 to 30 June 2022 ("**FY2022**").

First and foremost, I would like to congratulate the management team and all employees of the Group for delivering an encouraging set of results for FY2022, despite having operated under a challenging economic and operating environment.

In the face of unprecedented challenges, we responded with agility, making adjustments to operations and/or business strategies on short notice and continued to focus on operational excellence, ensuring efficient operations and cost structures.

The global economic outlook is anticipated to remain challenging. Despite having economies emerge slowly from the pandemic, the global economy is faced with new challenges such as geopolitical instabilities, inflationary pressures which has led to increase in cost of materials and hawkish monetary policies being implemented in response to rising costs, all of which are threatening to drive the global economy into a recession.

Conditions surrounding the gold industry are also expected to remain uncertain and fraught with volatility. Looking ahead, we see both threats and opportunities for gold. Safe haven demand will likely continue to support gold investment, but further monetary tightening measures may pose headwinds.

THE GROUP WILL CONTINUE TO REMAIN NIMBLE, ADAPTABLE AND RESILIENT AND WILL CONSTANTLY IMPROVE OUR OPERATIONAL PROCEDURES SO AS TO BE ABLE TO WITHSTAND UNCERTAINTIES AND ADAPT ACCORDINGLY.

Moving forward, we will continue to remain nimble, adaptable and resilient and will constantly improve our operational procedures so as to be able to withstand uncertainties and adapt accordingly.

The business, management and employees have shown great fortitude during the year, and we hope to keep up the momentum, to continue to drive competitive and sustainable growth and break new ground in the coming year.

I would like to express my sincerest appreciation to our management and staff for their unwavering diligence, contribution, commitment and dedication.

A big thank you also to our partners, suppliers and customers for their steadfast support and unwavering confidence in us over the past years. Your support has been extremely reassuring.

On behalf of the management team, we would like to extend our gratitude to the Board of Directors for their invaluable contributions and guidance in helping the Group navigate through and overcome the many challenges over the past year.

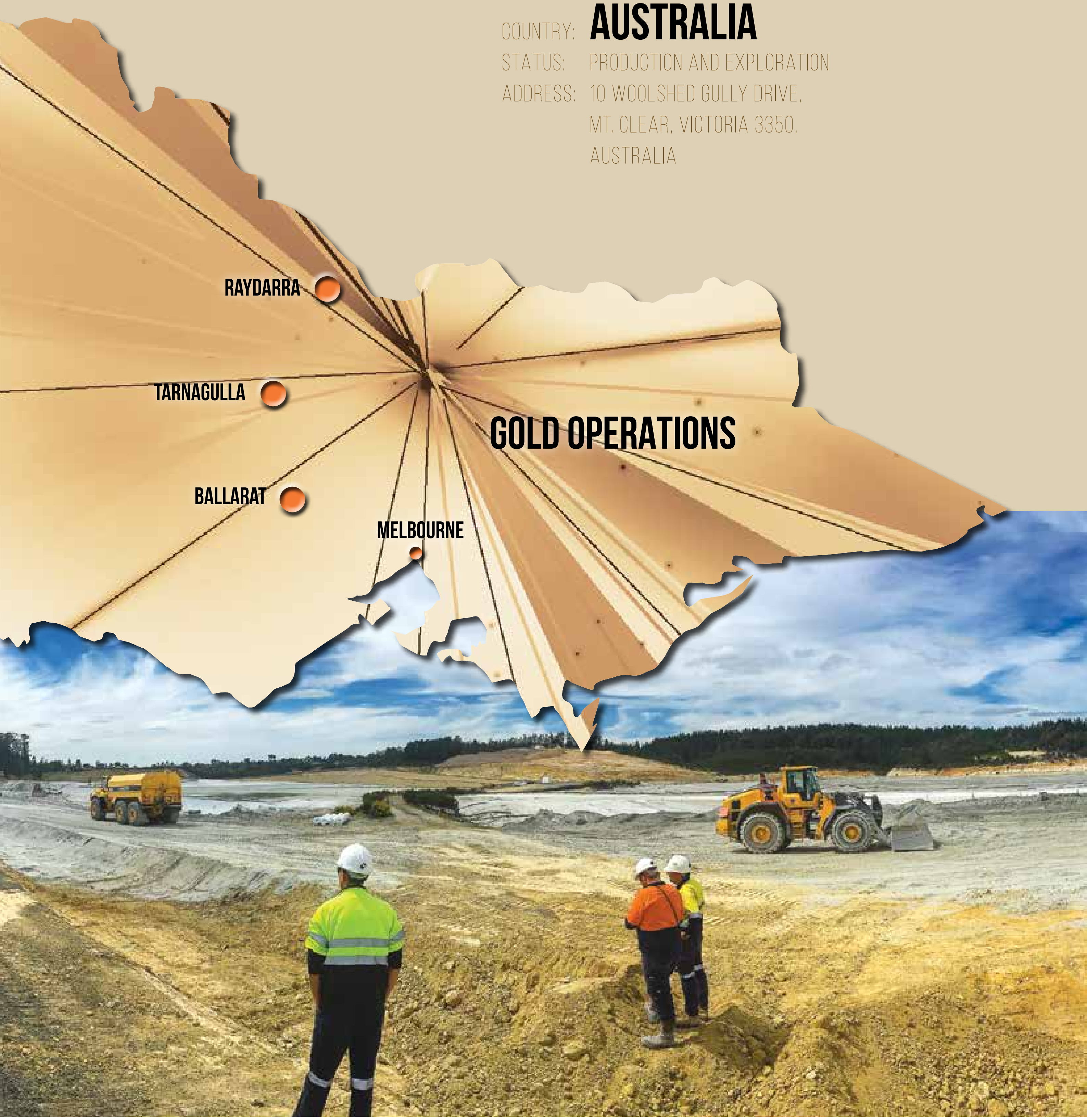
Finally, I would like to extend my gratitude to our Shareholders for your patience and trust in us over the past years, and I look forward to your continued support in reaching our goals for FY2023 and beyond.

Yours sincerely,

Yao Liang
Group Executive Chairman and
Group Chief Executive Officer

GOLDEN POINT GROUP PTY LTD

COUNTRY: **AUSTRALIA**
STATUS: PRODUCTION AND EXPLORATION
ADDRESS: 10 WOOLSHED GULLY DRIVE,
MT. CLEAR, VICTORIA 3350,
AUSTRALIA



	FY2022	FY2021
Ounces produced	**33,303**	35,190
Cash operating cost / ounce produced	**A$1,839**	A$1,676
All-in sustaining cost / ounce produced	**A$3,218**	A$2,968
Average selling price / ounce ounce	**A$2,532**	A$2,462

Cash operating cost and all-in sustaining cash cost per gold ounce are common performance metrics in the gold mining industry but they are not metrics commonly reported under the Singapore Financial Reporting Standards (International) ("**SFRS(I)**"). The Group follows the World Gold Council's Guidance Note on All-In Sustaining Costs and All-In Costs. All-in sustaining cost includes operating costs, sustaining capital, corporate general and administrative expenses and exploration expenses.

Shen Yao, through its wholly owned subsidiary, GPG, operates a well-established gold mine at Ballarat in Australia's premier Victoria gold belt and owns several tenements around the Ballarat Gold Mine and in nearby goldfields. Besides the producing Ballarat Gold Mine, GPG's other main asset is its regional exploration land holding.

Facilities at GPG include a 600,000 tonne per annum processing plant with gravity gold and concentrate recovery circuits.

The Ballarat Gold Mine has significant additional potential for mine life extension at depth, along and across strike from the current workings which is supported by a comprehensive underground drilling programme targeting resources adjacent to existing workings.

The Ballarat Gold Mine continued to operate throughout FY2022. In FY2022, the Ballarat Gold Mine processed approximately 288,000 tonnes of gold-bearing ore through its gold processing plant, at a grade of 4.1 g/t and produced 33,303 ounces of gold.

The Ballarat Gold Mine drilled 448 underground diamond drill holes in FY2022, totalling 53,437 metres. The drilling centred on the continuation of exploration efforts in the Victoria, Britannia, Llanberris, Canton, Sovereign and Normanby compartments. The purpose of this core drilling was to identify geological conditions related to gold mineralisation and to identify mineralisation or significant structures. This drilling was a combination of exploration and in-fill drilling – the former activity conducted to discover further sources of gold-bearing mineralisation, the latter to better define known areas and improve the level of knowledge to allow detailed mine planning to be completed ahead of mining.

Some 3,554 metres of tunnels were developed underground with 164,956 tonnes of waste rock and 112,251 tonnes of development ore being removed in the process.

Works on the planning, permitting, and designing of a new tailings storage facility to support future operations are ongoing.

GPG's exploration focus remains centred on world renowned and high-class Bendigo Zone of the Victorian Goldfields. At the end of the year, the Group holds five granted Exploration Licences, one Retention Licence and two Mining Licences. In addition, the Group has ten Exploration Licence Applications in process. The primary focus of exploration remains the Ballarat Gold Project where the Group has consolidated the northern and southern extents of the Ballarat East Goldfield, and a significant portion of the higher grade but lower primary productive Ballarat West Goldfield.

The Group is committed to undertaking its exploration operations in a safe and responsible manner that considers its employees, contractors, environment, community and stakeholders.

The Company will keep Shareholders informed on the progress of exploration.

08 Resources & Reserves Table

The Mineral Resource and Ore Reserve estimates below have been prepared and classified in accordance with the guidelines of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves prepared by the Joint Ore Reserves Committee of The Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia, 2012 Edition ("**JORC Code 2012**").

Information set out below is based on the 2021 independent Qualified Person's report titled "Independent Qualified Persons Report for the Ballarat Gold Mine, Australia", effective 28 February 2021 ("**IQPR**"), and reassessed to include changes to previously declared Mineral Resources resulting from additional drilling, depletion from mining, re-interpretation of data. The IQPR can be found on the Company's website at https://shenyaoholdings.com/.

Summary of Estimated Mineral Reserves and Resources for the Ballarat Goldmine, Victoria, Australia as at 30 June 2022

Category	Mineral type	Gross attributable to licence		Net attributable to issuer			Remarks
		Tonnes (kt)	Grade (g/t Au)	Tonnes (kt)	Grade (g/t Au)	Estimated change from previous update (%)	
Estimated Reserves							
Proved	Gold	-	-	-	-	-	
Probable	Gold	-	-	-	-	-	
Total Estimated Reserves	**Gold**	**-**	**-**	**-**	**-**	**-**	
Estimated Resources							
Measured	Gold	-	-	-	-	-	
Indicated	Gold	1,800	5.31	1,800	5.31	(45)	Total Indicated Resource
Inferred	Gold	1,900	6.14	1,900	6.14	36	Underground Resource
	Gold	2,300	0.8	2,300	0.8	-	Tailings Storage Facility ("**TSF**") Resource
	Gold	4,200	3.2	4,200	3.2	31	Total Inferred Resource
Total Estimated Resources	**Gold**	**6,000**	**3.84**	**6,000**	**3.84**	**(17)**	

Note: Mineral Resources which are not Ore Reserves do not have demonstrated economic viability. Tonnage is reported in metric tonnes (1 kt = 1,000 t), grade as grams per tonne gold (g/t Au). Tonnages of the TSF Resource, total Mineral Resource rounded to the nearest 100 kt, other tonnages rounded to the nearest 1 kt. The Indicated and Inferred Mineral Resource includes the Underground Mineral Resource, reported above a cut-off grade of 2.0 g/t Au and the TSF Resource, reported at a 0.0 g/t Au cut-off. It is assumed that the TSF Resource may be reprocessed in its entirety. Totals may vary due to rounding.

Name of Qualified Person:
Dr Bielin Shi, Principal Consultant,
DW Resources Industry Consulting Co., Limited

Date: 9 October 2022

Professional Society Affiliation / Membership:
Fellow of the Australasian Institute of Mining and Metallurgy (AusIMM) and a Chartered Professional Geologist (CPGeo) with the AusIMM, member of Australian Institute of Geoscientists (AIG)

Mineral Resources which are not Ore Reserves do not have demonstrated economic viability. The estimate of Mineral Resources may be materially affected by environmental, permitting, legal, title, taxation, socio-political, marketing, or other relevant issues. It is uncertain if further exploration will result in the upgrade of the Indicated Mineral Resource and Inferred Mineral Resource to the Measured Mineral Resource category.

No Ore Reserves have been defined at Ballarat Goldmine as at 30 June 2022, and therefore economic decisions to mine are based on Indicated Mineral Resources and Inferred Mineral Resources. Mine planning and scheduling are carried out with some flexibility built in to allow for change to be implemented efficiently if and when required.

In relying on the information set out in the IQPR, the AC reviewed and assessed the qualifications and experience of the Qualified Person taking into consideration the requirements under the Catalist Rules. The AC also noted that the Sponsor had engaged AMC Mining Consultants (Singapore) Pte Ltd, to conduct an independent review of the IQPR and no major concerns were highlighted. The external auditor also evaluated the objectivity, qualifications and competency of the Qualified Person.

The Company is in the midst of preparing a new IQPR and will make an announcement if there is any material change to the reserves and resources, together with the new IQPR.

Financial Performance Review

In FY2022, a total of 33,495 ounces (FY2021: 35,808 ounces) of gold was sold at an average selling price of S$2,491 (equivalent to A$2,532) (FY2021: S$2,475 (equivalent to A$2,462)).

Revenue for FY2022 decreased to S$83.5 million for the financial year ended 30 June 2022 (FY2021: S$88.7 million) mainly due to decrease in the volume of gold sold and partially offset by the slight increase in the average selling price of gold.

Cost of sales of S$77.0 million (FY2021: S$78.6 million) included:-

(1) an amortisation of mining properties which decreased from S$7.8 million in FY2021 to S$7.4 million in FY2022, mainly due to a decrease in the gold ore processing volume from 311,000 tonnes in FY2021 to 288,000 tonnes in FY2022;

(2) depreciation of property, plant and equipment which decreased from S$6.7 million in FY2021 to S$6.0 million in FY2022; and

(3) a 2.75% royalty on gold extracted in the Australian state of Victoria, effective from 1 January 2020, amounting to S$2.1 million.

Other Income

Other income decreased from S$1.8 million in FY2021 to S$0.4 million in FY2022. This was mainly due to decrease in investment trading income which arose from the fluctuation in fair value of financial assets.

Administrative Expenses

Administrative expenses decreased from S$18.1 million in FY2021 to S$5.7 million in FY2022 mainly due to fair value of employee share options of S$12.7 million in FY2021 and there was no such expense in FY2022.

Other Gains/(Expenses), Net

The Group recorded other gains of S$4.7 million in FY2022 as compared to other expenses of S$12.4 million in FY2021. Other gains in FY2022 comprised mainly of fair value gain on financial liabilities at fair value through profit or loss ("**FVTPL**") related to redeemable convertible bonds of S$3.3 million and foreign exchange gain of S$2.3 million and partially offset by other mining related expenses of S$0.7 million, and exploration and evaluation expenditure written off of S$0.2 million. Other expenses in FY2021 comprised mainly fair value loss on financial liabilities at FVTPL related to redeemable convertible bonds of S$6.3 million, foreign exchange loss of S$2.9 million, exploration and evaluation expenditure written off of S$1.3 million, realised fair value losses of S$1.0 million on financial assets at FVTPL related to gold hedging activities and other mining related expenses of S$0.9 million.

Finance costs increased by S$0.6 million mainly due to increase in interest expense on lease liabilities.

Financial Position Review

Assets

Current assets decreased by S$14.3 million mainly due to the decrease in financial assets at FVTPL of S$9.0 million, which was attributed to the sale of financial assets at FVTPL and the decrease in cash and cash equivalents of S$5.5 million.

Non-current assets increased by S$3.2 million mainly due to the increase in exploration and evaluation expenditure by S$3.1 million attributed to additions of capitalised expenditure of S$4.0 million, partially offset by currency exchange differences of S$0.7 million and exploration and evaluation expenditure written off of S$0.2 million.

Liabilities

Current liabilities decreased by S$2.5 million which was mainly attributed to the decrease in trade and other payables of S$4.0 million. This was partially offset by:-

(1) the increase in convertible bonds of S$1.0 million in relation to the subscription agreement entered with Tomson Pte. Ltd.; and

(2) the increase in borrowings of S$0.6 million which was mainly attributed to A$2.2 million (equivalent to S$2.1 million) loan from GI 306 Pty Ltd and €2.0 million (equivalent to S$2.9 million) loan from Tomson Pte. Ltd., partially offset by the decrease in revolving credit facilities with a financial institution of S$4.5 million.

Non-current liabilities decreased by S$16.9 million which was mainly attributed to:-

(1) the decrease in convertible bonds due to the conversion of S$3.0 million convertible bonds on 16 August 2021, repayment of S$4.0 million principal amount of convertible bonds in November 2021 and the fair value adjustment of S$6.3 million; and

(2) the decrease in lease liabilities of S$3.0 million which was attributed to repayment of lease liabilities in FY2022.

Equity

Total equity increased from S$23.7 million as at 30 June 2021 to S$32.0 million as at 30 June 2022. This was mainly attributed to:

(1) the increase in share capital of S$6.0 million, attributed to the conversion of S$3.0 million in aggregate principal amount of the convertible bonds at the conversion price of S$0.003 each on 16 August 2021. The fair value of the Company's shares at the date of conversion was S$0.006 per share, resulted in fair value adjustment of S$3.0 million; and

(2) the decrease in accumulated losses from S$339.8 million as at 30 June 2021 to S$332.3 million as at 30 June 2022, which reflected the Group's consolidated profit attributed to equity holders for the year.

The increase in total equity was partially offset by the increase in negative foreign currency translation reserve of S$4.9 million to S$8.8 million as at 30 June 2022, due to record of foreign currency difference arising from consolidation.

Cash Flow Statement

Net cash generated from operating activities in FY2022 was S$12.6 million as compared to S$26.3 million in FY2021. The net operating cash inflow was mainly due to an operating cash flows before working capital changes of S$17.0 million, adjusted for working capital outflows of S$3.8 million. The working capital outflows in FY2022 were attributed mainly to the decrease in payables of S$2.8 million and decrease in currency translation adjustment of S$2.4 million, partially offset by the decrease in receivables of S$1.5 million. The Group also paid income tax of S$0.6 million in FY2022.

Net cash used in investing activities in FY2022 was S$9.6 million as compared to S$36.0 million in FY2021. The net cash used in investing activities in FY2022 was mainly attributed to expenditure on exploration, evaluation and capital development of S$12.4 million and purchase of property, plant and equipment of S$6.9 million, partially offset by proceeds from sale of financial assets at FVTPL of S$9.4 million. Comparatively, the net cash used in FY2021 was mainly attributed to expenditure on exploration, evaluation and capital development of S$22.0 million, purchase of financial assets at FVTPL of S$8.8 million and purchase of property, plant and equipment of S$5.5 million, partially offset by proceeds from disposal of property, plant and equipment of S$0.3 million.

Net cash used in financing activities in FY2022 was S$8.4 million, mainly attributed to the net repayment of S$3.0 million principal amount of convertible bonds, repayment of lease liabilities of S$4.8 million, and interest paid of S$1.1 million and partially offset by the net proceeds from borrowings of S$0.6 million.

Board of Directors

YAO LIANG

Group Executive Chairman and Group Chief Executive Officer

Mr Yao joined the Company as Group Executive Chairman on 7 November 2019. On 15 May 2020, Mr Yao was appointed as Group Chief Executive Officer. He is responsible for overseeing the overall business development and general management of the Group and formulating the Group's strategic directions and expansion plans.

Mr Yao has previously held leadership positions in various financial institutions in Singapore and the People's Republic of China ("**PRC**"). He possesses over 20 years of experience within the financial sector such as fund management, real estate investment, equity investment and corporate finance.

He graduated with a Postgraduate Diploma in Art and Literature Studies, Department of Journalism and Mass Communication from Nanjing University, PRC.

YAO YILUN

Non-Executive, Non-Independent Director

Mr Yao joined the Company as Non-Executive Non-Independent Director on 7 November 2019.

Prior to joining the Company, Mr Yao has had many years of working experience in the managerial and marketing functions in different businesses in Canada and PRC. His past work experience saw him providing counsel and expertise and managing strategic stakeholder relations, in support of the development of business relationships in Asia, including PRC.

He holds a Bachelor of Arts from The University of Waterloo, Canada.

SUN SHU

Non-Executive Vice Chairman and Non-Executive, Lead Independent Director

Mr Sun joined the Company as Non-Executive Independent Director on 22 January 2020 and was appointed as Non-Executive Vice Chairman on 1 January 2022. He is the Chairman of the Remuneration Committee and a member of the Audit Committee, the Nominating Committee and the Shen Yao Performance Award Committee. He is also the Lead Independent Director.

Mr Sun held various positions in the Bank of China before retiring in January 2013. He held the position of General Manager in two different departments in the Anhui Provincial Branch of the Bank of China from September 1985 to August 2002, and was the Secretary of the Disciplinary Examination Committee of the Communist Party of China for the Guangdong Provincial Branch of the Bank of China from August 2002 to December 2012, where he was responsible for building and managing the internal control system for the bank.

He is currently an Independent Director of SGX Mainboard-listed Dasin Retail Trust.

Mr Sun graduated with an English Major from Hefei Normal College, PRC. He also holds a Masters in Law from the Central China Normal University in Wuhan, PRC.

ZHAN SHU

Non-Executive, Independent Director

Mr Zhan joined the Company as Non-Executive Independent Director on 3 February 2020. He is the Chairman of the Nominating Committee and a member of the Audit Committee, the Remuneration Committee and the Shen Yao Performance Award Committee.

Mr Zhan has over 35 years of worldwide experience in exploration geology and technical consultancy in mineral and petroleum industries. He has been conducting professional practices in Australasia, Asia, Africa and South America engaging in the exploration and project management for various commodities including gold, copper, cobalt, lead, zinc, nickel and iron ore. Mr Zhan's professional areas cover mineral exploration, petroleum exploration, exploration management, mining merger and acquisition, joint venture management, technical due diligence, contract management, technical and business consulting. He is currently a Director of TSXV-listed African Energy Metals Inc. (formerly known as Central African Gold Inc.).

Mr Zhan holds a Master of Science degree in Mining Geology from The University of Queensland. He is also a Member of Australian Institute of Geoscientists and is a Registered Professional Geoscientist (RPGeo) of Australia.

JEFFREY PANG KEE CHAI

Non-Executive, Independent Director

Mr Pang joined the Company as Non-Executive Independent Director on 26 August 2020. He is the Chairman of the Audit Committee and a member of the Nominating Committee, the Remuneration Committee and the Shen Yao Performance Award Committee.

Mr Pang is currently the Vice Chairman and executive director of CapAllianz Holdings Limited (formerly known as CWX Global Limited), a company listed on the SGX-ST where he is primarily responsible for assisting the Chairman of the Board in the overall strategizing and planning for the group as well as the oversight and management of the day-to-day operations and financial position of the group. He has also held several key finance positions across different industries where his key responsibilities include overseeing accounting and finance functions, tax, compliance and reporting matters. Mr Pang was formerly an auditor at Deloitte & Touche.

Mr Pang, who has more than 20 years of audit and commercial experience, is a Fellow of the Association of Chartered Certified Accountants and a member of the Institute of Singapore Chartered Accountants.

Key Management

STEPHEN ROBERT JEFFERS

General Manager (Balmaine)

Mr Jeffers was appointed to the role of General Manager – Balmaine on 1 June 2022. He is responsible for all aspects of the management and operations of Ballarat Gold Mine including safety, environment and community relations, development and execution of site operational strategies, as well as the production plan to ensure that all safety and production targets are met in compliance with all the Company's standards and legislative requirements.

Mr Jeffers has over 30 years of experience in the mining industry, of which more than 25 years were with underground and open pit mining operations where he held Manager and General Manager levels. Mr Jeffers has vast experience in operational and management positions, having worked on gold, nickel sulphide, nickel laterite, copper, uranium, zinc, lead and silver projects. In particular, he has held Chief Operating Officer and General Manager positions with Norilsk Nickel Australia Pty Ltd and General Manager positions with Mincor Resources NL, Kingsgate Consolidated Pty Ltd and Castlemaine Goldfields Pty Ltd (now known as Golden Point Group Pty Ltd, a subsidiary of the Group).

Mr Jeffers holds a Bachelor of Engineering (Mining) from the Ballarat College of Advanced Education and a Mine Manager's Certificate of Competency (First Class) awarded by the Board of Examiners for Mine Managers (South Australia). He is a Fellow of the Australasian Institute of Mining and Metallurgy (AusIMM) with over 30 years of continuous membership.

JESSICA TEO

Deputy Chief Executive Officer

Ms Teo was appointed as Deputy Chief Executive Officer on 1 January 2022.

Ms Teo joined the Company on 1 January 2013 and was subsequently appointed as Assistant Chief Executive Officer (Corporate Finance) on 6 July 2020. She is responsible for assisting the Chief Executive Officer in the performance of his duties. She also oversees the corporate finance functions of the Group.

Ms Teo has close to 10 years of corporate finance experience where she held positions within the investment banking and corporate finance department of various financial institutions prior to joining the Company. During her tenure in the financial institutions, she was involved in a broad range of corporate finance transactions, including fundraising and financial advisory. Her experience involved engagements with listed companies and private entities, spanning across different markets and a wide spectrum of industries.

She graduated from the Nanyang Technological University with a Bachelor in Business in 2003.

YAO JIAJIA
Head of Corporate Investments

Ms Yao joined the Company on 1 April 2020 and was subsequently appointed as Head of Corporate Investments on 15 May 2020. She is responsible for overseeing all investment activities undertaken by the Group.

Prior to joining the Company, Ms Yao had extensive exposure to the trading of a wide spectrum of financial instruments. She is well versed in different types of trading strategies and has in-depth knowledge in building and executing strategies for various investment instruments.

Ms Yao graduated from the National University of Singapore with a Bachelor of Social Science with Honors (Distinction) and also holds a Master of Social Science (Applied Economics) from the National University of Singapore.

SUN SHU WEN
Financial Controller

Ms Sun joined the Company in May 2021 and was subsequently appointed as Financial Controller on 1 January 2022. She is responsible for overseeing the accounting, finance and treasury functions of the Group.

Ms Sun has over 10 years of audit and commercial experience. She started her career as an auditor in Ernst & Young LLP and accumulated considerable work experience during her tenure at several listed companies and multinational corporations, covering financial and management accounting, internal controls, external auditing and financial planning and analysis.

She graduated from the Nanyang Technological University with a Bachelor in Accountancy in 2006 and is a member of the Institute of Singapore Chartered Accountants.

Corporate Information

BOARD OF DIRECTORS

EXECUTIVE

Yao Liang
(Group Executive Chairman and Group Chief Executive Officer)

NON-EXECUTIVE

Yao Yilun
(Non-Independent Director)

Sun Shu
(Vice Chairman and Lead Independent Director)

Zhan Shu
(Independent Director)

Jeffrey Pang Kee Chai
(Independent Director)

JOINT COMPANY SECRETARIES

Chew Bee Leng
Hsu Li Chuan

REGISTERED OFFICE

9 Temasek Boulevard,
#24-01, Suntec Tower 2,
Singapore 038989
Tel : +65 6690 6860
Fax : +65 6690 6844

SHARE REGISTRAR

B.A.C.S. Private Limited
77 Robinson Road,
#06-03 Robinson 77,
Singapore 068896
Tel : +65 6593 4848
Fax : +65 6593 4847

AUDITOR

Baker Tilly TFW LLP
600 North Bridge Rd,
#05-01 Parkview Square,
Singapore 188778
Tel : +65 6336 2828
Fax : +65 6339 0438
Partner-in-Charge : Ng Wei Lun
Appointed since 29 June 2022

PRINCIPAL BANKERS

DBS Bank Ltd
National Australia Bank Limited

The Board ("**Board**") of Directors (collectively "**Directors**" and individually "**Director**") of Shen Yao Holdings Limited (the "**Company**", and together with its subsidiaries, the "**Group**") is committed to maintaining a high standard of corporate governance within the Group. The Board recognises the importance of practising good corporate governance as a fundamental part of its responsibilities to look after and enhance shareholders' value and the financial performance of the Group.

This Report describes the Company's corporate governance practices with specific reference to the Code of Corporate Governance 2018 (the "**Code**") for the financial year ended 30 June 2022 ("**FY2022**"). The Group has complied substantially with the principles and provisions of the Code. Where there are deviations from the Code, appropriate explanations are provided.

BOARD MATTERS

Board's Conduct of its Affairs

Principle 1: The Company is headed by an effective Board which is collectively responsible and works with Management for the long-term success of the Company.

The Board provides entrepreneurial leadership, oversees the business affairs and dealings of the Group, determines and sets the Group's corporate strategies and objectives, and ensures that the necessary financial and human resources are in place for the Group to meet its objectives. It also monitors and evaluates the Group's operations and financial performance, establishes targets for the management of the Company (the "**Management**") and monitors the achievement of these targets. The Board has overall responsibility for establishing and maintaining a framework of good corporate governance in the Group, including the risk management systems and internal control to safeguard shareholders' interests and the Group's assets.

For newly appointed Directors, the Company will send a formal letter of appointment setting out their duties and responsibilities as Directors. The Company conducts induction and orientation programmes for all incoming Directors to introduce and familiarise them with the Company's management, business and governance practices. Newly appointed Directors are also required to undergo training in the roles and responsibilities of a director of a listed company as prescribed under the Listing Manual Section B: Rules of Catalist of the SGX-ST ("**Catalist Rules**"). To get a better understanding of the Group's business, the Directors are also given the opportunity to visit the Group's operational facilities and meet with Management. All Directors are kept informed of updates and developments in relevant areas such as corporate governance, financial reporting standards and mining regulations. The Company encourages its Directors to attend appropriate courses, conferences or training programmes to develop themselves professionally, at the Company's expense.

The Board holds regular meetings to review, consider and approve strategic, operational and financial matters. Important matters concerning the Group are put before the Board to be decided on and approved. Given that the Board members are contactable via telephone or e-mail, Management informs and discusses with the Board on every potential transaction which are not in the ordinary course of business and corporate strategy. Ad-hoc meetings will be held when required. Matters that are specifically reserved for the approval of the Board include:

- approving the Group's policies, strategies and financial objectives;
- overseeing the processes for evaluating the adequacy of internal controls, risk management, financial reporting and compliance;
- approving the nominations of persons to the Board and appointment of Key Executive staff;
- monitoring and reviewing Management's performance;
- approving annual budgets, major funding proposals, investments and divestment proposals; and
- assuming responsibility for corporate governance and compliance with the Catalist Rules, the Code and the rules and requirements of regulatory bodies that the Company is subject to.

In addition to the above, the Board is also responsible for:

- identifying key stakeholder groups to understand their perceptions of the Company's reputation and standing;
- setting the Company's values and standards (including ethical standards) to ensure that obligations to shareholders and other stakeholders are understood and met;
- as part of its core business activity of gold mining, considering sustainability issues, including environmental and social factors as part of its strategic formulation; and
- as part of the Company's plans to diversify its core business to include that of investments and fund management, consider the strategic direction to be taken and the adequacy of the risk management systems to be implemented.

Board Committees, namely the Audit Committee ("**AC**"), the Nominating Committee ("**NC**") and the Remuneration Committee ("**RC**"), have been constituted to assist the Board in the discharge of specific responsibilities. Each Committee has its own terms of reference and operating procedures, which are reviewed periodically. Where necessary, the terms of reference and operating procedures would be updated to keep in line with the Catalist Rules and the Code. The Board Committees report their activities and provide minutes of meetings to the Board regularly.

Attendance at Meetings

The attendance of the Directors at Board and Board Committee meetings for FY2022 is tabulated below:

	Board Committees							
	Board		AC		NC		RC	
Board Members	Held	Attended	Held	Attended	Held	Attended	Held	Attended
Yao Liang	4	1	4	1#	1	N.A.	1	N.A.
Yao Yilun	4	4	4	4#	1	N.A.	1	N.A.
Sun Shu	4	4	4	4	1	1	1	1
Zhan Shu	4	4	4	4	1	1	1	1
Jeffrey Pang Kee Chai	4	4	4	4	1	1	1	1
Wang Yong (1)	1	N.A.	1	N.A.	N.A.	N.A.	N.A.	N.A.

By invitation.
N.A. – Not Applicable

Note:

(1) Mr Wang Yong was appointed as Executive Director on 1 January 2022 and ceased to be an Executive Director on 28 February 2022.

Management provides Directors with complete, adequate and timely information prior to meetings and on an on-going basis to enable them to make informed decisions and discharge their duties and responsibilities. Directors have unrestricted access to the Company's records and information, all Board and Board Committee minutes, and receive management accounts so as to enable them to carry out their duties. Directors have separate and independent access to Management and may also liaise with senior executives of the Company and other employees to seek additional information, if required.

Detailed agendas and relevant materials (which include background or explanatory information relating to matters brought before the Board or Board Committees) are sent out to the Directors before meetings so that all Directors may better understand the issues beforehand, allowing more time at such meetings for questions and deliberations that the Directors may have. Directors who have an interest in the matters brought before the Board or Board Committees for deliberation will recuse himself from the discussion.

Should Directors, whether as a group or individually, require professional advice, the Company, upon approval by the Board, shall appoint a professional advisor to render advice. The costs shall be borne by the Company.

The Company Secretary attends all Board and Board Committee meetings and is responsible to the Board and Board Committee for ensuring that the procedures are followed and for advising on the implementation of the Group's compliance requirements pursuant to the relevant statutes and regulations. The Company Secretary also ensures that clear information flows to and within the Board and Board Committees, as well as between Management and non-executive Directors. All Directors have separate and independent access to the Company Secretary. The appointment and removal of the Company Secretary is subject to approval of the Board as a whole.

Board Composition and Guidance

Principle 2: The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the company.

As at the date of this Annual Report, the Board comprises one (1) Executive Director, one (1) Non-Executive Non-Independent Director and three (3) Non-Executive Independent Directors:

Name of Director	Board of Directors	Date of Appointment	Date of last Re-election	AC	NC	RC
Yao Liang	Group Executive Chairman, Group Chief Executive Officer, Executive Director	7 November 2019	30 October 2020	N.A.	N.A.	N.A.
Yao Yilun	Non-Executive Non-Independent Director	7 November 2019	30 October 2020	N.A.	N.A.	N.A.
Sun Shu	Non-Executive Vice Chairman, Lead Independent Director	22 January 2020	30 November 2021	Member	Member	Chairman
Zhan Shu	Non-Executive Independent Director	3 February 2020	30 November 2021	Member	Chairman	Member
Jeffrey Pang Kee Chai	Non-Executive Independent Director	26 August 2020	30 October 2020	Chairman	Member	Member

As the Chairman of our Board, Mr Yao Liang, is an Executive Director and our Group Chief Executive Officer ("**CEO**"), our non-Executive Independent Directors make up a majority of the Board in accordance with the provisions of the Code. Non-Executive Independent Directors make up a majority of our Board, ensuring that there is a strong and independent element on the Board and no individual or small group of individuals dominate the decision-making process. The Board comprises individuals who have experience in banking and financial services, investment and corporate management, corporate finance, commerce, auditing and mining.

While the Board and NC have not implemented a fixed diversity policy, the NC reviews on an annual basis, the size of the Board and its composition, taking into account, *inter alia*, the scope and nature of the Group's business and operations as well as diversity of the Board in various aspects such as gender, age, educational background and professional experience so that the Board has access to an appropriate range of experience and backgrounds that will allow them to benefit from diverse perspectives in reviewing the issues that are brought before the Board. The NC also reviews the independence of each independent Director having regard to the provisions of the Code. The Company believes that a well-balanced Board with appropriate diversity will contribute positively to the Group and is in the process of implementing a written policy on Board Diversity in FY2023.

In addition, Non-Executive Directors work with Management by constructively challenging and helping to develop proposals on strategy, reviewing the performance of Management in meeting agreed goals and objectives, and monitoring the reporting of such performance. Where necessary, our Non-Executive Directors meet without the presence of Management to facilitate a more effective check on Management. Feedback from such meetings will be provided to the Board and/or the Chairman as appropriate.

Subject to the foregoing, the Directors consider the Board's present size and composition appropriate, taking into account the nature and scope of the Group's operations, the requirements of the Group's business and the skills and knowledge of the Directors.

Chairman and Chief Executive Officer

Principle 3: There is a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision-making.

Mr Yao Liang is currently the Executive Chairman of the Company and the Group CEO.

Mr Yao Liang became the controlling shareholder of the Company through Yaoo Capital Pte. Ltd. (a result of the completion of the Proposed Yaoo Subscription (as defined in the circular to shareholders dated 6 September 2019) in FY2020 and there are intentions to look into other areas of growth and roll out these plans when the opportunity arises. Hence the Board is of the view that it is in the best interests of the Group to adopt a single leadership structure so as to ensure that the commercial discussions and management decision-making process of the Group would not be unnecessarily delayed.

As Executive Chairman, Mr Yao Liang is responsible for the effective communication within the Board. Mr Yao Liang's responsibilities in respect of Board proceedings include:

(a) leading the Board to ensure its effectiveness on all aspects of its role;

(b) setting the agenda and ensuring that adequate time is available for discussion of all agenda items, in particular strategic issues;

(c) promoting a culture of openness and debate at the Board;

(d) ensuring that the Directors receive complete, adequate and timely information;

(e) ensuring effective communication with shareholders;

(f) encouraging constructive relations within the Board and between the Board and Management;

(g) facilitating the effective contribution of non-executive Directors in particular; and

(h) promoting high standards of corporate governance.

As the Group CEO of the Company, Mr Yao Liang is responsible for corporate affairs, setting and executing the Company's strategic direction and goals and overseeing the overall day-to-day management of the Group. Mr Yao Liang reports to the Board and ensures that policies and strategies adopted by the Board are implemented.

Notwithstanding the adoption of this single leadership structure, all material matters and corporate actions are subject to final approval of the Board. All major proposals and decisions are discussed and reviewed by the Board as a whole before a decision is made. Mr Yao Liang's performance and appointment to the Board is reviewed periodically by the NC and his remuneration package is reviewed periodically by the RC. In addition, as all the members of the AC, NC and RC consist of Non-Executive Independent directors, the Board believes that there are sufficient strong and independent elements and adequate safeguards in place to balance the concentration of power and authority structure.

Mr Sun Shu has been the Lead Independent Director since 28 April 2020 and was appointed as Non-Executive Vice Chairman with effect from 1 January 2022. He will provide leadership where the Chairman is conflicted and when the Chairman is not independent. Mr Sun Shu also facilitates communication within the Board and between the Board and shareholders where necessary. Further, Mr Sun Shu's responsibilities include chairing Board meetings in the absence of Mr Yao Liang, working with Mr Yao Liang in leading the Board, and providing a channel to Non-Executive Directors for confidential discussions on any concerns and to resolve any conflicts of interests as and when necessary. As the Non-Executive Vice Chairman and Lead Independent Director of the Company, Mr Sun Shu will be available to shareholders of the Company where they have concerns and for which contact through the normal channels of the Executive Chairman, the Group CEO or the Financial Controller of the Company has failed to resolve or is inappropriate.

Taking into consideration the above reasons and the safeguards that have been set in place as mentioned above, the Board is of the view that there is clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision-making. There is also an appropriate balance of power, increased accountability, and greater capacity of the Board for independent decision making.

Board Membership

Principle 4: The Board has a formal and transparent process for the appointment and re-appointment of directors, taking into account the need for progressive renewal of the Board.

The NC comprises three (3) Directors, namely Mr Sun Shu, Mr Zhan Shu and Mr Jeffrey Pang Kee Chai, all of whom are Non-Executive Independent Directors. The chairman of the NC is Mr Zhan Shu. The Lead Independent Director is a member of the NC. The NC meets at least once a year.

The key terms of reference of the NC are:

- reviewing Board succession plans for the Directors, in particular, the Executive Chairman and the Group CEO;
- identifying suitable candidates and reviewing all nominations for appointment to the Board and Key Executives before making recommendations to the Board for appointment;
- assessing the independence of the Directors annually and as and when circumstances require, in accordance with the guidelines contained in the Code and the NC's view that the Directors who have been classified as independent are indeed independent;
- providing nominations for the re-appointment of Directors, having regard to their competencies, commitment, contribution and performance;
- deciding whether a Director is able to and has adequately carried out his duties as a Director of the Company, in particular, where the Director concerned has multiple board representations;
- developing a process of evaluation of the performance of the Board, Board Committees and the Directors of the Company; and
- reviewing training and professional development programmes for the Board.

The Board, through the delegation of its authority to the NC, has used its best efforts to ensure that Directors appointed to the Board possess the necessary experience, knowledge, business, finance and management skills required by the Group, and each Director, through his contribution, brings to the Board an independent and objective perspective to enable balanced and well-considered decisions to be made.

The NC ensures that there is a formal and transparent process for all new appointments to the Board. Where a vacancy arises under any circumstances, or where it is considered that the Board would benefit from the services of a new Director with particular skills or to replace a retiring Director, the NC will be responsible for nominating the new Director. The NC has at its disposal, executive search companies, personal contacts and recommendations in its search and nomination process for the right candidates. The NC will review the curriculum vitae and other particulars/information of the nominee or candidate. The NC, in evaluating the suitability of the nominee or candidate, will take into account his qualifications, business and related experience and ability to contribute effectively to the Board. The NC will also determine if the nominee or candidate would be able to commit time to his appointment having regard to his other principal commitments, and if he is independent. The evaluation process will involve an interview or meeting with the nominee or candidate. Appropriate background and confidential searches will also be conducted if necessary. Recommendations of the NC are then put to the Board for consideration. The Board will review the recommendations and approve the appointment as appropriate.

All Directors shall submit themselves for re-nomination and re-appointment at regular intervals and at least once every three (3) years. In its deliberations on the re-appointment of the Directors, the NC takes into consideration the Director's competencies, commitment, contributions and performance (including attendance, preparedness, participation and candour), to meet the evolving needs of the Group. The NC ensures that new directors are aware of their duties and obligations. New Directors who do not have prior experience as a director of a company listed on SGX-ST are required to undergo training in the roles and responsibilities of a directors of a listed company as prescribed by the SGX-ST.

The NC determines annually, and as and when circumstances require, if a Director is independent, having regard to the circumstances set out in the Code. In this regard, the NC has sought and obtained written confirmation from each of the Non-Executive Independent Director that, apart from their office as Directors of the Company, none of them has any other relationship (business or otherwise) with the Company, its subsidiaries, related companies, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent judgement with a view to the best interests of the Company. The written confirmations were reviewed by the NC and the NC has ascertained and recommended to the Board, that each Non-Executive Independent Director is independent in character, has exercised independent judgement, made decisions objectively in the best interests of the Company and its shareholders and that there are no relationships or circumstances which are likely to affect, or could appear to affect, the Director's judgement.

For FY2022, the NC met once to consider and deliberate on the re-election and independence of Directors.

At the forthcoming Annual General Meeting of the Company, one-third of the Board shall retire and if desired, the persons retiring may offer themselves for re-election as Directors. The Directors who are due to retire at the forthcoming Annual General Meeting are Mr Yao Yilun and Mr Jeffrey Pang Kee Chai. After due review, the NC recommends the re-election of Mr Yao Yilun and Mr Jeffrey Pang Kee Chai as Non-Executive Independent Directors of the Company. Mr Yao Yilun and Mr Jeffrey Pang Kee Chai, being eligible, have offered themselves for re-election.

Please refer to pages 34 to 37 of this Annual Report for additional information on Mr Yao Yilun and Mr Jeffrey Pang Kee Chai pursuant to Rule 720(5) of the Catalist Rules.

The Board does not prescribe the maximum number of listed company board representations which any Director may hold as long as each of the Directors is able to commit his time and attention to the affairs of the Company. The Board believes that each Director is best placed to decide whether he has sufficient capacity to discharge his duties and responsibilities as Director in the best interests of the Company. The NC, having considered the other board representations and principal commitments of the Directors, is satisfied that sufficient time and attention has been given by each Director to the affairs of the Company and that each Director is able to and has adequately carried out his duties as a Director of the Company. None of the Directors has appointed an alternate director in FY2022.

Key information (including the listed company directorships and principal commitments) on the Directors can be found on pages 12 and 13 of this Annual Report.

Board Performance

Principle 5: The Board undertakes a formal annual assessment of its effectiveness as a whole, and that of each of its board committees and individual directors.

The NC is responsible for deciding how the Board, Board Committees and individual Director's performance may be evaluated, proposing objective performance criteria for the Board's approval and implementing corporate governance measures to achieve good stewardship of the Company. Once a year, each Director completes an appraisal form which is then collated by the Company Secretary who will submit to the Chairman of the NC in the form of a summary report. The summary report will be discussed during the NC meeting with a view to implement recommendations to further enhance the effectiveness of the Board and/or Board Committee. The Chairman may act on the performance evaluation result and, in consultation with the NC, where appropriate, propose new members to be appointed to the Board or seek the resignation of Directors.

The NC evaluates each Director based on the following review parameters, including:

- attendance at Board/Committee meetings;
- participation at meetings;
- involvement in management;
- availability for consultation and advice, when required;
- independence of the Directors; and
- appropriate skill, experience and expertise.

The performance of each Director will be taken into account in his re-election.

The NC evaluates the performance of the Board and Board committees based on the performance criteria set by the Board, which does not change from year to year. Such performance criteria, which allow for comparison with industry peers, will be approved by the Board and will address how the Board has enhanced long-term shareholders' value.

The criteria for assessing the Board and Board committees' performance include composition and size, processes, accountability, standard of conduct and performance of its principal functions and fiduciary duties, and guidance provided to and communication with Management.

REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

Principle 6: The Board has a formal and transparent procedure for developing policies on director and executive remuneration, and for fixing the remuneration packages of individual Directors and key management personnel. No Director is involved in deciding his own remuneration.

The RC is responsible for determining the remuneration of Directors and key management executives ("**Key Executives**") of the Group. The RC comprises three (3) Non-Executive Independent Directors, namely Mr Sun Shu, Mr Zhan Shu and Mr Jeffrey Pang Kee Chai. The Chairman of the RC is Mr Sun Shu.

The key terms of reference of the RC are:

- making recommendations to the Board on matters relating to remuneration, including but not limited to fees, salaries, allowances, bonuses, options, share-based incentives and awards, and benefits in kind, of the Directors and Key Executives;
- reviewing and recommending to the Board the terms and terms of renewal of the service agreements of the Directors and Key Executives;
- reviewing the Company's obligations arising in the event of the termination of the Directors and Key Executives to ensure that such service agreements contain fair and reasonable termination clauses which are not overly generous;
- determining the appropriateness of the remuneration of the Directors and Key Executives; and
- considering the disclosure requirements for Directors' and Key Executives' remuneration as required by the Catalist Rules and the Code.

No Director is involved in deciding his own remuneration.

The remuneration packages of the executive Directors are based on service contracts. Non-Executive and Non-Executive Independent Directors are paid yearly fees of an agreed amount and these fees are subject to shareholders' approval at the Annual General Meeting.

The RC has the right to seek professional advice internally and externally relating to the remuneration of all Directors and Key Executives of the Company. During FY2022, the RC did not engage any remuneration consultant in relation to remuneration matters of the Group.

Level and Mix of Remuneration

Principle 7: The level and structure of remuneration of the Board and key management personnel are appropriate and proportionate to the sustained performance and value creation of the company, taking into account the strategic objectives of the company.

The remuneration policy of the Group is to provide compensation packages at market rates that reward successful performance and attract, retain and motivate Directors and Key Executives. The Company ensures that such performance-related remuneration is aligned with the interests of shareholders, other stakeholders, promotes the long-term success of the Group and takes into account the risk policies of the Group.

In setting remuneration packages, the RC ensures that the Directors and Key Executives are adequately but not excessively remunerated as compared to the industry and other comparable companies. The remuneration for the Group's Executive Director and Key Executives comprises a basic salary component and a variable component which is a discretionary bonus, based on the performance of the Group as a whole and their individual performance. There are no pre-determined performance conditions for the discretionary bonus. The discretionary bonus for the Executive Directors and Key Executives is recommended by the RC and subject to approval by the Board, which is based on qualitative criteria (including leadership, people development, commitment, current market and industry practices) and quantitative criteria (including production, profit after tax and relative financial performance of the Group to its industry peers). In addition, the Company has implemented the Shen Yao Performance Share Plan 2021 which will provide eligible participants with an opportunity to participate in the equity of the Company and to motivate them towards better performance through increased dedication and loyalty. The Shen Yao Performance Share Plan 2021, which forms an integral part of the employee compensation plan, is designed to primarily reward and retain Directors and employees whose services are vital to the Group's well-being and success. Further details of the Shen Yao Performance Share Plan 2021 can be found on page 26 of the Annual Report.

All Non-Executive Directors receive Directors' fees which are recommended by the Board based on the level of contribution by the Non-Executive Directors, taking into account factors such as effort, time spent and responsibilities, and are subject to approval by shareholders at each Annual General Meeting. The Executive Director is not paid Directors' fees.

The Company is of the view that there is no requirement to institute contractual provisions to allow the Company to reclaim incentive components of remuneration from the Executive Director and Key Executives paid in prior years in exceptional circumstances of mismanagement of financial results, or of misconduct resulting in financial loss. However, the RC may consider such mechanisms if it deems necessary in the future.

Disclosure on Remuneration

Principle 8: The company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.

Details of the Directors' remuneration for FY2022 are set out below:

Remuneration Band and Name of Director	Salary	Bonus	Directors' fees	Allowances and other benefits	Total
$500,000 to $750,000					
Yao Liang	97.8%	NIL	NIL	2.2%	100%
Below $250,000					
Yao Yilun	NIL	NIL	100%	NIL	100%
Sun Shu	NIL	NIL	100%	NIL	100%
Zhan Shu	NIL	NIL	100%	NIL	100%
Jeffrey Pang Kee Chai	NIL	NIL	100%	NIL	100%

While the Code recommends that the Company should fully disclose the remuneration of each individual Director and the CEO on a named basis, after careful consideration, the Board is of the view that such disclosure would not be in the best interests of the Company or its shareholders, and that the details disclosed in the table provide an appropriate balance between detailed disclosure and confidentiality in the sensitive area of remuneration. In arriving at its decision, the Board took into consideration the competitive business environment in which the Group operates, and the negative impact such disclosure may have on the Group.

For the financial year ending 30 June 2023, the RC has recommended that the Non-Executive Directors be paid an aggregate fee of S$264,000, which will be tabled at the Annual General Meeting for approval by shareholders. If approved, payment would be made quarterly in arrears after the Annual General Meeting. The sum was arrived at after taking into consideration the performance of the Company, the current economic situation and the contributions of the eligible Directors.

Details of the remuneration of the Key Executives for FY2022 are set out below:

Remuneration Band of Top Executives	Designation, Company	Salary	Bonus	Allowances and other benefits	Total
$250,000 to $500,000					
Wang Yong (ceased to be employed on 28 February 2022)	Chief Operating Officer and General Manager (Balmaine), Shen Yao Holdings Limited	76.0%	NIL	24.0%	100%
Below $250,000					
Stephen Jeffers (appointed on 1 June 2022)	General Manager (Balmaine) Golden Point Group Pty Ltd	82.5%	NIL	17.5%	100%
Teo Qin Pei Jessica (re-designated as Deputy CEO on 1 January 2022)	Deputy CEO, Shen Yao Holdings Limited	93.9%	NIL	6.1%	100%
Yao Jiajia	Head of Corporate Investments, Shen Yao Holdings Limited	86.8%	NIL	13.2%	100%
Sun Shuwen (appointed on 1 January 2022)	Financial Controller, Shen Yao Holdings Limited	92.5%	NIL	7.5%	100%
Zhou Ying (ceased to be employed on 31 August 2021)	Deputy CEO, Financial Controller, Shen Yao Holdings Limited	52.6%	NIL	47.4%	100%
Sun He (ceased to be employed on 31 October 2021)	General Manager (Ironbark), Golden Point Group Pty Ltd	91.5%	NIL	8.5%	100%

The aggregate amount of the total remuneration paid to the Key Executives (who are not Directors) in FY2022 is S$927,674.00.

Ms Yao Jiajia is the Head of Corporate Investments of the Company. Ms Yao Jiajia is the daughter of Mr Yao Liang, the Executive Chairman and Chief Executive Officer of the Company. Ms Yao Jiajia is also a 5% shareholder in Sheng Investment Pte. Ltd., a substantial shareholder of the Company. The aggregate remuneration paid to Ms Yao Jiajia in FY2022 was in the range of S$150,000 to S$200,000.

Except as disclosed above, there were no employees of the Company and its subsidiaries who are substantial shareholders of the Company, or are immediate family members of a Director, CEO or a substantial shareholder of the Company, and whose remuneration exceeded $100,000 for FY2022.

In FY2021, the Shen Yao Performance Share Plan 2021 ("**Plan**") was approved by shareholders at an Extraordinary General Meeting of the Company. The Plan was introduced to increase the Company's flexibility and effectiveness in its efforts to reward, retain and motivate senior Executives and key senior Management. The Plan contemplates the award of fully-paid shares, when and after pre-determined performance or service conditions are accomplished. The selection of a participant, the number of shares to be awarded under the Plan and the performance targets to be met will be determined by a committee comprising Directors who have been duly authorised and appointed by the Board.

No awards were granted to anyone (including Directors, key Executives and key Management of the Company) pursuant to the Plan since its implementation in FY2021.

There are no termination, retirement and post-employment benefits that may be granted to Directors, the CEO and Management.

ACCOUNTABILITY AND AUDIT

Risk Management and Internal Controls

Principle 9: The Board is responsible for the governance of risk and ensures that Management maintains a sound system of risk management and internal controls, to safeguard the interests of the company and its shareholders.

As the Company does not have a risk management committee, the AC and Management assume the responsibility of the risk management function. The Management reviews regularly the Company's business and operational activities to identify areas of significant risks as well as appropriate measures to control and mitigate these risks. The Management reviews all significant policies and procedures and highlights all significant matters to the Board and the AC.

The Board acknowledges that it is responsible for determining the Company's levels of risk tolerance and risk policies, and overseeing Management in the design, implementation and monitoring of risk management and internal controls and the Board reviews, annually, the adequacy and effectiveness of the Company's risk management and internal control systems, including financial, operational, compliance and information technology controls. However, the Board recognises that no system of internal controls can provide absolute assurance against the occurrence of material errors, poor judgement, human error, losses, fraud or other irregularities.

The controls in place include:

- regular submissions, either on a monthly or quarterly basis, by the operating business units of updated financial information, and if necessary, follow-up meetings with Management of the business units on any irregular or extraordinary expenses; and

- regular submissions, either on a monthly or quarterly basis, by the operating business units of operating milestones, and if necessary, follow-up meetings with Management of the business units on any milestones not achieved.

During FY2022, the Group's internal auditors conducted reviews of the effectiveness of the Group's internal controls, based on the scope of work as directed and approved by the AC. Any non-compliance and recommendations for improvement were reported to the AC.

For FY2022, the Board has received assurance from the Group CEO and the Financial Controller that (i) the financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances, and (ii) the Group's risk management and internal control systems are operating effectively in all material aspects given its current business environment.

Based on the internal controls established and maintained by the Group, work performed by the internal auditors and reviews performed by Management, the Board and the AC are of the opinion that the Group's internal controls addressing financial, operational, compliance and information technology controls, and risk management systems, were adequate and effective as at 30 June 2022 and met the needs of the Group in its current business environment.

The Board recognises risk management is embedded into the operations of the Company and that it addresses material financial, operational and compliance risks to safeguard shareholders' interests and the Group's assets.

Audit Committee

Principle 10: The Board has an Audit Committee ("AC") which discharges its duties objectively.

The AC consists of three (3) Directors, namely Mr Sun Shu, Mr Zhan Shu and Mr Jeffrey Pang Kee Chai, all of whom are Non-Executive Independent Directors. The Chairman of the AC is Mr Jeffrey Pang Kee Chai. The AC does not comprise former partners or directors of the Company's existing external auditor (a) within a period of two years commencing on the date of their ceasing to be a partner of the auditing firm; and in any case, (b) for as long as they have any financial interest in the auditing firm.

The AC has specific terms of reference and met four (4) times in FY2022.

The AC assists the Board in maintaining a high standard of corporate governance, particularly by providing an independent review of the effectiveness of the financial reporting, financial and control risks management, and monitoring of the internal control systems.

The key terms of reference of the AC are:

- reviewing, at least annually, the adequacy and effectiveness of the Company's audit function;
- reviewing the audit plans of the internal and external auditors and ensuring the adequacy of the Group's system of accounting controls and the co-operation given by Management to the internal and external auditors;
- reviewing significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of the Group and any announcements relating to the Group's financial performance before their submission to the Board and before their announcement;
- reviewing the assurance from the Group CEO and the Financial Controller on the financial records and financial statements;
- reviewing legal and regulatory matters that may have a material impact on the financial statements, related compliance policies and programs and any reports received from regulators;
- reviewing the cost effectiveness and the independence and objectivity of the internal and external auditors;
- reviewing the nature and extent of non-audit services provided by the external auditors;
- reviewing the assistance given by the Group's officers to the internal and external auditors;
- making recommendations to the Board on the proposals to shareholders on the appointment, re-appointment and removal of the external auditors;
- approving the remuneration and terms of engagement of the internal and external auditors;
- reviewing the adequacy, effectiveness, independence, scope and results of the internal and external audit;
- reviewing the Group's compliance with such functions and duties as may be required under the relevant statutes or the Catalist Rules, and by such amendments made thereto from time to time;
- reviewing interested person transactions in accordance with the requirements of the Catalist Rules; and
- reviewing and reporting to the Board at least annually on the adequacy and effectiveness of the Group's internal controls and financial and risks control management system, including financial, operational, compliance and information technology controls.

The Board is of the view that the members of the AC are appropriately qualified to discharge their responsibilities and they have the requisite accounting or related financial management expertise or experience. Two of our AC members have recent and relevant accounting or related financial management expertise or experience. The Chairman of our AC, Mr Jeffrey Pang Kee Chai, has over 20 years of audit and commercial experience. He is a Fellow of the Association of Chartered Certified Accountants and a member of the Institute of Singapore Chartered Accountants. Our Non-Executive Independent Director, Mr Sun Shu, was the Secretary of the Disciplinary Examination Committee of the Communist Party of China for the Guangdong Branch of the Bank of China before his retirement in 2013, and was responsible for building and managing the internal control system for the bank.

The AC has power to conduct or explicit authority to investigate any matter within the AC's terms of reference. The AC has full access to and cooperation by Management and also full discretion to invite any Director or Key Management to attend its meetings and has been given reasonable resources to enable it to discharge its functions.

The AC considered the independence and quality of the external auditors and internal auditors throughout the year. The AC also meets with the external auditors and the internal auditors without the presence of Management at least once a year.

The external auditors provide regular updates and periodic briefings to the AC on relevant changes or amendments to accounting standards and the implications on the financial statements to enable the members of the AC to keep abreast of such changes and its corresponding impact on the financial statements, if any. Directors are also invited to attend relevant seminars on changes to accounting standards and issues by leading accounting firms.

For FY2022, the AC has reviewed all non-audit services provided by the external auditors and confirmed that the nature and extent of such non-audit service fees would not affect the independence and objectivity of the external auditors. Details of the aggregate amount of fees paid to the external auditors in FY2022 and the breakdown of fees paid in respect of audit and non-audit services can be found in Note 8 to the Financial Statements.

In October 2015, the Accounting and Corporate Regulatory Authority ("**ACRA**") introduced the Audit Quality Indicators ("**AQIs**") Disclosure Framework, which aims to equip the AC with information that allows the AC to exercise their professional judgements on elements that contribute to or are indicative of audit quality. The AQIs were further enhanced in August 2016 where ACRA introduced six targets on selected AQIs to provide the AC with a common yardstick for comparison and to facilitate meaningful audit quality conversations with the auditors. As part of ongoing efforts to raise audit quality, ACRA had on 7 February 2020 introduced the AQIs Disclosure Framework that was revised in January 2020 ("**Revised AQIs Framework**"). The Revised AQIs Framework comprises audit quality indicators to provide relevant and useful information to help the AC in their evaluation of statutory auditors. Accordingly, the AC had evaluated the performance of the external auditors based on the AQIs set out in the Revised AQIs Framework and recommends to the Board the re-appointment of Baker Tilly TFW LLP as the external auditor of the Company at the forthcoming Annual General Meeting. The subsidiaries of the Company will also re-appoint Baker Tilly TFW LLP as their auditors.

In appointing the audit firms for the Group, the AC is satisfied that the Company has complied with Catalist Rules 712 and 715.

The AC frequently engages Management and the external auditors on significant issues and assumptions that impact the financial statements.

The Board recognises its responsibilities for maintaining a system of internal control processes to safeguard shareholders' investments and the Group's assets and business.

Currently, the Chairman of the AC requests for and relies on reports from Management as well as the internal auditors on any material non-compliance and internal control weaknesses. The AC oversees and monitors the implementation of any improvements thereto. The AC has reviewed with the internal auditors their findings on the existence and adequacy of material control matters as part of its audit for the financial year under review. The AC is of the view that the work carried out by the internal auditors is adequate and effective.

The Company has outsourced its internal audit function to an independent audit firm, Deloitte & Touche Enterprise Risk Services Pte Ltd. The internal auditors carried out their function according to the International Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors. The internal auditors have unfettered access to all the Company's documents, records, properties and personnel, including access to the AC. The internal auditors have reported their audit findings and recommendations directly to the AC Chairman. The AC decides on the appointment, removal, termination, evaluation and fees of the internal auditors. The AC is of the view that the internal audit function is independent, effective and adequately resourced.

The Group also has in place a whistle-blowing policy. The policy aims to provide an avenue for employees to raise concerns about possible improprieties in confidence, and at the same time assure them that they will be protected from victimisation for whistle-blowing in good faith. The Company is committed to ensuring that the identity of the whistleblower is kept confidential and ensure the protection of the whistleblower against detrimental or unfair treatment. Any employee who has evidence of any misconduct may report such misconduct to any of the Independent Directors. Provided that adequate evidence has been tendered, the report will be investigated by the AC and appropriate action will be taken. The AC is responsible for oversight and monitoring of whistle-blowing and will report to the Board on such matters at the Board meeting. As of the date of this Annual Report, there were no reports received through the whistle-blowing mechanism.

SHAREHOLDERS RIGHTS AND ENGAGEMENT

Shareholder Rights and Conduct of General Meetings

Principle 11: The Company treats all shareholders fairly and equitably in order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the Company. The Company gives shareholders a balanced and understandable assessment of its performance, position and prospects.

The Board is accountable to shareholders while Management is accountable to the Board. The Board approves the quarterly and full year results after review and authorises the release of the results to the SGX-ST and the public via SGXNET. The Board provides shareholders with quarterly and annual financial reports and information pertaining to the operations, performance and financial position of the Group through announcements made on the SGXNET to provide shareholders with a balanced and clear analysis of the Group's financial performance, position and prospects. The Board also ensures timely and full disclosure of material corporate developments to shareholders.

The Annual General Meeting ("**AGM**") is the principal forum for dialogue with the Company's shareholders. The Company encourages shareholders to attend the AGM to ensure a high level of accountability and to keep shareholders informed of the Group's strategy and goals. The annual report is made available on the Company's corporate website and notices of general meetings are released on SGXNET to inform shareholders of upcoming meetings. The rules governing general meetings are clearly set out in such notices of general meetings.

The Constitution of the Company allows shareholders (who are not relevant intermediaries as defined in Section 181(6) of the Companies Act) to appoint up to two (2) proxies to attend general meetings and vote on their behalf. The Constitution of the Company allow shareholders (who are relevant intermediaries as defined in Section 181(6) of the Companies Act) to appoint more than two (2) proxies to attend general meetings, so that shareholders who hold shares through a relevant intermediary can attend and participate in general meetings as proxies.

In accordance with the Code and the Catalist Rules, the Company will put all resolutions to vote by poll and make an announcement of the detailed results showing the number of votes cast for and against each resolution and the respective percentages. The Company's Constitution allows for absentia voting at general meetings of members. However, as the authentication of shareholder identity and other related security and integrity issues still remain a concern, the Company has decided for the time being, not to implement voting in absentia. Nevertheless, shareholders have the opportunity to communicate their views on matters affecting the Company, even when they are not in attendance at general meetings, through the use of proxies and accompanying forms and processes.

In general, separate resolutions are proposed for substantially separate issues and for items of special business. Where appropriate, an explanation for any proposed resolution would be provided. Shareholders are also informed of the rules, including voting procedures that govern general meetings.

The Board welcomes questions and views of shareholders on matters affecting the Company raised either informally or formally before or at the general meetings. The Board and Management will be present to answer any queries shareholders may have. The Company's external auditors are also invited to attend the general meetings (where required) and will assist the Board in addressing queries relating to the conduct of the audit and the preparation and content of the auditors' report. Due to the current COVID-19 pandemic, shareholders will not be able to attend the general meetings in person. The AGM will be held by way of electronic means. Shareholders may submit questions related to the resolutions to be approved at the meeting before the date of the general meetings or "live" at the general meetings. The Company will address substantial and relevant questions relating to the proposed resolutions to be tabled for approval at general meetings as received from shareholders either before or during the general meetings.

The Company will prepare minutes of general meetings that include substantial and relevant comments or queries from Shareholders relating to the agenda of the general meeting and responses from the Board and Management, and will publish the minutes of the general meetings on the SGX-ST website and the Company's website and make these minutes available to Shareholders upon their request.

Pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020, alternative arrangements relating to attendance at the AGM via electronic means (including arrangements by which the meeting can be electronically accessed via live audio-visual webcast or live audio-only stream), submission of questions to the Chairman of the Meeting in advance of the AGM or "live" at the AGM, addressing of substantial and relevant questions at the AGM, real-time voting and voting by appointing the Chairman of the Meeting as proxy at the AGM, will be put in place for the forthcoming AGM. Shareholders will NOT be allowed to attend the AGM in person. Printed copies of the Notice of AGM and Annual Report will not be sent to members. Instead, the Notice of AGM and Annual Report will be made available at the Company's website at the URL https://www.shenyaoholdings.com and the SGX website at the URL https://www.sgx.com/securities/company-announcements. Please refer to the Notice of AGM for further details.

The Company does not have a fixed policy on payment of dividends at present. The form, frequency and amount of dividends will depend on the Group's current and projected performance, the Company's cash position and any other factors as the Board may deem fit. The Company will consider establishing a dividend policy when it is likely that the Company has the ability to pay a dividend.

ENGAGEMENT WITH SHAREHOLDERS

Principle 12: The Company communicates regularly with its shareholders and facilitates the participation of shareholders during general meetings and other dialogues to allow shareholders the opportunity to communicate their views on various matters affecting the Company.

The Company believes that prompt disclosure of relevant information and a high standard of disclosure are the keys to raise the level of corporate governance. The Board believes in regular and timely communication with our shareholders. In line with continuous disclosure obligations of the Company pursuant to the Corporate Disclosure Policy of the SGX-ST, the Company's policy is that all shareholders should be equally and timely informed of all major developments that impact the Group.

Information is communicated to our shareholders on a timely basis and made through:

- Annual Reports. The Board makes every effort to ensure that the Annual Report includes all relevant information about the Group, including future developments and disclosures required by the Companies Act and Financial Reporting Standards;

- The Company's website at www.shenyaoholdings.com; and

- SGXNET and press releases on major developments of the Group.

The Company's register of shareholders indicates that its shareholding base is highly fragmented and does not include any significant institutional shareholders. There is also currently no analyst coverage on the Company. As such, it would not be meaningful for the Company to hold any roadshows or analyst briefings.

The Company communicates with its shareholders on a regular basis and attends to their queries or concerns. Shareholders may provide their feedback to the Company via telephone or e-mail.

MANAGING STAKEHOLDERS RELATIONSHIPS

Engagement with Stakeholders

Principle 13: The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the company are served.

The Company has arrangements in place to identify and engage with its stakeholders. Details relating to our engagement with material stakeholder groups are disclosed in the Company's Sustainability Report (which should be read together with the Company's 2022 Annual Report) and includes the Company's strategy and key areas of focus and engagement channels.

The Company adopts both formal and informal channels of communication to understand the needs of key stakeholders, and incorporate these into the Company's corporate strategies to achieve mutually beneficial relationships.

The Company maintains an up-to-date website at www.shenyaoholdings.com where shareholders and investors can access information on the Company including press releases, corporate announcements and financial statements.

OTHER CORPORATE GOVERNANCE MATTERS

Internal Code on Dealings in Securities

The Company has put in place an internal code on dealings with securities, which has been issued to all Directors and employees.

The internal code prohibits the dealing in securities of the Company by Directors and employees while in possession of price-sensitive information, and during the period beginning two (2) weeks before the announcement of the first three quarters' financial results and one (1) month before the announcement of the full year financial results, and ending on the date of the announcement. Directors are required to report securities dealings to the Company Secretary who will assist in making the necessary announcements.

Directors and employees are required to comply with and observe the laws on insider trading even if they trade in the Company's securities outside the prohibited periods. They are discouraged from dealing in the Company's securities on short-term considerations and are reminded to observe insider trading laws at all times.

Interested Person Transactions

The Company has established procedures to ensure that all transactions with interested persons are reported to the AC in a timely manner and that the transactions are carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority shareholders. The Company does not have a general mandate for interested person transactions.

The aggregate value of the interested person transactions entered into by the Group during the financial year was as follows:

Name of interested person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than $100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than $100,000)
–	–	–

Material Contracts

There were no material contracts or loan by the Company or its subsidiary companies involving the interest of any Director, CEO or controlling shareholder, either still subsisting at the end of the financial year or if not then subsisting, entered into since the end of the previous financial year.

Non-Sponsor Fees

In compliance with Rule 1204(21) of the Catalist Rules, there were no non-sponsor fees paid to the Sponsor during FY2022.

Update on the use of Proceeds

Issuance of Convertible Bonds

The convertible bonds ("**Convertible Bonds**") were issued pursuant to an agreement entered into with Tomson Pte. Ltd. on 3 December 2020, for the issuance of up to S$10,000,000 in aggregate principal amount of ten percent (10%) unlisted and redeemable convertible bonds due 2022, comprising of ten (10) tranches with a principal amount of S$1,000,000 for each tranche of such Convertible Bonds to be consolidated to form a single series due 24 months after the date of issuance of the first tranche. Details relating to the transaction are set out in the announcement released by the Company dated 3 December 2020. As at the date of this Annual Report, eight tranches of the Convertible Bonds of an aggregate amount of S$8,000,000 have been issued, raising net proceeds of S$7,950,000. On 30 June 2022, the Company announced that Tomson Pte. Ltd. and the Company have mutually agreed to cease issuance of the remaining 2 tranches of Convertible Bonds of an aggregate amount of S$2,000,000.

The Company has previously provided updates on the use of proceeds from the issuance of the Convertible Bonds via SGXNET on 10 February 2021, 7 July 2021, 27 October 2021 and 13 May 2022.

The utilisation of the net proceeds of S$7,950,000 arising from the issue of the total eight tranches of the Bonds is as follows:

Use of net proceeds	Amount allocated (S$)	Amount utilised (S$)	Amount unutilised (S$)
Group's growth and expansion plans	7,950,000	7,950,000	–

The above utilisation of the proceeds from the Convertible Bonds is consistent with the intended use of the proceeds from the Convertible Bonds as disclosed in the announcement released by the Company dated 3 December 2020.

SUSTAINABILITY REPORTING

The Company will be publishing its standalone FY2022 Sustainability Report (the "**Report**") by 30 November 2022, disclosing the sustainability practices and performance of the Group from 1 July 2021 to 30 June 2022. The Report will also share information on the Group's governance structure, stakeholder relationships and material issue identification process.

The Company recognizes the importance of environmental, social and governance considerations in creating value for our business and our stakeholders. We adopt the principles of sustainability throughout our value chain and continue to build sustainable practices in every aspect of the Group's business in achieving high levels of integrity and excellence in its activities.

For FY2022, we focused our efforts on occupational health and safety as well as on environmental protection. The Report will also share information on the Group's governance structure, stakeholder relationships and material issue identification process.

The Report is prepared with reference to the Global Reporting Initiative (GRI) Standards and is aligned with the reporting requirements of Catalist Rules 711A and 711B. The Report will be publicly accessible through the Company's website as well as on SGXNET.

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION PURSUANT TO RULE 720(5) OF THE CATALIST RULES

Mr Yao Yilun and Mr Jeffrey Pang Kee Chai are the Directors seeking re-election at the forthcoming Annual General Meeting of the Company to be held on 28 October 2022 under Ordinary Resolutions 4 and 5 as set out in the Notice of Annual General Meeting dated 13 October 2022.

Pursuant to Rule 720(5) read with Appendix 7F of the Catalist Rules, the information relating to the retiring Directors is set out below:

Name of Director	Yao Yilun	Jeffrey Pang Kee Chai
Date of Appointment	7 November 2019	26 August 2020
Date of Last Re-appointment (if applicable)	30 October 2020	30 October 2020
Age	37	45
Country of principal residence	China	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	Mr Yao Yilun has been appointed as an Non-Executive Independent Director of the Board since 7 November 2019. Taking into account Mr Yao's contributions to and performance on the Board of Directors, such as his attendances at Board Meetings and his active participation at such meetings, the Board is of the view that Mr Yao be recommended to Shareholders for re-election at the forthcoming Annual General Meeting.	Mr Jeffrey Pang Kee Chai has been appointed as an Independent Director of the Board since 26 August 2020. Taking into account Mr Pang's contributions to and performance on the Board of Directors, such as his attendances at Board Meetings and his active participation at such meetings, the Board is of the view that Mr Pang be recommended to Shareholders for re-election at the forthcoming Annual General Meeting.
Whether appointment is executive, and if so, area of responsibility	Non-executive	Non-executive
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Non-Executive and Non-Independent Director	Independent Director, Chairman of the Audit Committee, Member of the Nominating Committee, Remuneration Committee and the Shen Yao Performance Award Committee
Professional qualifications	- Bachelor of Arts, Three-Year General Liberal Studies awarded by The University of Waterloo	- Fellow of the Association of Chartered Certified Accountants - Member of the Institute of Singapore Chartered Accountants

Name of Director	Yao Yilun	Jeffrey Pang Kee Chai
Working experience and occupation(s) during the past 10 years	January 2019 - Present Director, Yaoo Capital Pte. Ltd. General Manager Assistant, YunXu Technology Ltd June 2016 – December 2018 Regional Manager, Real Fruit Bubble Tea, Canada September 2015 – May 2016 General Manager Assistant, Canada Goldelectrictech, Canada April 2014 – July 2015 Market Manager, Wiseco Canada October 2013 – March 2014 Manager Stakeholder Relations, Asia, Kealey & Associates Inc., Canada April 2012 – April 2013 Asia Market Manager, DSL Traveller's Tours, Canada	May 2022 till present Vice Chairman and Executive Director of CapAllianz Holdings Limited (formerly known as CWX Global Limited) May 2016 till April 2022 Chief Executive Officer and Executive Director of CWX Global Limited (formerly known as Loyz Energy Limited) July 2011 till May 2016 Chief Financial Officer/Financial Controller of Loyz Energy Limited
Shareholding interest in the listed issuer and its subsidiaries	Deemed interest in 18,008,044,936 ordinary shares, held through Yaoo Capital Pte. Ltd.	Nil
Any relationship (including immediate family relationships) with any existing director, existing executive director, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	Nil	Nil
Conflict of interest (including any competing business)	Nil	Nil
Undertaking (in the format set out in Appendix 7H) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes

Name of Director	Yao Yilun	Jeffrey Pang Kee Chai
<u>Other Principal Commitments Including Directorships</u>		
Past (for the last five years)	Nil	- ADTIC Pte Ltd - Amaira Shipping Company Limited - Asian Skies Pte Ltd - Coastal Trade Limited - FIT Global Pte Ltd - Harvision Holdings Limited - Hope Medical Asia Pte Ltd - Immense Wellness Pte. Ltd. - JS Asset Management Ltd - Loyz Oil Philippines Pte Ltd - Trevaskis Limited - Ylato Shipping Company Limited
Present	Yaoo Capital Pte Ltd	- CapAllianz Holdings Limited (formerly known as CWX Global Limited) - CWX Investments Pte Ltd - JP Consulting Services Pte Ltd - Loyz Oil Pte Ltd - Loyz Oil Thailand Pte Ltd - Preferred Mart Pte. Ltd.
Information required		
(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?		
	No	No
(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?		
	No	No
(c) Whether there is any unsatisfied judgment against him?		
	No	No
(d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?		
	No	No
(e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?		
	No	No

Name of Director		Yao Yilun	Jeffrey Pang Kee Chai
(f)	Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?		
		No	No
(g)	Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?		
		No	No
(h)	Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?		
		No	No
(i)	Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?		
		No	No
(j)	Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of :—		
	(i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or		
	(ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or		
	(iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or		
	(iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere,		
	in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?		
		No	No
(k)	Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?		
		No	No

Directors' Statement

For the financial year from 1 July 2021 to 30 June 2022

The directors are pleased to present their statement to the members together with the consolidated financial statements of Shen Yao Holdings Limited (the "**Company**") and its subsidiaries (collectively the "**Group**") for the financial year ended 30 June 2022 and the statement of financial position of the Company as at 30 June 2022.

In the opinion of the directors,

(a) the consolidated financial statements of the Group and the statement of financial position of the Company, as set out on pages 47 to 115 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2022 and the financial performance, changes in equity and cash flows of the Group for the financial year then ended in accordance with the provisions of the Companies Act 1967 (the "**Act**") and Singapore Financial Reporting Standards (International); and

(b) at the date of this statement, after considering the matters as disclosed in Note 3 to the financial statements, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

Directors

The directors of the Company in office at the date of this statement are as follows:

Yao Liang	(Executive director, Executive Chairman and Group Chief Executive Officer)
Yao Yilun	(Non-executive and Non-independent director)
Sun Shu	(Non-executive director)
Zhan Shu	(Non-executive director)
Jeffrey Pang Kee Chai	(Non-executive director)

Arrangement to enable directors to acquire shares and debentures

Save for the share options granted on 18 June 2021 as disclosed in this statement, neither at the end of the financial year nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of those objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Directors' interests in shares and debentures

The directors of the Company holding office at the end of the financial year had no interests in the shares and debentures of the Company and related corporations as recorded in the Register of Directors' Shareholdings kept by the Company under Section 164 of the Act, except as follows:

	Number of ordinary shares			
	Shareholdings registered in their own names		Shareholdings in which a director is deemed to have an interest	
Name of directors and corporations in which interests are held	**At the beginning of financial year**	**At the end of financial year**	**At the beginning of financial year**	**At the end of financial year**
The Company				
Yao Liang	–	–	18,008,044,936	18,008,044,936
Yao Yilun	–	–	18,008,044,936	18,008,044,936
Immediate and ultimate holding company				
Yaoo Capital Pte. Ltd.				
Yao Liang	1,020,000	1,020,000	–	–
Yao Yilun	980,000	980,000	–	–

The deemed interests of Yao Liang and Yao Yilun in the shares of the Company are by virtue of their shareholdings in Yaoo Capital Pte. Ltd.. At 30 June 2022, Yaoo Capital Pte. Ltd. holds 18,008,044,936 shares in the Company.

By virtue of Section 7 of the Act, the directors, Yao Liang and Yao Yilun are deemed to have an interest in the shares held by the Company in its wholly-owned subsidiary corporations and in the following subsidiary corporations that are not wholly-owned by the Group.

Directors' interests in shares and debentures (cont'd)

Name of directors and corporations in which interests are held	Number of ordinary shares — Shareholdings in which a director is deemed to have an interest: At the beginning of financial year	At the end of financial year
Subsidiary corporations		
Signature Metals Limited		
Yao Liang	2,121,009,510	2,121,009,510
Yao Yilun	2,121,009,510	2,121,009,510
Uganda Minerals Pty Ltd		
Yao Liang	1	1
Yao Yilun	1	1
Embuyaga Exploration Ltd		
Yao Liang	77	77
Yao Yilun	77	77
Ironbark Mining Pty Ltd		
Yao Liang	120,000	120,000
Yao Yilun	120,000	120,000
Moliagul Mining Pty Ltd		
Yao Liang	10,000	10,000
Yao Yilun	10,000	10,000

Save for the disclosure above, the directors' interest in shares of the Company at 21 July 2022 were the same as those at 30 June 2022.

Shen Yao Performance Share Plan

Shen Yao Performance Share Plan 2021

In the previous financial year ended 30 June 2021, the Shen Yao Performance Share Plan 2021 (the "**Plan**") was approved by shareholders at an Extraordinary General Meeting of the Company. The Plan was introduced to increase the Company's flexibility and effectiveness in its efforts to reward, retain and motivate senior executives and key senior management. The Plan contemplates the award of fully-paid shares, when and after pre-determined performance or service conditions are accomplished. The selection of a participant, the number of shares to be awarded under the Plan and the performance targets to be met will be determined by a committee comprising directors who have been duly authorised and appointed by the Board. No awards were granted to anyone pursuant to the Plan since its implementation in FY2021.

Directors' interests in shares and debentures (cont'd)

Shen Yao Performance Share Plan (cont'd)

Options to take up unissued shares

On 18 June 2021, the Company obtained shareholders approval for the issuance to Directors and selected key employees an aggregate of 2,500,000,000 share options ("**Options**"), with each Option carrying the right to subscribe for one new ordinary share in the share capital of the Company at the exercise price of $0.0028 per Option Share.

The shares granted to the directors are as follows:

Name	Options granted at grant date	Options exercised during the financial year	Balance at the end of the financial year
Yao Liang	475,000,000	–	475,000,000
Yao Yilun	100,000,000	–	100,000,000
Sun Shu	125,000,000	–	125,000,000
Zhan Shu	100,000,000	–	100,000,000
Jeffrey Pang Kee Chai	100,000,000	–	100,000,000

Details in relation to the Options are disclosed in Note 28 to the financial statements.

Options exercised

During the financial year, there were no shares of the Company or any corporation in the Group issued by virtue of the exercise of an option to take up unissued shares.

Options outstanding

At the end of the financial year, there were 2,500,000,000 unissued shares of the Company or any corporation in the Group under option.

Audit Committee

The Audit Committee ("**AC**") carried out its functions in accordance with Section 201B(5) of the Act, the SGX-ST Listing Manual and the Code of Corporate Governance.

The AC consists of three directors, namely Mr Jeffrey Pang Kee Chai, Mr Sun Shu and Mr Zhan Shu, all of whom are non-executive independent directors.

The AC reviews the overall scope of both internal and external audits and the assistance given by management to the auditors. It meets the Company's internal and external auditors to discuss the results of their respective examinations and the internal auditor's evaluation of the Company's system of internal controls. The AC reviews interested person transactions to ensure that they are carried out on normal commercial terms and are not prejudicial to the interests of the Company and its minority shareholders. The AC also reviews the consolidated financial statements and the auditor's report, as well as results announcements to shareholders and the Singapore Exchange Securities Trading Limited before submission to the Board. During the financial year, the AC met the external auditor and internal auditor once without the presence of management. On an annual basis, the AC reviews the independence of the external auditor and recommends to the Board, the external auditor to be appointed.

Audit Committee (cont'd)

In the opinion of the directors, the Group has complied with the Code of Corporate Governance's guidelines on audit committees as well as Rules 712 and 715 of the SGX-ST Listing Manual, Section B: Rules of Catalist.

Further details of the AC are disclosed in the Report on Corporate Governance.

Independent auditor

The independent auditor, Baker Tilly TFW LLP, has expressed its willingness to accept re-appointment.

On behalf of the Board of Directors

Yao Liang Director	Sun Shu Director

13 October 2022

Report on the Audit of the Financial Statements

Disclaimer of Opinion

We were engaged to audit the financial statements of Shen Yao Holdings Limited (the "**Company**") and its subsidiaries (collectively, the "**Group**") as set out on pages 47 to 115, which comprise the statements of financial position of the Group and of the Company as at 30 June 2022, and the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies.

We do not express an opinion on the accompanying financial statements. Because of the significance of the matters described in the *Basis for Disclaimer of Opinion* section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Basis for Disclaimer of Opinion

Opening balances

The independent auditor's report on the consolidated financial statements of the Group and the statement of financial position of the Company for the financial year ended 30 June 2021 expressed a disclaimer of opinion. The extract of the basis for disclaimer of opinion is disclosed in Note 39 to the financial statements.

In view of the matters described in the *Basis for Disclaimer of Opinion* on the financial statements for the financial year ended 30 June 2021, we are unable to determine whether the opening balances as at 1 July 2021 are fairly stated. Since the opening balances as at 1 July 2021 enter into the determination of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the financial year ended 30 June 2022, we are unable to determine whether any adjustments might have been found necessary in respect of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the financial year ended 30 June 2022.

In addition, as disclosed in Note 14 to the financial statements, the net carrying amount of the Group's mining properties amounted to $15,927,000 as at 30 June 2022. In view of the matters described in the *Basis for Disclaimer of Opinion* on the financial statements for the financial year 30 June 2021, we are also unable to obtain sufficient appropriate audit evidence to assess the appropriateness of the carrying amount of the mining properties reflected in the consolidated statement of financial position as at 30 June 2022; and the consequential effect on mining costs and other related expenses recorded in the consolidated statement of profit or loss for the financial year ended 30 June 2022.

Our opinion on the current financial year's consolidated financial statements of the Group is also modified because of the possible effect of these matters on the comparability of the current year's figures and the corresponding figures.

Report on the Audit of the Financial Statements (cont'd)

Basis for Disclaimer of Opinion (cont'd)

Going concern assumption

As disclosed in Note 3 to the financial statements, as at 30 June 2022, the current liabilities of the Group and the Company exceeded their current assets by $19,229,000 and $41,270,000 respectively. As further disclosed in Note 26 to the financial statements, the borrowing of the Group of $2,130,000 is due for repayment in November 2022.

These factors indicate the existence of material uncertainties that may cast significant doubt on the Group's and the Company's ability to continue as going concerns.

In the preparation of the financial statements, the Board of Directors of the Company believes that the use of going concern assumption is appropriate after taking into consideration of the factors as disclosed in Note 3 to the financial statements. The ability of the Group and the Company to remain as going concerns are therefore dependent on certain assumptions, which are premised on future events and market conditions, the outcome of which are inherently uncertain.

The financial statements did not include any adjustments that may result in the event that the Group and the Company are unable to continue as going concerns. In the event that the Group and the Company are unable to continue in operational existence for the foreseeable future, the Group and the Company may be unable to discharge their liabilities in the ordinary course of business and adjustments may have to be made to reflect the situation that assets may need to be realised other than in the ordinary course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the statements of financial position. In addition, the Group and the Company may have to provide for further liabilities that may arise, and to reclassify non-current assets as current assets and non-current liabilities as current liabilities respectively. No such adjustments have been made to the financial statements.

We are unable to obtain sufficient appropriate audit evidence to conclude as to the appropriateness of the use of the going concern assumption in the preparation of these financial statements.

In addition, as disclosed in Notes 12, 13 and 14 to the financial statements, the carrying amounts of the Group's property, plant and equipment, exploration and evaluation expenditure and mining properties ("**non-current assets**") as at 30 June 2022 amounted to $29,865,000, $14,897,000 and $15,927,000 respectively. These non-current assets are mainly attributable to the Group's mining operations. Management has determined that there are no indicators of impairment for these non-current assets as at 30 June 2022. As we are unable to obtain sufficient appropriate audit evidence to conclude as to the appropriateness of the use of the going concern assumption in the preparation of these financial statements, we are also unable to determine the impact of the material uncertainties over the going concern of the Group on the recoverable amounts of these non-current assets as at 30 June 2022.

Consequently, we are unable to determine whether any adjustments might be necessary in respect of these financial statements for the financial year ended 30 June 2022.

Report on the Audit of the Financial Statements (cont'd)

Basis for Disclaimer of Opinion (cont'd)

Investment in subsidiaries (Company level)

As disclosed in Note 16 to the financial statements, the net carrying amount of the Company's investment in subsidiaries, net of impairment loss of $82,452,000, amounted to $67,791,000 as at 30 June 2022. Management is of the view that no adjustment on impairment losses was considered necessary for the Company's investment in subsidiaries for the financial year ended 30 June 2022.

Based on the information available to us, we are unable to obtain sufficient appropriate audit evidence to satisfy ourselves on the recoverable amount of the Company's investment in the relevant subsidiary. Consequently, we are unable to determine whether any further impairment, or write-back of impairment, if any, is necessary.

Other Matter

The consolidated financial statements of the Group and the statement of financial position of the Company for the financial year ended 30 June 2021 were audited by another auditor whose report dated 15 November 2021 expressed a disclaimer of opinion on the financial statements as disclosed in Note 39 to the financial statements.

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Companies Act 1967 (the "**Act**") and Singapore Financial Reporting Standards (International), and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our responsibility is to conduct an audit of the financial statements in accordance with Singapore Standards on Auditing and to issue an auditor's report. However, because of the matters described in the *Basis for Disclaimer of Opinion* section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority (ACRA) *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* (ACRA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code.

Report on Other Legal and Regulatory Requirements

In our opinion, in view of the significance of the matters described in the *Basis for Disclaimer of Opinion* section of our report, we do not express an opinion on whether the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provision of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Mr Ng Wei Lun.

Baker Tilly TFW LLP
Public Accountants and
Chartered Accountants
Singapore

13 October 2022

Consolidated Statement of Profit or Loss

For the financial year ended 30 June 2022

	Note	**2022 $'000**	2021 $'000
Revenue	4	**83,477**	88,721
Cost of sales	8	**(77,011)**	(78,644)
Gross profit		**6,466**	10,077
Other income	5	**387**	1,769
Expenses:			
Administrative expenses		**(5,681)**	(18,071)
Other gains/(expenses), net	6	**4,732**	(12,400)
Finance costs	7	**(1,109)**	(558)
Total expenses		**(2,058)**	(31,029)
Profit/(loss) before income tax	8	**4,795**	(19,183)
Income tax credit	10	**1,617**	–
Profit/(loss) for the financial year		**6,412**	(19,183)
Profit/(loss) for the financial year attributable to:			
Equity holders of the Company		**7,507**	(20,149)
Non-controlling interests		**(1,095)**	966
		6,412	(19,183)
Earnings/(loss) per share attributable to equity holders of the Company (cents)			
Basic	11	**0.022**	(0.062)
Diluted	11	**0.021**	(0.062)

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Comprehensive Income

For the financial year ended 30 June 2022

	2022 $'000	2021 $'000
Profit/(loss) for the financial year	**6,412**	(19,183)
Other comprehensive income/(loss), net of tax		
Items that are or may be reclassified subsequently to profit or loss:		
Currency translation differences arising on consolidation	**(4,852)**	4,784
Reclassification of currency translation differences on de-registration of subsidiary to profit or loss	**–**	(417)
Items that will not be reclassified subsequently to profit or loss:		
Currency translation differences arising on consolidation	**759**	(744)
Total comprehensive income/(loss) for the financial year	**2,319**	(15,560)
Total comprehensive income/(loss) for the financial year attributable to:		
Equity holders of the Company	**2,655**	(15,782)
Non-controlling interests	**(336)**	222
	2,319	(15,560)

The accompanying notes form an integral part of these financial statements.

As at 30 June 2022

	Note	Group 2022 $'000	Group 2021 $'000	Company 2022 $'000	Company 2021 $'000
ASSETS					
Non-current assets					
Property, plant and equipment	12	**29,865**	29,605	**10**	16
Exploration and evaluation expenditure	13	**14,897**	11,790	**–**	–
Mining properties	14	**15,927**	15,852	**–**	–
Security deposits	15	**4,368**	4,638	**–**	–
Investment in subsidiaries	16	**–**	–	**67,791**	67,791
Financial assets at fair value through profit or loss	20	**–***	–*	**–**	–
		65,057	61,885	**67,801**	67,807
Current assets					
Due from subsidiaries	16	**–**	–	**5,676**	3,714
Other receivables	17	**2,692**	2,586	**41**	30
Inventories	18	**5,114**	4,991	**–**	–
Cash and cash equivalents	19	**801**	6,311	**15**	15
Financial assets at fair value through profit or loss	20	**–^**	8,982	**–^**	–^
		8,607	22,870	**5,732**	3,759
Total assets		**73,664**	84,755	**73,533**	71,566
LIABILITIES					
Non-current liabilities					
Lease liabilities	21	**2,520**	5,555	**–**	–
Convertible bonds	22	**–**	13,254	**–**	13,254
Deferred consideration	23	**2,612**	2,762	**–**	–
Rehabilitation and preservation provision	24	**8,433**	8,861	**–**	–
Other non-current liabilities		**233**	310	**–**	–
		13,798	30,742	**–**	13,254
Current liabilities					
Due to subsidiaries	16	**–**	–	**45,006**	50,614
Trade and other payables	25	**17,268**	21,233	**996**	794
Lease liabilities	21	**4,479**	3,938	**–**	–
Borrowings	26	**5,023**	4,457	**–**	–
Provision	27	**22**	–	**–**	–
Convertible bonds	22	**1,000**	–	**1,000**	–
Income tax liabilities		**44**	674	**–**	–
		27,836	30,302	**47,002**	51,408
Total liabilities		**41,634**	61,044	**47,002**	64,662
Net assets		**32,030**	23,711	**26,531**	6,904

^ Amount less than $1,000
* Amount written down

The accompanying notes form an integral part of these financial statements.

Statements of Financial Position

As at 30 June 2022

		Group		Company	
		2022	2021	**2022**	2021
	Note	**$’000**	$’000	**$’000**	$’000
EQUITY					
Issued capital and reserves attributable to equity holders of the Company					
Share capital	28	**311,378**	305,378	**311,378**	305,378
Other reserves	29	**62,949**	62,949	**61,979**	61,979
Foreign currency translation reserves	29	**(8,840)**	(3,988)	**–**	–
Share based compensation reserve	29	**12,661**	12,661	**12,661**	12,661
Accumulated losses		**(332,341)**	(339,848)	**(359,487)**	(373,114)
Equity attributable to equity holders of the Company		**45,807**	37,152	**26,531**	6,904
Non-controlling interests		**(13,777)**	(13,441)	**–**	–
Total equity		**32,030**	23,711	**26,531**	6,904

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Changes in Equity

For the financial year ended 30 June 2022

	Attributable to equity holders of the Company								
	Share capital $'000	Share premium $'000	Other reserve $'000	Foreign currency translation reserves $'000	Share based compensation reserve $'000	Accumulated losses $'000	Subtotal $'000	Non-controlling interests $'000	Total equity $'000
Balance at 1 July 2020	3,171	300,707	61,979	(8,355)	–	(319,699)	37,803	(12,748)	25,055
Issue of Debt Conversion Shares (Note 28)	50	950	–	–	–	–	1,000	–	1,000
Issue of Option Shares (Note 28)	50	450	–	–	–	–	500	–	500
Issue of Employee Share Options (Note 28)	–	–	–	–	12,661	–	12,661	–	12,661
Changes in ownership interest in subsidiary that does not results in loss of control	–	–	970	–	–	–	970	(915)	55
(Loss)/profit for the financial year	–	–	–	–	–	(20,149)	(20,149)	966	(19,183)
Other comprehensive income/(loss) for the financial year, net of tax	–	–	–	4,784	–	–	4,784	(744)	4,040
Reclassification of currency translation differences on de-registration of a subsidiary to profit or loss	–	–	–	(417)	–	–	(417)	–	(417)
Total comprehensive income/(loss) for the financial year	–	–	–	4,367	–	(20,149)	(15,782)	222	(15,560)
Effect of re-domiciliation	302,107	(302,107)	–	–	–	–	–	–	–
At 30 June 2021	305,378	–	62,949	(3,988)	12,661	(339,848)	37,152	(13,441)	23,711
Profit/(loss) for the financial year	–	–	–	–	–	7,507	7,507	(1,095)	6,412
Other comprehensive (loss)/income for the financial year, net of tax	–	–	–	(4,852)	–	–	(4,852)	759	(4,093)
Total comprehensive (loss)/income for the financial year	–	–	–	(4,852)	–	7,507	2,655	(336)	2,319
Issue of shares (Note 28)	6,000	–	–	–	–	–	6,000	–	6,000
At 30 June 2022	**311,378**	**–**	**62,949**	**(8,840)**	**12,661**	**(332,341)**	**45,807**	**(13,777)**	**32,030**

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Cash Flows

For the financial year ended 30 June 2022

	Note	2022 $'000	2021 $'000
Cash flows from operating activities			
Profit/(loss) before income tax		**4,795**	(19,183)
Adjustments for:			
Amortisation of			
- Discount on provision for rehabilitation and preservation	7	**54**	54
- Mining properties	8	**7,411**	7,783
Depreciation of property, plant and equipment	12	**6,885**	7,233
Exploration and evaluation expenditure written off	6	**203**	1,314
Fair value loss on financial assets at fair value through profit or loss ("**FVTPL**")	6	**–**	976
Fair value (gain)/loss on financial liabilities at FVTPL	6	**(3,254)**	6,254
Gain on de-registration of a subsidiary	5	**–**	(417)
Investment trading income	5	**(391)**	(1,105)
Loss/(gain) on disposal of property, plant and equipment	5	**248**	(60)
Loss on lease modification	6	**3**	–
Plant and equipment written off	6	**–**	3
Employee share-based compensation	9	**–**	12,661
Interest income	5	**(13)**	(32)
Interest expense	7	**1,055**	504
Operating cash flows before working capital changes		**16,996**	15,985
Changes in operating assets and liabilities:			
Inventories		**(123)**	708
Receivables		**1,529**	(163)
Payables		**(2,785)**	7,570
Currency translation adjustments		**(2,386)**	2,915
Cash generated from operations		**13,231**	27,015
Interest received		**13**	32
Tax paid		**(610)**	(777)
Net cash generated from operating activities		**12,634**	26,270

The accompanying notes form an integral part of these financial statements.

For the financial year ended 30 June 2022

	Note	2022 $'000	2021 $'000
Cash flows from investing activities			
Additions to mining properties	14	**(8,371)**	(13,885)
Exploration and evaluation expenditure	13	**(4,012)**	(8,116)
Investments in financial assets at fair value through profit or loss		**–**	(8,768)
Proceeds from sale of financial assets at FVTPL		**9,373**	–
Proceeds from disposal of property, plant and equipment		**306**	328
Purchases of property, plant and equipment	12(a)	**(6,944)**	(5,549)
Net cash used in investing activities		**(9,648)**	(35,990)
Cash flows from financing activities			
Proceeds from borrowings	A	**5,023**	4,457
Repayment of borrowings	A	**(4,457)**	–
Proceeds from issue of Option Shares		**–**	500
Repayment to convertible bonds	A	**(4,000)**	–
Proceeds from issue of convertible bonds	A	**1,000**	7,000
Repayment of lease liabilities	A	**(4,829)**	(3,847)
Interest paid	A	**(1,120)**	(400)
Net cash (used in)/generated from financing activities		**(8,383)**	7,710
Net decrease in cash and cash equivalents		**(5,397)**	(2,010)
Cash and cash equivalents at the beginning of the financial year		**6,211**	7,863
Effect of foreign exchange rate changes, net		**(113)**	358
Cash and cash equivalents at the end of the financial year		**701**	6,211

For the purpose of presenting the consolidated statement of cash flows, the consolidated cash and cash equivalents comprise the following:

	2022 $'000	2021 $'000
Cash and cash equivalents on the consolidated statement of financial position (Note 19)	**801**	6,311
Less fixed deposit pledged	**(100)**	(100)
Cash and cash equivalents per consolidated statement of cash flows	**701**	6,211

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Cash Flows

For the financial year ended 30 June 2022

Note A:

Reconciliation of movements of liabilities to cash flows arising from financing activities:

	Convertible bonds				
	Principal $'000 (Note 22)	Interest* $'000	Lease liabilities $'000 (Note 21)	Borrowings $'000 (Note 26)	Total $'000
Balance at 1 July 2020	–	–	4,754	996	5,750
Changes from financing cash flows					
- Proceeds	7,000	–	–	4,457	11,457
- Repayments	–	–	(3,847)	–	(3,847)
- Interest paid	–	–	(297)	(103)	(400)
Non-cash changes					
- Fair value adjustment	6,254	–	–	–	6,254
- Debt conversion	–	–	–	(1,000)	(1,000)
- New leases	–	–	8,586	–	8,586
- Interest expenses	–	100	297	107	504
Balance at 30 June 2021	13,254	100	9,493	4,457	27,304
Changes from financing cash flows					
- Proceeds	1,000	–	–	5,023	6,023
- Repayments	(4,000)	–	(4,829)	(4,457)	(13,286)
- Interest paid	–	(295)	(775)	(50)	(1,120)
Non-cash changes					
- Conversion	(6,000)	–	–	–	(6,000)
- Fair value adjustment	(3,254)	–	–	–	(3,254)
- New leases	–	–	2,332	–	2,332
- Interest expenses	–	230	775	50	1,055
- Loss on lease modification	–	–	3	–	3
Balance at 30 June 2022	**1,000**	**35**	**6,999**	**5,023**	**13,057**

* Interest is recorded under accrued operating expenses.

The accompanying notes form an integral part of these financial statements.

1 Corporate Information

Shen Yao Holdings Limited (the "**Company**") was incorporated in Bermuda on 23 June 2004 as an exempt company with limited liability under the Companies Act 1981 of Bermuda with its registered office at Canon's Court, 22 Victoria Street, Hamilton HM12, Bermuda. On 30 December 2020, the Company re-domiciled to Singapore as a public company limited by shares, registered by way of transfer of registration under Section 359(1) of the Singapore Companies Act 1967 (the "**Act**").

The registered office of the Company is located at 9 Temasek Boulevard, #24-01 Suntec Tower 2, Singapore 038989. The shares of the Company are listed on the Singapore Exchange Securities Trading Limited.

The principal activity of the Company are those of investments, investment holding and strategic investments and other related activities. The principal activities of the subsidiaries are described in Note 16.

The Company's immediate and ultimate holding company is Yaoo Capital Pte. Ltd., incorporated and domiciled in Singapore.

2 Summary of significant accounting policies

a) Basis of preparation

The consolidated financial statements of the Group and the statement of financial position of the Company are presented in Singapore dollar ("**$**"), which is the Company's functional currency and all financial information presented in Singapore dollar are rounded to the nearest thousand ($'000) except when otherwise indicated. The financial statements have been prepared in accordance with provisions of the Act and Singapore Financial Reporting Standards (International) ("**SFRS(I)**"). The financial statements have been prepared under the historical cost convention except as disclosed in the following accounting policies.

The preparation of financial statements in conformity with SFRS(I) requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the financial year. Although these estimates are based on management's best knowledge of current events and actions and historical experiences and various other factors that are believed to be reasonable under the circumstances, actual results may ultimately differ from those estimates.

Use of estimates and judgements

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The areas involving a higher degree of judgement in applying accounting policies, or areas where assumptions and estimates have a significant risk of resulting in material adjustment within the next financial year are disclosed in Note 3.

The carrying amounts of cash and cash equivalents, trade and other current receivables and payables and current borrowings (other than lease liabilities) approximate their respective fair values due to the relatively short-term maturity of these financial instruments.

2 Summary of significant accounting policies (cont'd)

a) Basis of preparation (cont'd)

New and revised standards that are adopted

In the current financial year, the Group has adopted all the new and revised SFRS(I) and SFRS(I) Interpretations ("**SFRS(I) INT**") that are relevant to its operations and effective for the current financial year. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective SFRS(I) and SFRS(I) INT.

The adoption of these new and revised SFRS(I) and SFRS(I) INT did not have any material effect on the financial performance of the Group or financial positions of the Group and the Company.

New and revised standards not yet effective

New standards, amendments to standards and interpretations that have been issued at the end of the reporting period but are not yet effective for the financial year ended 30 June 2022 have not been applied in preparing these financial statements. None of these are expected to have a significant effect on the financial statements of the Group and the Company.

b) Group accounting

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

In the Company's statement of financial position, investment in subsidiaries are accounted for at cost less accumulated impairment losses, if any. On disposal of the investment, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the end of the reporting period. Subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Intragroup balances and transactions, including income, expenses and dividends, are eliminated in full. Profits and losses resulting from intragroup transactions that are recognised in assets, such as inventory and property, plant and equipment, are eliminated in full.

Business combinations are accounted for using the acquisition method. The consideration transferred for the acquisition comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary. Acquisition-related costs are recognised as expenses as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

2 Summary of significant accounting policies (cont'd)

b) Group accounting (cont'd)

Basis of consolidation (cont'd)

Any excess of the fair value of the consideration transferred in the business combination, the amount of any non-controlling interest in the acquiree (if any) and the fair value of the Group's previously held equity interest in the acquiree (if any), over the fair value of the net identifiable assets acquired is recorded as goodwill. Goodwill is accounted for in accordance with the accounting policy for goodwill stated in Note 2(d). In instances where the latter amount exceeds the former and the measurement of all amounts has been reviewed, the excess is recognised as gain from bargain purchase in profit or loss on the date of acquisition.

Contingent consideration transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration (other than measurement period adjustment) are recognised in profit or loss.

Non-controlling interests are that part of the net results of operations and of net assets of a subsidiary attributable to the interests which are not owned directly or indirectly by the equity holders of the Company. They are shown separately in the consolidated statement of profit or loss, consolidated statement of comprehensive income, statement of changes in equity and statement of financial position. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary, even if this results in the non-controlling interests having a deficit balance.

For non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation, the Group elects on an acquisition-by-acquisition basis whether to measure them at fair value, or at the non-controlling interests' proportionate share of the acquiree's net identifiable assets, at the acquisition date. All other non-controlling interests are measured at acquisition-date fair value or, when applicable, on the basis prescribed by SFRS(I) appropriate for the specific circumstances.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions (i.e. transactions with owners in their capacity as owners). The carrying amount of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributable to owners of the Company.

When a change in the Company's ownership interest in a subsidiary results in a loss of control over the subsidiary, the assets and liabilities of the subsidiary including any goodwill, non-controlling interest and other components of equity related to the subsidiary are derecognised. Amounts recognised in other comprehensive income in respect of that entity are also reclassified to profit or loss or transferred directly to accumulated losses if required by a specific SFRS(I).

Any retained equity interest in the previous subsidiary is remeasured at fair value at the date that control is lost. The difference between the carrying amount of the retained interest at the date control is lost, and its fair value is recognised in profit or loss.

2 Summary of significant accounting policies (cont'd)

c) *Property, plant and equipment*

Property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and any impairment in value.

The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Dismantlement, removal or restoration costs are included as part of the cost of property, plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the asset.

No depreciation is provided on freehold land. Depreciation on items of property, plant and equipment is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives as follows:

	Years
Leasehold land and building	5
Leasehold improvements	3 to 5
Plant and machinery	5 to 10
Office and electronic equipment	3 to 10
Motor vehicles	5 to 10
Field equipment	2 to 10

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at each reporting date. The effects of any revision are recognised in profit or loss when the changes arise.

Fully depreciated assets are retained in the financial statements until they are no longer in use.

Properties in the course of construction for production, or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognised impairment loss until construction or development is completed. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policies. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognised in profit or loss when incurred.

On disposal of an item of property, plant and equipment, the difference between the net disposal proceeds and its carrying amount is recognised in profit or loss.

2 Summary of significant accounting policies (cont'd)

d) Intangible assets

Goodwill on acquisitions

Goodwill on acquisitions of subsidiaries and businesses represents the excess of (i) the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over (ii) the fair value of the identifiable net assets acquired.

Goodwill on subsidiaries is recognised separately as intangible assets and carried at cost less accumulated impairment losses.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in subsequent periods.

Gains and losses on the disposal of subsidiaries include the carrying amount of goodwill relating to the entity sold.

e) Exploration and evaluation expenditure

Exploration and evaluation activity involves the search for mineral resources, the determination of technical feasibility and the assessment of commercial viability of an identified resource.

The Group applies the area of interest method when accounting for exploration and evaluation costs. Exploration and evaluation expenditure incurred by or on behalf of the Group is accumulated separately for each area of interest where the rights to tenure of the area of interest are current. Expenditure for each area of interest is carried forward as an asset provided that at least one of the following conditions is met:

- such costs are expected to be recouped through further development and exploitation of the area of interest or, alternatively, by its sale; or

- exploration and evaluation activities in the area of interest have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable resources, and active operations in relation to the area are continuing to provide the additional information required to make a determination.

Expenditure which fails to meet the conditions outlined above are expensed in the period in which they are incurred. When an area of interest is abandoned, any expenditure carried forward in respect of that area is written off in full against profit or loss in the year in which the decision to abandon the area is made.

Exploration and evaluation assets acquired under an acquisition of assets or business combination are recognised at fair value. Expenditure incurred subsequent to acquisition in respect of an exploration asset is accounted for in accordance with the policy outlined above. No amortisation is charged during the exploration and evaluation phase.

Management regularly review the carrying value of exploration and evaluation expenditure to determine the appropriateness of continuing to carry forward capitalised costs in relation to an area of interest.

2 Summary of significant accounting policies (cont'd)

e) Exploration and evaluation expenditure (cont'd)

When production of an area of interest commences, the exploration and evaluation expenditure will be reclassified to mining properties. The accumulated costs for the relevant area of interest will then be amortised over the mine life of the area according to the rate of depletion.

f) Mining properties

Mining properties included costs that are required to bring a property from an evaluation phase to production. Expenditure includes direct and indirect costs that are required to provide access to ore sources and to provide facilities for extracting, gathering, transporting and treatment of the minerals. These costs may include the purchase price for development assets, expenditure associated with the development of open-cut or underground areas of interest, the establishment or refurbishment and recommissioning of processing facilities and the costs of dismantling and restoring the site where such obligations arise when the asset is acquired or constructed. Mining property expenditure may occur when a mine or facility is acquired or constructed and during production to provide further expansion or access to ore sources during the life of the mine or facility.

Expenditures are capitalised to the extent that these costs are expected to be recouped through commercially viable extraction of resources.

Mining property expenditure is amortised on a units of production basis. Where no reserves exist and future expenditure is required to calculate further resources, future production and development costs may need to be taken into account when determining the rate of amortisation.

The amortisation method is reviewed by management periodically.

Mining property expenditure is stated in the accounts at cost less accumulated amortisation and impairment losses.

g) Impairment of non-financial assets excluding goodwill

At the end of each reporting date, the Group assesses the carrying amounts of its non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In estimating value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A previously recognised impairment loss for an asset other than goodwill is only reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. A reversal of an impairment loss is recognised immediately in profit or loss.

2 Summary of significant accounting policies (cont'd)

h) Inventories

Inventories are valued at the lower of weighted average cost or net realisable value. Inventories include work-in-process inventory (stockpiled ore, gold in circuit and bullion inventories) as well as materials and supplies inventory.

Cost comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure relating to mining activities, the latter being allocated on the basis of normal operating capacity. Costs are assigned to individual items of inventory on the basis of weighted average costs. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

i) Financial assets

Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade date - the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

Financial assets are initially measured at fair value. Transaction costs that are directly attributable to the acquisition of financial assets (other than financial assets at fair value through profit or loss) are added to the fair value of the financial assets on initial recognition. Transaction costs directly attributable to acquisition of financial assets at fair value through profit or loss are recognised immediately in profit or loss. Trade receivables without a significant financing component is initially measured at transaction prices.

Classification and measurement

All financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

The Group classifies its financial assets in the following measurement categories:

- Amortised cost; and

- Fair value through profit or loss ("**FVTPL**").

The classification is based on the Group's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

The Group reclassifies financial assets when and only when its business model for managing those assets changes.

2 Summary of significant accounting policies (cont'd)

i) Financial assets (cont'd)

Subsequent measurement

i) Debt instruments

Debt instruments include other receivables (excluding prepayments and VAT recoverable), due from subsidiaries and cash and cash equivalents. The subsequent measurement category is depending on the Group's business model for managing the asset and cash flow characteristics of the asset.

The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and

- The contractual terms of the financial asset give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest rate ("**EIR**") method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired. Interest income from these financial assets is included in interest income using the EIR method.

ii) Equity instruments

The Group subsequently measures all its equity investments at their fair values. Equity investments are classified as FVTPL with movements in their fair values recognised in profit or loss in the period in which the changes arise and presented in "Other income" or "Other expenses". On disposal of an equity investment classified as FVTPL, the difference between the carrying amount and sales proceed amount would be recognised in profit or loss. Dividends from equity investments are recognised in profit or loss and presented in "Other income".

Impairment

The Group recognises an allowance for expected credit losses ("**ECLs**") for financial assets carried at amortised cost. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate.

The impairment methodology applied depends on whether there has been a significant increase in credit risk. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a "**12-month ECL**"). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a "**lifetime ECL**").

For trade receivables that do not have a significant financing component, the Group applies a simplified approach to recognise a loss allowance based on lifetime ECLs at each reporting date. The Group has established simplified approach to recognised a loss allowance based on lifetime ECLs at each reporting date.

2 Summary of significant accounting policies (cont'd)

i) Financial assets (cont'd)

Impairment (cont'd)

If the Group has measured the loss allowance for a financial asset at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date.

The Group recognises an impairment gain or loss in income or expenditure for all financial assets with a corresponding adjustment to their carrying amount through a loss allowance account.

Offset

Financial assets and liabilities are offset and the net amount presented on the statement of financial position when, and only when the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

j) Financial liabilities

Financial liabilities are recognised on the statement of financial position when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition.

Financial liabilities are recognised initially at fair value, plus, in the case of financial liabilities other than derivatives, directly attributable transaction costs.

Subsequent to initial recognition, derivatives are measured at fair value. Other financial liabilities (except for the financial guarantees) are measured at amortised cost using the effective interest method.

For financial liabilities other than derivatives, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process. Any gains or losses arising from changes in fair value of derivatives are recognised in profit or loss. Net gains or losses on derivatives include exchange differences. A financial liability is derecognised when the obligation under the liability is extinguished.

k) Borrowings

Loans

Borrowings are presented as current liabilities unless the Group has an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case they are presented as non-current liabilities.

Borrowings are initially recognised at fair value (net of transaction costs) and subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

2 Summary of significant accounting policies (cont'd)

k) Borrowings (cont'd)

Redeemable convertible bonds - Tomson Pte. Ltd.

Redeemable convertible bonds are hybrid instruments comprising a financial liability component, and embedded derivative components. The instrument is designated as a financial instrument that is carried at fair value through profit or loss in its entirety.

On issuance of the redeemable convertible bonds, the instrument is recognised at its fair value which is based on the issuance proceeds. Subsequently, the instrument is carried at fair value with fair value changes being recognised in profit or loss on each reporting date. The fair value changes attributable to its own credit risk is recognised in other comprehensive income.

l) Contingencies

A contingent liability is:

(a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or

(b) a present obligation that arises from past events but is not recognised because:

  (i) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

  (ii) the amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

Contingent liabilities and assets are not recognised on the statements of financial position of the Group and the Company, except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined.

m) Provisions for other liabilities

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past event, and it is probable that an outflow of economic resources will be required to settle that obligation and the amount can be estimated reliably. Provisions are measured at management's best estimate of the expenditure required to settle the obligation at the end of the reporting period. Where the effect of the time value of money is material, the amount of the provision shall be discounted to present value using a pre-tax discount rate that reflects the current market assessment of the time value of money and risks specific to the obligation.

When discounting is used, the increase in the provision due to passage of time is recognised as a finance cost in profit or loss.

The Group recognises the estimated costs of dismantlement, removal or restoration of assets arising from the acquisition or use of assets (Note 2(p)). This provision is estimated based on the best estimate of the expenditure required to settle the obligation, taking into consideration time value.

2 Summary of significant accounting policies (cont'd)

m) Provisions for other liabilities (cont'd)

Changes in the estimated timing or amount of the expenditure or discount rate is adjusted against the cost of the related assets unless the decrease in the liability exceeds the carrying amount of the asset or the asset has reached the end of its useful life. In such cases, the excess of the decrease over the carrying amount of the asset or the changes in the liability is recognised in profit or loss immediately.

n) Financial guarantees

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantee contracts are initially recognised at their fair values plus transaction costs. Financial guarantees are classified as financial liabilities.

Subsequent to initial measurement, the financial guarantees are stated at the higher of the amount initially recognised less cumulative amount of income recognised in accordance with the principles of SFRS(I) 15 *Revenue from Contracts with Customers* and the amount of expected loss computed using the impairment methodology under SFRS(I) 9 *Financial Instruments*.

o) Income tax

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided using the liabilities method on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

Deferred income tax is measured:

(i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the end of the reporting period; and

(ii) based on the tax consequence that will follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amounts of its assets and liabilities.

2 Summary of significant accounting policies (cont'd)

o) *Income tax (cont'd)*

Current and deferred income taxes are recognised as income or expense in profit or loss, except to the extent that the tax arises from a business combination or a transaction which is recognised directly in equity. Deferred tax arising from a business combination is adjusted against goodwill on acquisition.

p) *Leases*

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

When the Group is the lessee

The Group applies a single recognition and measurement approach for all contracts that are, or contain, a lease, except for short-term leases (i.e. for leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option) and leases of low-value assets (e.g. leases of tablet and personal computers, small items of office equipment and telephones). For these exempted leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

Lease liabilities

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise fixed lease payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

The lease liabilities are presented as a separate line in the statements of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability using the effective interest method, and reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever there is a modification, a change in the lease term, a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

2 Summary of significant accounting policies (cont'd)

p) Leases (cont'd)

When the Group is the lessee (cont'd)

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement date, initial direct cost, less any lease incentive received.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under SFRS(I) 1-37 *Provisions, Contingent Liabilities and Contingent Assets*. To the extent that the cost relates to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are subsequently measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. Right-of-use assets are depreciated on a straight-line basis over the shorter period of the lease term and useful life of the underlying asset. If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. Depreciation on right-of-use assets is calculated using the straight-line method over the shorter of its estimated useful life and the lease terms as follows:

	Years
Plant and equipment	5 to 10
Motor vehicles	3 to 7
Field equipment	1 to 3
Lease premises	1 to 3

The right-of-use assets are presented within "property, plant and equipment" in the statements of financial position.

The Group applies SFRS(I) 1-36 *Impairment of Assets* to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in Note 2(g).

When a Group entity is the lessor

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct cost incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

2 Summary of significant accounting policies (cont'd)

q) Cash and cash equivalents in the statement of cash flows

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand, deposits with financial institutions which are subject to an insignificant risk of change in value and excludes pledged deposits.

r) Rehabilitation and preservation provisions

The estimated costs of future site rehabilitation and restoration, including heritage preservation where required, associated with previous mining and/or exploration activity are provided for as and when an obligation arises and are included in the costs of the related area of interest. These costs may include the dismantling and removal of any plant, equipment and building structures and rehabilitation, where such work is deemed required by the relevant government authorities and the cost of making safe any remaining aspects of the previous mining operation.

Closure provisions are measured at the present value of the expected future cash flows that will be required to perform the decommissioning and rehabilitation. The provision is based on the best estimate of future costs, current legal and practical requirements and technology. Provisions are reviewed periodically for changes in the estimates of the amount or timing of future cash flows and changes in the discount rate and are accounted for on a prospective basis.

s) Revenue and other income recognition

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Revenue is recognised when the Group satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

Sale of gold

Revenue from sale of gold is recognised at the point when the gold are delivered to the customer. The amount of revenue recognised is the amount of transaction price allocated to the satisfied performance obligation as per specified in the contract with no element of financing deemed present. The transaction price determined is the amount of consideration in the contract to which the Group expects to be entitled in exchange for satisfying the performance obligation. A receivable is recognised when the gold are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

Rental income

Lease payments from operating leases are recognised on a straight-line basis over the lease term. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

Interest income

Interest income is recognised using the effective interest method.

2 Summary of significant accounting policies (cont'd)

t) Employee benefits

Defined contribution plans

Defined contribution plans are post-employment benefits plans under which the Group pays fixed contributions into separate entities. The Group participates in the national schemes as defined by the laws of the countries in which it operates. The Group's contributions are recognised as an expense in profit or loss as and when they are incurred. The Group has no further payment obligations once the contributions have been paid.

Employee share option plans

The Company also issued share options to executive and non-executive directors and certain key management personnel and these personnel are considered employees and others providing similar services. These share options provide rights to the recipients to subscribe for new ordinary shares in the Company for a fixed exercise price. The cost of these equity-settled share-based payment transactions with employees is measured by reference to the fair value of the options at the date on which the options are granted which takes into account market conditions and non-vesting conditions. The grant date is defined as the date at which the Company and the employees agree to the share-based payment arrangement, being when the Company and the employees have a shared understanding of the terms and conditions of the arrangement. At grant date the entity confers on the counterparty the right to cash, other assets, or equity instruments of the entity, provided the specified vesting conditions, if any, are met. Where the agreement is subject to an approval process, the grant date is the date when that approval is obtained.

This cost is recognised in profit or loss, with a corresponding increase in the employee share option reserve, over the vesting period. The cumulative expense recognised at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of options that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense. Where the options granted do not have any further vesting condition that needs to be fulfilled subsequent to the grant date, the options are expensed immediately.

The employee share option reserve is transferred to accumulated losses upon expiry of the share option.

Employee leave entitlement

Employee entitlements to annual leave, sick leave or long service leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave, sick leave or long service leave as a result of services rendered by employees up to the end of the reporting period.

Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after reporting date are discounted to present value.

2 Summary of significant accounting policies (cont'd)

u) Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Where the grant relates to an asset, the fair value is recognised as deferred capital grant on the statements of financial position and is amortised to profit or loss over the expected useful life of the relevant asset by equal annual instalments.

When the grant relates to an expense item, it is recognised in profit or loss over the period necessary to match them on a systematic basis to the costs that it is intended to compensate.

v) Derivative financial instruments

Derivative financial instruments are initially measured at fair value on the contract date, and are remeasured to fair value at subsequent reporting dates. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

Changes in the fair value of derivative financial instruments that are not designated or do not qualify for hedge accounting are recognised in profit or loss as they arise.

w) Borrowing costs

Borrowing costs incurred to finance the acquisition of property, plant and equipment are capitalised during the period of time that is required to complete and prepare the asset for its intended use. Other borrowing costs are recognised on a time-proportion basis in profit or loss using the effective interest method. The amount of borrowing cost capitalised on that asset is the actual borrowing costs incurred during the period less any investment income on the temporary investment of those borrowings.

x) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the management who are responsible for allocating resources and assessing performance of the operating segments.

y) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share premium account.

z) Foreign currencies

Functional and presentation currency

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates (the "**functional currency**"). The consolidated financial statements of the Group and the statement of financial position of the Company are presented in Singapore dollar, which is the functional currency of the Company.

2 Summary of significant accounting policies (cont'd)

z) Foreign currencies (cont'd)

Transactions and balances

Transactions in a currency other than the functional currency ("**foreign currency**") are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Currency translation differences resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss. However, in the consolidated financial statements, currency translation differences arising from borrowings in foreign currencies and other currency instruments designated and qualifying as net investment hedges and net investment in foreign operations, are recognised in other comprehensive income and accumulated in the foreign currency translation reserve.

When a foreign operation is disposed of or any loan forming part of the net investment of the foreign operation is repaid, a proportionate share of the accumulated currency translation differences is reclassified to profit or loss, as part of the gain or loss on disposal.

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

Translation of Group entities' financial statements

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the Group's presentation currency are translated into the presentation currency as follows:

(i) Assets and liabilities for each statement of financial position presented are translated at the closing rate at the end of the reporting period;

(ii) Income and expenses are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case, income and expenses are translated at the dates of the transactions); and

(iii) All resulting exchange differences are recognised in other comprehensive income and accumulated in the foreign currency translation reserve. These currency translation differences are reclassified to profit or loss on disposal or partial disposal of the entity giving rise to such reserve.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations (including monetary items that, in substance, form part of the net investment in foreign entities), and of borrowings and other currency instruments designated as hedges of such investments, are taken to the foreign currency translation reserve.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

On disposal of a foreign group entity, the cumulative amount of the foreign currency translation reserve relating to that particular foreign entity is reclassified from equity and recognised in profit or loss when the gain or loss on disposal is recognised.

3 Critical accounting judgements and key sources of estimation uncertainty

Critical judgement made on applying accounting policies

In the process of applying the Group's accounting policies, which are described in Note 2, management has made the following judgements that have the most significant effect on the amounts recognised in the financial statements (apart from those involving estimations described below).

Going concern assumptions

The financial statements of the Group and the Company have been prepared on a going concern basis.

As at 30 June 2022, the current liabilities of the Group and the Company exceeded their current assets by $19,229,000 (2021: $7,432,000) and $41,270,000 (2021: $47,649,000) respectively. As further disclosed in Note 26, the borrowing of the Group of $2,130,000 is due for repayment in November 2022.

The abovementioned factors indicate the existence of material uncertainties which may cast significant doubt about the ability of the Group and the Company to continue as going concerns.

The Board is of the view that the use of the going concern assumption in the preparation of the financial statements is appropriate after taking into consideration the following:

(i) applications have been submitted to the relevant authorities for expansion of the capacity of the current tailings storage facilities as well as for the development of alternative storage facilities. In-principle approval has been received in the form of a limited use of the dry stack. Whilst the formal approval for the use of the dry stack, which has a two-year capacity, is still pending, the in-principle approval provides a certain degree of validation as to the Group's plans in this aspect and that the Group should be able to meet the requirements for the formal approval. Meanwhile, processes are underway for the construction of new tailings storage facilities to cater to the operational needs of the Group for another 9 years;

(ii) based on the cash flow forecast, the Group is able to generate positive cash flows from the mining operations;

(iii) the Group is in the process of sourcing alternative sources of funding; and

(iv) management's plans to undertake periodic assessments in relation to the Group's operations and financial positions and where appropriate seek improvements in cash flow management, productivity and manage cost efficiency of the Group's operations.

In addition, the Company and one of its subsidiaries were served notices by the Commercial Affairs Department ("**CAD**") of the Singapore Police Force in April 2014 in relation to an investigation into an offence under the Securities and Futures Act, Chapter 289. As the CAD has not provided details of its investigation, management was and still is unable to ascertain (i) whether the investigation would have an impact on the Group's and the Company's ongoing business operations; and (ii) the impact of adjustments that may arise from the investigation, if any, on the financial statements.

After considering the measures and mitigating actions described above, the directors of the Company believe that the Group and the Company will be able to generate sufficient positive cash flows and raise the necessary funds from the debt and capital markets to meet the operating requirements of the Group's operations and to pay their debts as and when they fall due. As such, the Directors have determined that it is appropriate for the Group and the Company to adopt the going concern assumption in preparing the financial statements.

If the Group and the Company are unable to continue in operational existence for the foreseeable future, the Group and the Company may be unable to discharge their liabilities or realise their assets in the normal course of business. Adjustments may have to be made to reflect the situation that assets may need to be realised at amounts which could differ from the amounts at which they are currently recorded in the statement of financial position. In addition, the Group and the Company may have to provide for further liabilities that might arise, and to reclassify non-current assets and liabilities as current assets and liabilities respectively. No such adjustments have been made in the financial statements.

3 Critical accounting judgements and key sources of estimation uncertainty (cont'd)

Critical judgement made on applying accounting policies (cont'd)

Contingent liabilities arising from legal proceedings

Certain legal proceedings as described in Note 32 are pending against the Group. Due to the uncertainty inherent in such matters, it is often difficult to predict the final outcome. The cases and claims against the Group often raise difficult and complex factual and legal issues that are subject to many uncertainties and complexities, including but not limited to the facts and circumstances of each particular case and claim, the jurisdiction and the differences in applicable law. In the normal course of business, the Group consults with legal counsel and certain other experts on matters related to litigation.

The Group recognises a liability when it is determined that an adverse outcome is probable and the amount of the loss can be reasonably estimated. In the event an adverse outcome is possible or an estimate is not determinable, the matter is disclosed.

During the financial year, no provision (2021: $Nil) was recognised in relation to contingent liabilities which arose from legal proceedings as disclosed in Note 32.

Exploration and evaluation expenditure

The future recoverability of capitalised exploration and evaluation expenditure is dependent on a number of factors, including whether the Group decides to exploit the related lease itself or, if not, whether it successfully recovers the related exploration and evaluation asset through sale.

Factors which could impact the future recoverability include the level of ore reserves and mineral resources, future technological changes which could impact the cost of mining, future legal changes (including changes to environmental restoration obligations) and changes to commodity prices.

In addition, exploration and evaluation expenditure is capitalised if activities in the area of interest have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves. To the extent that it is determined in the future that this capitalised expenditure should be written off, this will reduce profits and net assets in the period in which this determination is made.

During the current financial year, there was a write-off of $203,000 (2021: $1,314,000) in relation to exploration and evaluation expenditure. The carrying amount of the Group's exploration and evaluation expenditure at 30 June 2022 is disclosed in Note 13.

Where the entity has sufficient information to make a decision whether an area of interest is economically feasible, the exploration and evaluation expenditure will be reclassified to mining properties. The accumulated costs for the relevant area of interest will then be amortised over the mine life of the area according to the rate of depletion.

Functional currency

The Group measures foreign currency transactions in the respective functional currencies of the Company and its subsidiary companies. In determining the functional currencies of the entities in the Group, judgement is required by management to determine the primary economic environment in which the entities operate, the entities' process of determining sales prices and the currency of the country whose competitive forces and regulations mainly influences the prices of its goods and services. Management has assessed that prices are mainly denominated and settled in the respective local currency of the entities of the Group. In addition, most of the entities' cost base is mainly denominated in their respective local currency. Therefore, management concluded that the functional currency of the entities of the Group is their respective local currency.

3 Critical accounting judgements and key sources of estimation uncertainty (cont'd)

Critical judgement made on applying accounting policies (cont'd)

Redeemable convertible bond - Tomson Pte. Ltd.

As disclosed in Note 22, the Group and the Company have entered into a subscription agreement with Tomson Pte. Ltd. (the "**Subscriber**""), pursuant to which the Company has agreed to issue and the Subscriber has agreed to subscribe for up to $10,000,000 in aggregate principal amount of 10% unlisted and redeemable bonds (the "**Bonds**"). Based on the terms and conditions of the agreement, the Company is granted the right to require the Subscriber to subscribe for such Bonds from the Company as well as the right to redeem the bond earlier than Maturity date ("**Early redemption option**"). In addition, the Subscriber is granted the right to convert outstanding issued principal amounts into shares at any time between the issuance date and the maturity date, with the conversion subjected to adjustments for certain adjusting events ("**Conversion option**").

As disclosed in Note 2(k), the redeemable convertible bonds are recognised as a financial instrument that is carried at fair value through profit or loss in its entirety. The Group has assessed the appropriate classification of the financial instrument based on its assessment of the components of the financial instrument and whether the embedded derivatives identified are closely or not closely related to the host.

Investigations by the CAD

In April 2014, the Company and one of its subsidiaries were served notices by the CAD of the Singapore Police Force in relation to an investigation into an offence under the Securities and Futures Act, Chapter 289. As the CAD has not provided details of its investigation, management is unable to ascertain (i) whether the investigation would have an impact on the Group's and the Company's ongoing business operations; and (ii) the significance of adjustments, if any, that may arise from the investigation, to the financial statements.

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Impairment of non-current assets

Property, plant and equipment, mining properties and exploration and evaluation expenditure are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

The recoverable amounts of these assets and, where applicable, cash generating units ("**CGU**"), have been determined based on the higher of fair value less cost of disposal and value in use calculations. These calculations involve the use of estimates and assumptions such as forecasted revenue and operating costs and discount rate. These estimates and assumption involve significant management judgement and are affected by future market and economic conditions. Changes to these estimates and assumptions could result in a change in the carrying value of these assets.

The carrying amounts of the property, plant and equipment, exploration and evaluation expenditure and mining properties at 30 June 2022 are disclosed in Notes 12, 13 and 14 respectively.

Estimated net realisable value of inventories

The calculation of net realisable value ("**NRV**") for ore stockpiles, gold in circuit and bullion on hand involves significant judgement and estimation in relation to timing and cost of processing, gold prices, exchange rates and processing recoveries. A change in any of these assumptions will alter the estimated NRV and may therefore impact the carrying value of inventories. The carrying amount of the Group's inventories at 30 June 2022 is disclosed in Note 18.

3 Critical accounting judgements and key sources of estimation uncertainty (cont'd)

Key sources of estimation uncertainty (cont'd)

Ore reserves, mineral resources and exploration targets

The Group estimates ore reserves, mineral resources and exploration targets based on information compiled by competent persons. Ore reserves and mineral resources are categorised based on the level of geological confidence and the economic viability of extraction. Resources are an identified mineral occurrence with reasonable prospects for eventual economic extraction and reserves are the economically mineable part of a resource where appropriate assessments demonstrate that economic extraction can be reasonably justified. An exploration target is a hypothetical view of a mineralised reef which is not necessarily economic. It is not a mineral resource or ore reserve. There is no guarantee that tonnages will be either realised or economic. The estimate of mineral resources may be materially affected by environmental, permitting, legal, title, taxation, socio-political, marketing, production costs, metal prices, mining control, dilution or other relevant issues. Ore reserves, mineral resources, exploration targets, if applicable, determined in this way are taken into account in the calculation of depreciation, amortisation, impairment, mining properties and rehabilitation expenditure.

The determination of ore reserves, mineral resources, exploration targets and mine life affects the Group's financial performance and financial position including asset carrying values impacted by estimated future cash flows, depreciation and amortisation charges, impairment and rehabilitation provision.

The carrying amounts of exploration and evaluation expenditure and mining properties at 30 June 2022 are disclosed in Notes 13 and 14 respectively.

Amortisation of mining properties

Mining property expenditure is amortised on a cost per ounce basis utilising estimates of total production and projected total capitalised cost. The amortisation method is reviewed quarterly and any changes in expected production and future expenditure on capitalised mine development are accounted for by changing the amortisation calculation, which is a change in accounting estimate.

During the year, amortisation of mining properties recognised was $7,411,000 (2021: $7,783,000) (Note 14).

The carrying amount of the Group's mining properties at 30 June 2022 is disclosed in Note 14.

Estimated useful life and residual value of property, plant and equipment

Items of property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of the property, plant and equipment, therefore future depreciation charges could be revised. Management estimates the useful lives of the individual items of property, plant and equipment to be within 2 to 10 years. The carrying amount of the Group's property, plant and equipment at 30 June 2022 is disclosed in Note 12.

Any changes in the expected useful lives of these assets would affect the net carrying amount of property, plant and equipment and the depreciation charges for the financial year.

Rehabilitation and preservation provision

Provision is made for environmental rehabilitation and preservation costs when the related environmental disturbance occurs, based on the net present value of estimated future costs. The ultimate cost of environmental disturbance is uncertain and management uses its judgement and experience to provide for these costs over the life of the operations. Cost estimates can vary in response to many factors including changes to the relevant legal or local/national government ownership requirements, the Group's environmental policies, the emergence of new restoration techniques, the timing of the expenditures and the effects of inflation. Experience gained at other mine or production sites is also a significant consideration.

3 Critical accounting judgements and key sources of estimation uncertainty (cont'd)

Key sources of estimation uncertainty (cont'd)

Rehabilitation and preservation provision (cont'd)

Cost estimates are updated throughout the life of the operation. The expected timing of expenditure included in cost estimates can also change, for example in response to changes in ore reserves, production rates, operating licence or economic conditions. Expenditure may occur before and after closure and can continue for an extended period of time depending on the specific site requirements. Some expenditure can continue into perpetuity.

Cash flows must be discounted if this has a material effect. The selection of appropriate sources on which to base calculation of the risk free discount rate used for this purpose also requires judgement.

As a result of all of the above factors, there could be significant adjustments to the provision for close down, restoration and clean-up costs which would affect future financial results.

The carrying amount of the Group's rehabilitation and preservation provision at 30 June 2022 is disclosed in Note 24.

Impairment of investment in subsidiaries

Management performs an impairment assessment of the Company's investment in subsidiaries whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. When any such indication exists, the recoverable amount (i.e. higher of the fair value less cost of disposal and value in use) of the asset is estimated to determine the impairment loss or write back of impairment. The determination of fair value less cost of disposal involves estimation of the fair values of the underlying assets and liabilities of the subsidiary, less incremental costs for disposing the asset. When value in use calculations are undertaken, management estimates the expected future cash flows from the asset or CGU and choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of the Company's investment in subsidiaries at 30 June 2022 is disclosed in Note 16.

4 Revenue

Revenue represents income from the sale of gold which is recognised at a point in time when the gold is delivered to the customer. The primary geographical market of the Group's revenue is in Australia.

5 Other income

	Group	
	2022	2021
	$'000	$'000
Investment trading income	**391**	1,105
Interest income	**13**	32
Rental income	**24**	–
Gain on de-registration of a subsidiary	**–**	417
(Loss)/gain on disposal of property, plant and equipment	**(248)**	60
Others	**207**	155
	387	1,769

5 Other income (cont'd)

Investment trading income relates to fair value gain or loss of financial assets measured at fair value through profit or loss commencing from 30 September 2020, which represents the diversification of the immediate holding company's group operations to commence its investment trading business through the Company. This is effective from the date of obtaining shareholders approval on 30 September 2020.

Others include government grants of $55,000 (2021: $133,000) that was recognised during the year under the Job Support Scheme (the "**JSS**"). The JSS is a temporary scheme introduced in the Singapore Budget 2020 and had been extended to 2021 by the Government to help enterprises retain local employees. Under the JSS, employers will receive cash grant in relation to the gross monthly wages of eligible employees.

6 Other (gains)/expenses, net

	Group	
	2022	2021
	$'000	$'000
Exploration and evaluation expenditure written off (Note 13)	**203**	1,314
Fair value loss on financial assets at fair value through profit or loss	**–**	976
Fair value (gain)/loss on financial liabilities at fair value through profit or loss (redeemable convertible bonds) (Note 22)	**(3,254)**	6,254
(Gain)/loss on foreign exchange (net)	**(2,342)**	2,937
Loss on lease modification	**3**	–
Other mining related expenses (Note 13)	**658**	916
Plant and equipment written off	**–**	3
	(4,732)	12,400

7 Finance costs

	Group	
	2022	2021
	$'000	$'000
Interest on lease liabilities (Note 12(c))	**775**	297
Interest on restructured loan and convertible bonds	**280**	207
Total interest expenses	**1,055**	504
Amortisation of discount on rehabilitation and preservation provision (Note 24)	**54**	54
	1,109	558

8 Profit/(loss) before income tax

	Group	
	2022	2021
	$'000	$'000
Profit/(loss) before income tax is arrived at after charging:		
Included in cost of sales:		
- cost of inventories sold	**63,561**	64,196
- depreciation of property, plant and equipment	**6,039**	6,665
- amortisation of mining properties (Note 14)	**7,411**	7,783
	77,011	78,644
Included in administrative expenses:		
Employee benefit costs (Note 9)	**2,678**	15,097
Depreciation of property, plant and equipment	**846**	568
Legal and professional fees	**289**	491
Operating lease rental on offices and staff quarters (Note 12(c))	**3**	9
Audit fees:		
- Auditor of the Company	**262**	218
- Other auditors*	**424**	154
Non-audit fees:		
- Auditor of the Company	**15**	–
- Other auditors*	**–**	–

* Includes overseas independent member firm of Baker Tilly International network.

9 Employee benefit costs (including key management personnel's remuneration)

	Group	
	2022	2021
	$'000	$'000
Salaries and related costs	**2,461**	2,288
Employer's contributions to defined contribution plans	**157**	148
Employee share-based compensation	**–**	12,661
Termination benefits	**60**	–
	2,678	15,097

10 Income tax credit

	Group 2022 $'000	Group 2021 $'000
Income tax credit attributable to results is made up of:		
Current income tax	**(361)**	–
Over provision in respect of prior years	**(1,256)**	–
	(1,617)	–

A reconciliation of income tax calculated at the applicable corporate tax rate with income tax expense is as follows:

	Group 2022 $'000	Group 2021 $'000
Profit/(loss) before income tax	**4,795**	(19,183)
Tax at the domestic rates applicable to profits in the countries where the Group operates	**532**	(2,676)
Income not subject to tax	**(961)**	(1,598)
Singapore statutory stepped income exemption	**(19)**	–
Effect of tax incentives	**(361)**	–
Expenses not deductible for tax purposes	**1,829**	5,090
Utilisation of previously unrecognised tax losses	**(1,404)**	(816)
Deferred tax assets not recognised	**23**	–
Over provision of income tax in respect of prior years	**(1,256)**	–
	(1,617)	–

The above reconciliation is prepared by aggregating separate reconciliations for each national jurisdiction.

The income tax rate applicable to companies incorporated in Singapore and foreign subsidiaries of the Group are 17% (2021: 17%) and 30% (2021: 30%) respectively for the financial year ended 30 June 2022.

At the end of the reporting period, unrecognised tax losses of the Group available for offsetting against future taxable profits amount to $31,956,000 (2021: $28,949,000). The availability of the unrecognised tax losses for set-off against future taxable profits is subject to compliance with the tax regulations and agreement with the tax authorities of the respective countries in which the Group companies are incorporated. The tax losses have no expiry date.

11 Earnings/(loss) per share

Basic earnings per share is calculated by dividing the net earnings attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial year.

	Group	
	2022	2021
	$'000	$'000
Profit/(loss) for the financial year attributable to equity holders of the Company ($'000)	**7,507**	(20,149)
Weighted average number of ordinary shares outstanding for basic earnings per share ('000)	**33,580,179**	32,448,672
Adjustment for convertible bonds and option shares ('000)	**2,833,333**	–
Weighted average number of ordinary shares outstanding for diluted earnings/(loss) per share ('000)	**36,413,512**	32,448,672
Basic earnings/(loss) per share (cents)	**0.022**	(0.062)
Diluted earnings/(loss) per share (cents)	**0.021**	(0.062)

The number of shares that may be issued on the exercise of options and conversion of the outstanding convertibles as at 30 June 2022 and 30 June 2021 is as follows:

As at 30 June 2022	**No. of shares that may be issued**
Option Shares to be issued upon exercise of the Options by the Option Subscribers, with each Option carrying the right to subscribe for one Share in the Company at the exercise price of $0.0028 for each new share	2,500,000,000
Shares to be issued on conversion of outstanding convertible bonds of $1.0 million, at the conversion price of $0.003 for each new share	333,333,333
	2,833,333,333
As at 30 June 2021	
The effect of the Option (Note 28) and redeemable convertible bonds (Note 22) were assessed to be anti-dilutive	–

12 Property, plant and equipment

	Freehold land $'000	Leasehold land and building $'000	Leasehold improvements $'000	Plant and machinery $'000	Office and electronic equipment $'000	Motor vehicles $'000	Field equipment $'000	Leased premises $'000	Construction in progress $'000	Total $'000
Group										
2022										
Cost										
At 1 July 2021	5,922	4,241	269	45,790	931	1,367	17,554	1,574	7,324	84,972
Additions	–	–	89	2,392	210	532	742	795	4,516	9,276
Transfer	–	–	–	1,147	–	(221)	1,322	–	(2,248)	–
Disposals/write-offs	–	–	–	(2,063)	(113)	(213)	(275)	(434)	–	(3,098)
Exchange differences	(321)	(230)	(3)	(2,505)	(44)	(66)	(998)	(15)	(457)	(4,639)
At 30 June 2022	**5,601**	**4,011**	**355**	**44,761**	**984**	**1,399**	**18,345**	**1,920**	**9,135**	**86,511**
Accumulated depreciation										
At 1 July 2021	1,329	4,241	43	35,120	659	728	12,635	612	–	55,367
Charge for the year	–	–	62	4,311	169	169	1,466	708	–	6,885
Disposals/write-offs	–	–	–	(2,026)	(32)	(101)	(73)	(312)	–	(2,544)
Exchange differences	(72)	(230)	–	(1,948)	(36)	(39)	(721)	(16)	–	(3,062)
At 30 June 2022	**1,257**	**4,011**	**105**	**35,457**	**760**	**757**	**13,307**	**992**	**–**	**56,646**
Net carrying amount										
At 30 June 2022	**4,344**	**–**	**250**	**9,304**	**224**	**642**	**5,038**	**928**	**9,135**	**29,865**

12 Property, plant and equipment (cont'd)

	Freehold land	Leasehold land and building	Leasehold improvements	Plant and machinery	Office and electronic equipment	Motor vehicles	Field equipment	Leased premises	Construction in progress	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Group										
2021										
Cost										
At 1 July 2020	4,637	4,009	–	35,724	778	1,129	16,353	1,513	4,240	68,383
Additions	977	–	268	8,994	178	183	521	67	2,817	14,005
Disposals/write-offs	–	–	–	(1,042)	(64)	–	(266)	(30)	–	(1,402)
Exchange differences	308	232	1	2,114	39	55	946	24	267	3,986
At 30 June 2021	5,922	4,241	269	45,790	931	1,367	17,554	1,574	7,324	84,972
Accumulated depreciation										
At 1 July 2020	1,226	4,009	–	30,174	539	526	9,952	92	–	46,518
Charge for the year	–	–	43	4,231	154	171	2,091	543	–	7,233
Disposals/write-offs	–	–	–	(1,042)	(62)	–	–	(30)	–	(1,134)
Exchange differences	103	232	–	1,757	28	31	592	7	–	2,750
At 30 June 2021	1,329	4,241	43	35,120	659	728	12,635	612	–	55,367
Net carrying amount										
At 30 June 2021	4,593	–	226	10,670	272	639	4,919	962	7,324	29,605

12 Property, plant and equipment (cont'd)

a) Included within additions of the Group are plant and equipment acquired under leases amounted to $2,332,000 (2021: $8,586,000) and provision for rehabilitation and preservation of $Nil (2021: $130,000) during the year. The cash outflow on acquisition of property, plant and equipment amounting to $6,944,000 (2021: $5,549,000).

b) The net carrying amounts of property, plant and equipment of $6,979,000 (2021: $8,990,000) held as security under lease liabilities (Note 21).

c) The Group as a lessee

Nature of the Group's leasing activities - Group as a lessee

The Group's leasing activities comprise the following:

(i) The Group leases various plant and machinery, motor vehicles, field equipment and also makes annual lease payments for leasehold premises. The right-of-use of these assets are classified as property, plant and equipment.

(ii) In addition, the Group leases certain offices and staff questors. These leases are short-term items. The Group has elected not to recognise right-of-use assets and lease liabilities for these leases.

The maturity analysis of the lease liabilities is disclosed in Note 34.

Information about leases for which the Group is a lessee is presented below:

Carrying amount of right-of-use assets

(i) Carrying amounts of right-of-use assets ("**ROU**") classified within property, plant and equipment are as follows:

	Group	
	2022	2021
	$'000	$'000
Plant and machinery	**6,979**	8,653
Motor vehicles	**–**	236
Field equipment	**–**	101
Leased premises	**926**	962
	7,905	9,952

Additions of right-of-use assets during the financial year 2022 was $2,332,000 (2021: $8,586,000).

12 Property, plant and equipment (cont'd)

c) The Group as a lessee (cont'd)

Information about leases for which the Group is a lessee is presented below (cont'd):

Carrying amount of right-of-use assets (cont'd)

(ii) Amounts recognised in profit or loss:

	Group	
	2022	2021
	$'000	$'000
Depreciation charge during the year		
Plant and equipment	**3,112**	1,530
Motor vehicles	**19**	67
Field equipment	**98**	1,763
Leased premises	**701**	543
	3,930	3,903
Interest expense on lease liabilities (Note 7)	**775**	297
Lease expense not included in the movement of lease liabilities.		
Lease expense - short-term lease (Note 8)	**3**	9

During the financial year, total cash outflow for leases amounted to $5,607,000 (2021: $4,153,000).

d) The Group as a lessor

Subleases - classified as operating leases

The Group lease office space under a head lease arrangement and subleases the part of the office space to third parties as an intermediate lessor. The sub-lease periods do not form a major part of the remaining lease terms under the head leases and accordingly, the sub-leases are classified as operating leases.

Income from subleasing recognised during the financial year is disclosed in Note 5.

Maturity analysis of lease payments - the Group as a lessor

Undiscounted lease payments from the operating leases to be received after the reporting date are as follows:

	Group	
	2022	2021
	$'000	$'000
Less than one year	**72**	–
1 to 2 years	**36**	–
Total undiscounted lease payments	**108**	–

12 Property, plant and equipment (cont'd)

	Office and electronic equipment $'000
Company	
2022	
Cost	
Balance at 1 July 2021	22
Additions	2
Balance at 30 June 2022	**24**
Accumulated depreciation	
Balance at 1 July 2021	6
Charge for the year	8
Balance at 30 June 2022	**14**
Net carrying amount	
Balance at 30 June 2022	**10**
2021	
Cost	
Balance at 1 July 2020	56
Additions	20
Disposal/write off	(54)
Balance at 30 June 2021	22
Accumulated depreciation	
Balance at 1 July 2020	51
Charge for the year	7
Disposal/write off	(52)
Balance at 30 June 2021	6
Net carrying amount	
Balance at 30 June 2021	16

13 Exploration and evaluation expenditure

	Group	
	2022	2021
	$'000	$'000
Balance at the beginning of the financial year	**11,790**	8,238
Expenditure capitalised during the financial year	**4,012**	8,116
Transfer to mining properties (Note 14)	**–**	(3,711)
Write-off (Note 6)	**(203)**	(1,314)
Exchange differences	**(702)**	461
Balance at the end of the financial year	**14,897**	11,790

Exploration and evaluation expenditure immediately expensed to 'Other mining related expenses' in the statement of profit or loss and other comprehensive income as per Note 6 amounted to $658,000 (2021: $916,000).

Exploration and evaluation expenditure represent the acquisition costs and/or accumulation of exploration and evaluation activities in respect of areas of interest. Capitalised exploration and evaluation expenditures is considered to be a tangible asset. The exploration and evaluation expenditures that were written off are related to exploration and evaluation assets that are assessed to be unlikely to be recovered.

14 Mining properties

	Group	
	2022	2021
	$'000	$'000
Cost		
Balance at the beginning of the financial year	**79,855**	56,790
Additions	**8,371**	15,916
Transfer from exploration and evaluation expenditure (Note 13)	**–**	3,711
Exchange differences	**(4,548)**	3,438
Balance at the end of the financial year	**83,678**	79,855
Accumulated amortisation		
Balance at the beginning of the financial year	**64,003**	53,084
Amortisation (Note 8)	**7,411**	7,783
Exchange differences	**(3,663)**	3,136
Balance at the end of the financial year	**67,751**	64,003
Net carrying amount		
Balance at the end of the financial year	**15,927**	15,852

14 Mining properties (cont'd)

Mining properties represent the acquisition costs and/or accumulation of exploration, evaluation and development expenditure in respect of areas of interest in which mining has commenced. Total mining properties cost is amortised over the estimated units of production.

In the previous financial year ended 30 June 2021, included within additions were accruals made amounted to $2,031,000. The cash outflow on additions to mining properties amounting to $13,885,000.

15 Security deposits

	Group	
	2022	2021
	$'000	$'000
Security deposits with banks	**4,368**	4,638

Security deposits are short term deposits to support bank guarantees in favour of various parties. The deposits of varying maturities are renewed throughout the life of the related rehabilitation bonds. The current deposits earn interest ranging from 0.35% to 0.55% (2021: 0.25% to 0.38%) per annum and mature within 3 months (2021: 5 months) after the end of the reporting period. The security deposits are renewed periodically to meet the obligations under the guarantees.

16 Investment in subsidiaries and amounts due from/(to) subsidiaries

	Company	
	2022	2021
	$'000	$'000
Non-current		
Investment in subsidiaries, at cost	**150,243**	150,243
Less: Allowance for impairment loss	**(82,452)**	(82,452)
Investment in subsidiaries, net	**67,791**	67,791
Current		
Due from subsidiaries	**68,695**	76,199
Less: Allowance for impairment loss	**(63,019)**	(72,485)
Due from subsidiaries, net	**5,676**	3,714
Due to subsidiaries	**(45,006)**	(50,614)

16 Investment in subsidiaries and amounts due from/(to) subsidiaries (cont'd)

The movements in the allowance for impairment loss of the investment in subsidiaries are as follows:

	Company	
	2022	2021
	$'000	$'000
Balance at the beginning of the financial year and end of the financial year	**82,452**	82,452

During the current financial year, the Company has carried out a review of the recoverable amount of one of its subsidiaries, Golden Point Group Pty Ltd ("**GPG**"). As a result of the review, $Nil (2021: $Nil) impairment losses were considered necessary for investment for the financial year ended 30 June 2022. The recoverable amount of GPG was determined based on value-in-use calculations. Cash flow projections used in these calculations are based on financial budget approved by management and the projected life of mine and gold production levels incorporated the estimated indicated and inferred resources. The pre-tax discount rate used to discount the cash flow forecast is 12.2% (2021: 10.1%).

The movements in the allowance for impairment loss of the amounts due from subsidiaries are as follows:

	Company	
	2022	2021
	$'000	$'000
Balance at the beginning of the financial year	**72,485**	65,080
Allowance for impairment loss	**–**	8,922
Write-back	**(6,663)**	–
Write-off against allowance	**(4,209)**	–
Exchange differences	**1,406**	(1,517)
Balance at the end of the financial year	**63,019**	72,485

The amounts due from subsidiaries are non-trade, unsecured, interest-free and repayable in cash on demand.

Management assessed the amounts due from subsidiaries using the expected credit loss model, taking into the consideration the latest performance and financial position of the subsidiaries, adjusted for future outlook of the industry in which the subsidiaries operate in. A reversal of allowance of $6,663,000 (2021: allowance of $8,922,000) was recognised in the profit or loss during the financial year.

The amount due to subsidiary is non-trade, unsecured, bears interest at Australian Bill Swap Rate plus 0.5% per annum and repayable on demand.

16 Investment in subsidiaries and amounts due from/(to) subsidiaries (cont'd)

Details of the subsidiaries are as follows:

Name of company and country of incorporation/operation	Principal activities	Ownership interest	
		2022	2021
		%	%
Held by the Company			
Shen Yao Investments Pte. Ltd. [(a)] Singapore	Investment holding	**100**	100
Shen Yao (Singapore) Pte. Ltd. [(a)] Singapore	Investment holding	**100**	100
Signature Metals Limited [(d)] Australia	Investment holding	**76.86**	76.86
Golden Point Group Pty Ltd [(b)] Australia	Gold mining	**100**	100
Plutus Mazu Pte. Ltd. [(a)] Singapore	Investment holding	**100**	100
Held by Signature Metals Limited			
Uganda Minerals Pty Ltd [(d)] Australia	Gold exploration	**76.86**	76.86
Embuyaga Exploration Ltd [(c)] Uganda	Gold exploration	**76.86**	76.86
Held by Golden Point Group Pty Ltd			
Balmaine Gold Pty Ltd [(b)] Australia	Gold exploration	**100**	100
Ironbark Mining Pty Ltd [(b)] Australia	Gold exploration	**85.1**	85.1
Moliagul Mining Pty Ltd [(b)] Australia	Gold exploration	**85.1**	85.1

(a) Audited by Baker Tilly TFW LLP, Singapore.

(b) Audited by independent member firm of Baker Tilly International network in the respective country of incorporation.

(c) Not required to be audited under the laws of the country of incorporation.

(d) Audited by Kingston & Knight Audit Pty Ltd, Australia.

16 Investment in subsidiaries and amounts due from/(to) subsidiaries (cont'd)

Summarised financial information of subsidiaries with material non-controlling interests ("NCI")

The Group has the following subsidiaries that have NCI that are considered by management to be material to the Group:

Name of subsidiary	Principal place of business/ Country of incorporation	Ownership interests held by NCI
Signature Metals Limited ("**SML**")	Australia	23.14%
Ironbark Mining Pty Ltd ("**Ironbark**")	Australia	14.9%

The following are the summarised financial information of SML and Ironbark which includes consolidation adjustments but before inter-company eliminations.

Summarised Statement of Financial Position

	SML		Ironbark	
	2022	2021	**2022**	2021
	$'000	$'000	**$'000**	$'000
Non-current assets	**–**	–	**2,572**	2,137
Current assets	**8**	4	**15**	209
Non-current liabilities	**(2,612)**	(2,762)	**(537)**	(566)
Current liabilities	**(52,512)**	(51,023)	**(8,919)**	(8,471)
	(55,116)	(53,781)	**(6,869)**	(6,691)
Net liabilities attributable to NCI	**(12,754)**	(12,445)	**(1,023)**	(996)

Summarised Statement of Comprehensive income

	SML		Ironbark	
	2022	2021	**2022**	2021
	$'000	$'000	**$'000**	$'000
(Loss)/profit for the financial year	**(4,371)**	4,476	**(564)**	(466)
(Loss)/profit attributable to NCI	**(1,011)**	1,036	**(84)**	(70)
Other comprehensive income/(loss)	**702**	(744)	**57**	–
Total comprehensive (loss)/income attributable to NCI	**(309)**	292	**(27)**	(70)

16 Investment in subsidiaries and amounts due from/(to) subsidiaries (cont'd)

Summarised financial information of subsidiaries with material non-controlling interests ("NCI") (cont'd)

Summarised Statement of Cash Flows

	SML		Ironbark	
	2022	2021	**2022**	2021
	$'000	$'000	**$'000**	$'000
Cash flows used in operating activities	**(40)**	(41)	**(147)**	(309)
Cash flows from financing activities	**44**	40	**–**	–
Net increase/(decrease) in cash and cash equivalents	**4**	(1)	**(147)**	(309)

17 Other receivables

	Group		Company	
	2022	2021	**2022**	2021
	$'000	$'000	**$'000**	$'000
VAT recoverable	**438**	622	**–**	–
Sundry debtors	**254**	144	**–**	1
Tax refundable	**1,574**	–	**–**	–
Amount due from brokers	**–**	1,196	**–**	1
Sundry deposits	**292**	95	**13**	1
Prepayments	**134**	529	**28**	27
	2,692	2,586	**41**	30

18 Inventories

	Group	
	2022	2021
	$'000	$'000
Raw materials, at cost	**2,656**	1,906
Gold in circuit and in safe, at net realisable value	**1,843**	2,676
Stockpile of unprocessed ore, at net realisable value	**615**	409
	5,114	4,991

The cost of inventories recognised as an expense and included in "cost of sales" amounted to $63,561,000 (2021: $64,196,000).

19 Cash and cash equivalents

	Group		Company	
	2022	2021	**2022**	2021
	$'000	$'000	**$'000**	$'000
Cash at bank and on hand	**701**	6,211	**15**	15
Fixed deposit	**100**	100	**–**	–
	801	6,311	**15**	15

Fixed deposit is placed with banks and matures within 8 months (2021: 8 months) after end of the reporting period and earn interest of Nil% (2021: Nil%) per annum. Fixed deposit of the Group amounting to $100,000 (2021: $100,000) was pledged for corporate credit card facility.

20 Financial assets at fair value through profit or loss

	Group		Company	
	2022	2021	**2022**	2021
	$'000	$'000	**$'000**	$'000
Financial assets measured at FVTPL				
Current				
Quoted equity investments in Singapore	**–^**	8,982	**–^**	–^
Non-current				
Unquoted share investment in Africa	**–***	–*	**–**	–

^ Amount less than $1,000
* Amount written down

The fair values of the quoted equity investments are determined by reference to the quoted market prices at the end of the reporting period. These instruments are included in Level 1 of the fair value hierarchy.

The unquoted equity investments have been fully impaired in the prior financial years.

21 Lease liabilities

	Group	
	2022	2021
	$'000	$'000
Current	**4,479**	3,938
Non-current	**2,520**	5,555
	6,999	9,493

As at 30 June 2022, the Group's lease liabilities are secured by property, plant and equipment with a carrying amount of $6,979,000 (2021: $8,990,000) (Note 12(b)).

22 Convertible bonds

	Group and Company	
	2022	2021
	$'000	$'000
Redeemable convertible bond - Tomson Pte. Ltd.		
Financial liability at fair value through profit or loss at the beginning of the financial year	**13,254**	–
Convertible bonds issued	**1,000**	7,000
Convertible bonds converted to shares (Note 28)	**(6,000)**	–
Repayment during the year	**(4,000)**	–
Fair value adjustment through profit or loss (Note 6)	**(3,254)**	6,254
Financial liability at fair value through profit or loss at the end of the financial year	**1,000**	13,254
Represented by:		
Current	**1,000**	–
Non-current	**–**	13,254
Total	**1,000**	13,254

On 3 December 2020, the Company had entered into a subscription agreement with Tomson Pte. Ltd. (the "**Subscriber**"), pursuant to which the Company has agreed to issue and the Subscriber has agreed to subscribe for up to $10,000,000 in aggregate principal amount of 10% unlisted and redeemable bonds (the "**Bonds**"). As at 30 June 2022, one tranche (2021: seven tranches) of the Bonds of an aggregate amount of $1,000,000 (2021: $7,000,000) have been issued. The Bonds were recognised at its fair value, determined by applying the binomial option valuation model. On 30 June 2022, the Company and the Subscriber have mutually agreed to cease issuance of the remaining two tranches of the Bonds of an aggregate amount of $2,000,000.

On 16 August 2021, the Subscriber has opted to exercise its right to convert, and the Company has accordingly cancelled the bond certificates previously issued, $3,000,000 in aggregate principal amount of the Bonds. Following the allotment and issue of the Conversion Shares, the Company has repaid $4,000,000 principal amount of the Bonds to the Subscriber in November 2021.

As at 30 June 2022, the outstanding principal amount of the Bonds amounted to $1,000,000 and will mature and be due for redemption on 4 December 2022, unless otherwise redeemed, converted or purchased and cancelled by the Company prior to maturity in accordance with the terms of the Bonds.

The following table summarises the inputs to the models used for valuation of the redeemable convertible bonds as follows:

	Group and Company	
	2022	2021
Share prices	**0.002**	0.005
Time to maturity (Years)	**0.43**	1.43
Volatility (%)	**56**	69
Risk-free rate (%)	**2.17**	0.43
Cost of debts (%)	**25.0**	26.4
Dividend yield	**0**	0
Conversion price	**0.003**	0.003

23 Deferred consideration

	Group	
	2022	2021
	$'000	$'000
Balance at the beginning of the financial year	**2,762**	2,611
Exchange differences	**(150)**	151
Balance at the end of the financial year	**2,612**	2,762

The Group via its subsidiary, Signature Metals Limited recognised deferred consideration in FY2013 on the option agreement to purchase 70% of the Konongo Gold Project under Owere Mines Limited ("**OML**"). Under the terms of the agreement, a further payment of 50 million shares or A$1 million cash will be made once the project achieves 1 million ounces in Measured and Indicated JORC resources (tranche 2). A final payment of A$3 million in cash or shares at the seller's discretion will be made following the production of 100,000 ounces of gold from the projects (tranche 3). Although the Group's interest in OML has been reduced to 0.01%, the Group is still obligated under the terms of the agreement to fulfil the final payment of A$3 million upon the project achieving the production of 100,000 ounces of gold. The deferred consideration is recognised as a financial liability at amortised cost at an effective interest rate of 10% per annum based on the expected payment date that was determined by management. The carrying amount is deemed to approximate its fair value at the end of the reporting period. As at 30 June 2022, the condition for deferred consideration has not been triggered.

24 Rehabilitation and preservation provision

	Group	
	2022	2021
	$'000	$'000
Balance at the beginning of the financial year	**8,861**	8,448
Reversal made during the year	**–**	(130)
Amortisation of discount (Note 7)	**54**	54
Exchange differences	**(482)**	489
Balance at the end of the financial year	**8,433**	8,861

The provision for rehabilitation and preservation is to cover the estimated costs of land rehabilitation and preservation as a result of past mining and exploration activities at Ballarat and Castlemaine, all in Australia.

25 Trade and other payables

	Group		Company	
	2022	2021	**2022**	2021
	$'000	$'000	**$'000**	$'000
Trade payables	**4,116**	5,246	**–**	–
Other payables and accruals				
- employee benefits	**4,330**	4,658	**–**	–
- accrued royalty	**2,605**	5,529	**–**	–
- accrued geology and mining	**1,055**	2,964	**–**	–
- others	**5,162**	2,836	**996**	794
	17,268	21,233	**996**	794

26 Borrowings

	Group	
	2022	2021
	$'000	$'000
Current		
Loan A	**2,893**	–
Loan B	**2,130**	–
Revolving credit loan	**–**	4,457
	5,023	4,457

Loan A

During the financial year, Balmaine Gold Pty Ltd ("**Balmaine**"), a 100% owned subsidiary held through Golden Point Group Pty Ltd ("**GPG**"), a subsidiary of the Company, entered into a loan agreement with Tomson Pte. Ltd. for principal amount of up to EUR10 million, bearing interest rate at 5% per annum and repayable on 30 September 2022. Subsequent to year end, loan repayment has been extended to 31 December 2023. As at 30 June 2022, EUR2 million (equivalent to $2,893,000) loan has been drawndown.

Loan B

Balmaine also entered into a loan agreement with GI 306 Pty Ltd for principal amount of AUD2.2 million (equivalent to $2,130,000) with interest rate at 15% per annum and repayable in November 2022. As at 30 June 2022, the loan was secured by properties with net carrying amount of $2.8 million.

Revolving credit loan

In the previous financial year, the loan was a revolving credit facility with a financial institution, with interest rate ranging from 2.75% to 8.25% per annum. The loan has fully repaid in 2022. As at 30 June 2021, the loan was secured by financial assets at fair value through profit or loss amounting to $8.8 million (Note 20).

27 Provision

	Group	
	2022	2021
	$'000	$'000
Provision for restoration costs	**22**	–

Movements in provision for restoration costs during the financial year are as follows:

	Group	
	2022	2021
	$'000	$'000
At beginning of financial year	**–**	–
Provision during the year	**22**	–
At end of financial year	**22**	–

The provision for restoration costs represents the present value of management's best estimate of the future outflow of economic benefits that will be required to remove leasehold improvements from leased premises. The estimate has been made on the basis of quotes obtained from external contractors. The unexpired term of the lease is less than 2 years.

28 Share capital

	Group and Company			
	Number of shares		$'000	
	2022	2021	**2022**	2021
Issued and fully paid ordinary shares:				
At the beginning of financial year	**32,706,206,055**	31,706,206,055	**305,378**	3,171
Conversion of shares from convertible bonds (Note 22)	**1,000,000,000**	–	**6,000**	–
Debt conversion shares	**–**	500,000,000	**–**	50
Option shares	**–**	500,000,000	**–**	50
Effect of re-domiciliation	**–**	–	**–**	302,107
At the end of financial year	**33,706,206,055**	32,706,206,055	**311,378**	305,378

	Group and Company	
	2022	2021
	$'000	$'000
Share premium:		
At the beginning of financial year	**–**	300,707
Debt conversion shares	**–**	950
Option shares	**–**	450
Effect of re-domiciliation	**–**	(302,107)
At the end of financial year	**–**	–

28 Share capital (cont'd)

On 28 July 2020, 500,000,000 Debt Conversion Shares were allotted and issued to Mr Tan Soo Khoon Raymond (former Group CEO), at the Conversion Price of $0.002 for each Debt Conversion Share in accordance with the Debt Conversion Agreement.

On 8 December 2020, 500,000,000 Option Shares were allotted and issued to Premier Equity Fund E, at the Exercise Price of $0.001 per Option Share, based on the terms and subject to the conditions as set out in the Option Agreement.

On 16 August 2021, the Bondholder has opted to exercise its right to convert, and the Company has accordingly cancelled the bond certificates previously issued, $3,000,000 in aggregate principal amount of the Bonds. Pursuant to the conversion, the Company has on 16 August 2021 issued and allotted 1,000,000,000 Conversion Shares to the Bondholder at a conversion price of $0.003 per share. The fair value of the Company's share at the date of conversion was $0.006 per share.

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions. The ordinary shares have no par value.

Share Options

On 18 June 2021, the Company approved the issuance to Directors and selected key employees an aggregate of 2,500,000,000 share options ("**Option**"), with each Option carrying the right to subscribe for one new ordinary share in the share capital of the Company at the exercise price of $0.0028 per option Share. There was no vesting requirements and the options are deemed vested on grant date. The commencement date of the exercise period ranges from immediately to the second anniversary of the date of the grant of the Options. The Options shall expire on the fifth anniversary of the date of issue of the Options. No Option was exercised during the financial year and 2,500,000,000 Options are exercisable as at 30 June 2022 and 30 June 2021.

The following table summarises the inputs to the models used for the share plan for the previous year ended 30 June 2021:

	Group and Company 2021
Expected life of Options (Years)	2.5 - 5
Expected volatility (%)	60 - 65
Risk-free rate (%)	0.59 - 0.84
Dividend yield (%)	0
Weighted average share price ($)	0.007
Model used	Binomial

The expected life is based on current expectations and was not necessarily indicative of exercised patterns that may occur. The estimated volatility is based on the median equity volatility of the comparable companies, which may not necessarily be the actual outcome.

29 Reserves

Other reserves

	Group		Company	
	2022	2021	**2022**	2021
	$'000	$'000	**$'000**	$'000
Contributed surplus	**61,979**	61,979	**61,979**	61,979
Capital reserve	**970**	970	**–**	–
	62,949	62,949	**61,979**	61,979

The amounts of the Group's reserves and the movements therein for the current and prior financial years are presented in the consolidated statement of changes in equity.

Contributed surplus

The Group's contributed surplus represents the difference between the nominal value of the shares of the subsidiaries acquired pursuant to a Group re-organisation in prior years, over the nominal value of the Company's shares issued in exchange thereof.

Capital reserve

The Group's capital reserve arises from the difference between the consideration received by the Group and non-controlling interest share of carrying amount in Ironbark Mining Pty Ltd ("**Ironbark**") on the date of partial disposal as a result of the disposal of 14.9% interest in Ironbark.

Foreign currency translation reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries whose functional currency is different from that of the Group's presentation currency.

Share based compensation reserve

The share based compensation reserve comprises cumulative value of services received from employees and directors recorded in respect of grant share options.

30 Related party transactions

Compensation of key management personnel

The remuneration of the key management personnel (including the directors) of the Group, were as follows:

	Group	
	2022	2021
	$'000	$'000
Salaries and other short term employee benefits	**1,419**	1,911
Directors' fees	**252**	244
Contributions to defined contribution plans	**62**	122
Termination benefits	**60**	–
	1,793	2,277
Comprise amounts paid/payable to:		
- Directors of the Company	**865**	982
- Other key management personnel	**928**	1,295
	1,793	2,277

31 Capital commitments

Capital expenditures contracted for at the end of the reporting period but not recognised in the financial statements are as follows:

	Group	
	2022	2021
	$'000	$'000
Exploration tenements	**3,252**	4,024
Property, plant and equipment	**145**	–
	3,397	4,024

32 Contingent liabilities

a) During the financial year ended 31 March 2015, the Company has been notified of a claim in relation to a proposed subscription for shares in another company amounting to approximately $2,369,000. The matter is under dispute and the Company's legal advisors are of the view that the Company has strong grounds to rescind the agreement. There has been no update since financial year 2015. As such, no provision was recognised as at 30 June 2022.

b) Potential claim on corporate guarantee

Prior to the disposal of Industrial Power Technology ("**IPT**"), the Company provided a corporate guarantee for the due performance of IPT's obligations under an Engineering Procurement Construction & Commissioning Turnkey Contract ("**EPCC Contract**") that IPT had entered into with a customer. Subsequently, IPT received a notice of termination from this customer stating that IPT was in breach and default of its obligations under the EPCC Contract. IPT disputed that it was in breach and default of its obligations.

The Company's legal advisors have advised that in the event it receives a written demand from the customer, the Company will have to discharge its obligations under the corporate guarantee (be it payment of liquidated damages and/or performance of all outstanding obligations under the EPCC Contract), regardless of whether IPT is successful in proving its defense against the customer's claims.

IPT had completed the engineering, procurement and construction of the power plant which IPT has received approximately $29,300,000 (equivalent of RM78,300,000), being approximately 90% of the EPCC Contract's original contract sum. As at 30 June 2022, according to the terms of the EPCC Contract, the exposure of the maximum liquidated damages is approximately $5,400,000 (equivalent of RM16,240,000 at the current prevailing exchange rate).

At the date of these financial statements, the directors confirmed that the customer has not made any claim against the Group and the Company on the corporate guarantee and it is not expected that any claims will arise from the corporate guarantee and the Group and the Company do not expect the credit loss to be significant. Accordingly, no liability has been recognised in the financial statements.

33 Financial guarantees

The table below shows the contractual expiry by maturity of the Group's and the Company's contingent liabilities and commitments. The maximum amount of the guarantee contracts are allocated to the earliest period in which the guarantee could be recalled.

	Group and Company	
	2022	2021
	$'000	$'000
1 year or less		
Corporate guarantee provided to a customer in connection with a project granted to a former subsidiary - unsecured	**27,509**	28,197
Financial guarantee provided to a supplier in connection with products purchased by a former subsidiary - unsecured	**210**	248
	27,719	28,445

34 Financial instruments

Categories of financial instruments

Financial instruments at their carrying amounts at the end of the reporting period are as follows:

	Group		Company	
	2022	2021	**2022**	2021
	$'000	$'000	**$'000**	$'000
Financial assets				
Financial assets at FVTPL	**–^**	8,982	**–^**	–^
Financial assets at amortised cost	**5,715**	12,384	**5,704**	3,732
	5,715	21,366	**5,704**	3,732
Financial liabilities				
Financial liabilities at FVTPL	**1,000**	13,254	**1,000**	13,254
Financial liabilities at amortised cost	**27,572**	33,287	**45,818**	51,409
	28,572	46,541	**46,818**	64,663

^ Amount less than $1,000

Financial risk management

The Group and the Company are exposed to financial risks arising from their operations and use of financial instruments. The key financial risk includes of interest rate risk, credit risk, foreign currency risk, equity price risk and liquidity risk. The directors review and agree on polices and procedures for management of each of these risks. It is, and has been throughout the current financial year and previous financial year, the Group's policy that no trading in derivates for speculative purpose shall be undertaken.

The risk factors, risk management policies and related procedures for the Group are summarised as follows:

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market interest rates.

The Group's income and operating cash flows are substantially independent on changes in market interest rates as the Group has no significant interest-bearing assets and liabilities except short-term bank deposit (Note 19), redeemable convertible bonds (Note 22) and borrowings (Note 26).

Interest rate risk is managed by the Group and the Company on an on-going basis with the primary objective of limiting the extent to which net interest expense could be impacted from an adverse movement in interest rates. Surplus funds are placed with reputable banks.

The sensitivity analysis to a reasonably possible change in interest rates, with all other variables held constant, of the Group's results net of tax has not been disclosed as the Group's exposure to changes in market interest rates is not significant as the majority of the Group's borrowings are charged at a fixed rate.

34 Financial instruments (cont'd)

Financial risk management (cont'd)

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group's exposure and the credit ratings of its counterparties are continuously monitored.

Concentration of credit risk exists when changes in economic, industry or geographical factors similarly affect group of counterparties whose aggregate exposure is significant in relation to the Group's total credit exposure. Ongoing credit evaluation is performed on the financial condition of accounts receivable and, where appropriate, credit guarantee insurance cover is purchased.

The following sets out the Group's internal credit evaluation practices and basis for recognition and measurement of expected credit losses ("**ECL**"):

Description of evaluation of financial assets	**Basis for recognition and measurement of ECL**
Counterparty has a low risk of default and does not have any past due amounts	12-month ECL
Contractual payments are more than 30 days past due or where there has been a significant increase in credit risk since initial recognition	Lifetime ECL - not credit-impaired
Contractual payments are more than 90 days past due or there is evidence of credit impairment	Lifetime ECL - credit-impaired
There is evidence indicating that the Company has no reasonable expectation of recovery of payments such as when the debtor has been placed under liquidation or has entered into bankruptcy proceedings	Write-off

Significant increase in credit risk

In assessing whether the credit risk on a financial asset has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial asset as at the end of the reporting period with the risk of a default occurring on the financial asset as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information, such as future economic and industry outlook, that is available without undue cost or effort.

In particular, the Group considers the following information when assessing whether credit risk has increased significantly since initial recognition:

- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- significant increases in credit risk on other financial instruments of the same debtor; and
- significant deterioration in external market indicators of credit risk for a particular financial instrument, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor, or the length of time or the extent to which the fair value of a financial asset has been less than its amortised cost.

34 Financial instruments (cont'd)

Financial risk management (cont'd)

Credit risk (cont'd)

Significant increase in credit risk (cont'd)

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Regardless of the evaluation of the above factors, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group also assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial asset is determined to have low credit risk at the end of the reporting period. A financial instrument is determined to have low credit risk; the borrower has a strong capacity to meet its contractual cash flow obligations in the near term; and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes. Where information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred such as evidence that the borrower is in significant financial difficulty, there is a breach of contract such as default or past due event; there is information that it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; the disappearance of an active market for that financial asset because of financial difficulties; or the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

Estimation techniques and significant assumptions

There has been no change in the estimation techniques or significant assumptions made during the current financial year for recognition and measurement of credit loss allowances.

34 Financial instruments (cont'd)

Financial risk management (cont'd)

Credit risk (cont'd)

Maximum exposure and concentration of credit risk

The Group and the Company do not have concentration of credit risk at 30 June 2022 and 30 June 2021 except for the Company has receivables from subsidiaries as disclosed in Note 16. Non-trade balances due from subsidiaries are repayable on demand. The Company has made impairment allowance for expected credit losses of $63,019,000 (2021: $72,485,000) based on estimation of recoverable amounts from management's review of current status of the existing receivables and the financial conditions of the subsidiaries as at the end of the reporting period.

As the Group and the Company do not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the statement of financial position and financial guarantees as disclosed in Note 33.

Other financial assets at amortised cost

Other financial assets at amortised cost include other receivables (excluding prepayments, tax refundable and VAT recoverable), security deposits and cash and cash equivalents.

The table below details the credit quality of the Group's financial assets at amortised cost:

	12-month or lifetime ECL	Gross carrying amount $'000	Loss allowance $'000	Net carrying amount $'000
As at 30 June 2022				
Group				
Other receivables	**12-month**	**546**	**–**	**546**
Security deposits	**N.A. Exposure limited**	**4,368**	**–**	**4,368**
Cash and cash equivalents	**N.A. Exposure limited**	**801**	**–**	**801**
Company				
Other receivables	**12-month**	**13**	**–**	**13**
Due from subsidiaries	**Lifetime**	**68,695**	**(63,019)**	**5,676**
Cash and cash equivalents	**N.A. Exposure limited**	**15**	**–**	**15**
As at 30 June 2021				
Group				
Other receivables	12-month	1,435	–	1,435
Security deposits	N.A. Exposure limited	4,638	–	4,638
Cash and cash equivalents	N.A. Exposure limited	6,311	–	6,311
Company				
Other receivables	12-month	3	–	3
Due from subsidiaries	Lifetime	76,199	(72,485)	3,714
Cash and cash equivalents	N.A. Exposure limited	15	–	15

34 Financial instruments (cont'd)

Financial risk management (cont'd)

Credit risk (cont'd)

Movements in credit loss allowance

There are no movement in the allowance for impairment of financial assets under SFRS(I) 9 during the financial year for the Group and the Company except for the following:

	Due from subsidiaries **$'000**
Company	
Balance at 1 July 2020	65,080
Loss allowance measured:	
Lifetime ECL	
- Credit impaired	8,922
Exchange differences	(1,517)
Balance at 30 June 2021	72,485
Loss allowance reversed:	
Lifetime ECL	
- Credit impaired	(6,663)
Receivables written off as uncollectible	(4,209)
Exchange differences	1,406
Balance at 30 June 2022	**63,019**

Financial guarantee

The Group and the Company have issued financial guarantee to a supplier in connection with products purchased by a former subsidiary and financial guarantee to a customer in connection with for a project granted to a former subsidiary. These guarantees are subject to the impairment requirements of SFRS(I) 9. The Group and the Company do not expect significant credit losses arising from these guarantees.

The contractual expiry by maturity of the Group's and the Company's financial guarantee is described in Note 33.

34 Financial instruments (cont'd)

Financial risk management (cont'd)

Foreign currency risk

The Group and the Company have exposures arising from transactions, assets and liabilities that are denominated in currencies other than their respective functional currencies of entities in the Group. The currencies giving rise to this risk are primarily the Australian Dollar ("**AUD**").

The Group and the Company seek to manage their foreign currency exposure by natural hedges, whenever possible, by depositing foreign currency proceeds from sales into foreign currency bank accounts which are primarily used for payments in the same currency. The Group and the Company endeavour to keep the net exposure at a level that is deemed acceptable by management.

The Group's and the Company's foreign currency exposure based on the information provided to key management is as follows:

	Group AUD $'000	Company AUD $'000
30 June 2022		
Financial assets		
Cash and cash equivalents	**8**	**8**
Due from subsidiary	**5,676***	**5,676**
	5,684	**5,684**
Financial liabilities		
Due to subsidiaries	**(45,005)***	**(45,005)**
Currency exposure on net financial liabilities	**(39,321)**	**(39,321)**
30 June 2021		
Financial assets		
Other receivables	1	1
Cash and cash equivalents	598	–
Due from subsidiary	3,714*	3,714
	4,313	3,715
Financial liabilities		
Due to subsidiaries	(50,614)*	(50,614)
Currency exposure on net financial liabilities	(46,301)	(46,899)

* Notwithstanding these balances are eliminated at Group, the foreign exchanges arising from these balances are not eliminated.

34 Financial instruments (cont'd)

Financial risk management (cont'd)

Foreign currency risk (cont'd)

A 5% (2021: 5%) strengthening of the relevant functional currencies of the Company and the Group's subsidiaries against AUD at the end of the reporting period would increase/(decrease) the Group's and the Company's profit after income tax approximately by the amounts shown below. This analysis assumes that all other variables remain constant.

	Increase/(decrease) Profit after tax	
	2022	2021
	$'000	$'000
Group		
AUD	**(1,632)**	(1,921)
Company		
AUD	**(1,632)**	(1,946)

A 5% (2021: 5%) weakening of the relevant functional currencies of the Company and the Group's subsidiaries against AUD would have an equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

Equity price risk

Financial instruments affected by equity price risk include equity instruments and redeemable convertible bonds.

Trading investments

The Group's investment in listed securities are susceptible to market price risk arising from uncertainties in relation to future values of the investment securities. The Group has in place a risk management policy and a fixed set of procedures that are aimed at managing the risks associated with such investments.

At the reporting date, the is no exposure to non-listed equity investments.

Redeemable convertible bonds

The fair value measurement of the Group's redeemable convertible bonds is based on the binomial option valuation model and one of the key valuation assumption is the share price of the Company. The Group's redeemable convertible bonds are susceptible to market price risk arising from uncertainties about future values of the Company's share price.

At the reporting date, the exposure to the redeemable convertible bond is $1,000,000 (2021: $13,254,000). The sensitivity analysis has not been disclosed as the exposure is not material. For the financial year ended 30 June 2021, the Group has determined that an increase/(decrease) of 10% on the share price of the Company could have an impact of approximately $1,085,000 and $1,198,000 decrease/(increase) respectively on the income and equity attributable to the Group.

34 Financial instruments (cont'd)

Financial risk management (cont'd)

Liquidity risk

Liquidity risk is the risk that the Group and the Company will encounter difficulty in meeting obligations associated with financial liabilities due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities.

As part of its overall liquidity management, the Group monitors and maintenance a level of cash and cash equivalents deemed adequate by management and finance the Group's operations and mitigate the effects fluctuations in cash flows.

The table below analyses the maturity profile of the Group's and the Company's financial liabilities based on contractual undiscounted cash flows:

	Within one year $'000	More than one year but less than five years $'000	More than five years $'000	Total $'000
Group				
2022				
Trade and other payables	**12,938**	**–**	**–**	**12,938**
Deferred consideration	**–**	**2,874**	**–**	**2,874**
Borrowings	**5,023**	**–**	**–**	**5,023**
Convertible bonds	**1,000**	**–**	**–**	**1,000**
Lease liabilities	**4,619**	**2,583**	**–**	**7,202**
	23,580	**5,457**	**–**	**29,037**
2021				
Trade and other payables	16,575	–	–	16,575
Deferred consideration	–	3,038	–	3,038
Borrowings	4,457	–	–	4,457
Convertible bonds	–	7,000	–	7,000
Lease liabilities	4,207	5,685	15	9,907
	25,239	15,723	15	40,977
Company				
2022				
Due to subsidiaries	**45,006**	**–**	**–**	**45,006**
Trade and other payables	**812**	**–**	**–**	**812**
Convertible bonds	**1,000**	**–**	**–**	**1,000**
	46,818	**–**	**–**	**46,818**
2021				
Due to subsidiaries	50,614	–	–	50,614
Trade and other payables	794	–	–	794
Convertible bonds	–	7,000	–	7,000
	51,408	7,000	–	58,408

The contractual expiry by maturity of the Group's and the Company's financial guarantees is described in Note 33.

35 Segment information

The Group is organised into the following main business segments based on their products and services:

- Segment 1: Gold mining and exploration; and
- Segment 2: Investment holdings

These operating segments are reported in a manner consistent with internal reporting provided to the Group's Chief Operating Decision Maker who are responsible for allocating resources and assessing performance of the operating segments.

a) Geographical segments

The Group operates in one main geographical segment by location of customers which is in Australia.

b) Information about major customers

Revenue of $83,477,000 (2021: $88,721,000) is derived from one (2021: one) external customer who individually contributed 10% or more of the Group's revenue and are attributable to the segments as detailed below:

		Group	
		2022	2021
	Attributable segments	**$'000**	$'000
Customer 1	Gold mining and exploration	**83,477**	88,721

35 Segment information (cont'd)

c) *Business segments*

	Gold mining and exploration $'000	Investment holdings $'000	Consolidated $'000
2022			
Total segment revenue	83,477	–	83,477
Revenue from external parties	83,477	–	83,477
Investment trading income	–	391	391
Interest income	13	–	13
Miscellaneous income	(219)	202	(17)
Total other income	(206)	593	387
Total revenue and other income	83,271	593	83,864
Depreciation of property, plant and equipment	(6,169)	(716)	(6,885)
Amortisation of mining properties	(7,411)	–	(7,411)
Finance expense	(784)	(325)	(1,109)
Fair value gain on financial liabilities at fair value through profit or loss (redeemable convertible bonds)	–	3,254	3,254
Segment profit	3,664	1,131	4,795
Profit before taxation			4,795
Income tax credit			1,617
Profit for the year			6,412
Segment assets	71,761	1,903	73,664
Total assets per statements of financial position			73,664
Expenditures for segment:			
Non-current assets			
Additions to property, plant and equipment	8,319	957	9,276
Additions to mining properties	8,371	–	8,371
Exploration and evaluation expenditure	4,012	–	4,012
	20,702	957	21,659
Segment liabilities	35,954	5,636	41,590
Current income tax liabilities			44
Total liabilities per statements of financial position			41,634

35 Segment information (cont'd)

c) Business segments (cont'd)

	Gold mining and exploration $'000	Investment holdings $'000	Consolidated $'000
2021			
Total segment revenue	88,721	–	88,721
Revenue from external parties	88,721	–	88,721
Investment trading income	–	1,105	1,105
Interest income	30	2	32
Miscellaneous income	59	573	632
Total other income	89	1,680	1,769
Total revenue and other income	88,810	1,680	90,490
Depreciation	(6,799)	(434)	(7,233)
Amortisation of mining properties	(7,783)	–	(7,783)
Finance expense	(311)	(247)	(558)
Employee share-based compensation	–	(12,661)	(12,661)
Fair value loss on financial liabilities at fair value through profit or loss (redeemable convertible bonds)	–	(6,254)	(6,254)
Segment profit/(loss)	6,046	(25,229)	(19,183)
Loss before taxation			(19,183)
Income tax			–
Loss for the year			(19,183)
Segment assets	70,279	14,476	84,755
Total assets per statements of financial position			84,755
Expenditures for segment:			
Non-current assets			
Additions to property, plant and equipment	13,697	307	14,004
Additions to mining properties	15,916	–	15,916
Exploration and evaluation expenditure	8,116	–	8,116
	37,729	307	38,036
Segment liabilities	38,016	22,354	60,370
Current income tax liabilities			674
Total liabilities per statements of financial position			61,044

36 Fair values of assets and liabilities

a) *Fair value hierarchy*

The following table presents the assets measured at fair value and classified by level of the following fair value measurement hierarchy:

(i) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);

(ii) inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2); and

(iii) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

b) *Fair value measurements of assets and liabilities that are measured at fair value*

The following table presents the assets and liabilities measured at fair value at 30 June 2022 and 30 June 2021:

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Group				
2022				
Assets				
Financial assets at fair value through profit or loss (Note 20)	**–^**	**–**	**–**	**–^**
Liabilities				
Convertible bonds (Note 22)	**–**	**1,000**	**–**	**1,000**
2021				
Assets				
Financial assets at fair value through profit or loss (Note 20)	8,982	–	–	8,982
Liabilities				
Convertible bonds (Note 22)	–	13,254	–	13,254

36 Fair values of assets and liabilities (cont'd)

b) *Fair value measurements of assets and liabilities that are measured at fair value (cont'd)*

The following table presents the assets and liabilities measured at fair value at 30 June 2022 and 30 June 2021: (cont'd)

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Company				
2022				
Assets				
Financial assets at fair value through profit or loss (Note 20)	**–^**	**–**	**–**	**–^**
Liabilities				
Convertible bonds (Note 22)	**–**	**1,000**	**–**	**1,000**
2021				
Assets				
Financial assets at fair value through profit or loss (Note 20)	–^	–	–	–^
Liabilities				
Convertible bonds (Note 22)	–	13,254	–	13,254

^ Amount less than $1,000

Fair values have been determined for measurement purposes based on the following methods:

Quoted investments

The fair values of trading securities traded in active markets are based on quoted market prices at the end of the reporting period. The quoted market prices used for the trading securities held by the Group and the Company are the closing price at the end of the reporting period.

Convertible bonds

The fair values of convertible bonds are determined by applying the binomial option valuation model. This fair value measurement was categorised in Level 2 of the fair value hierarchy.

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. There were no transfers between Level 1 and 2 during the financial year ended 30 June 2022 and 30 June 2021.

36 Fair values of assets and liabilities (cont'd)

c) *Assets and liabilities not carried at fair value but approximation to fair values*

The carrying amounts of non-current borrowings approximate their fair values at the end of the reporting period, as the market lending rates at the end of the reporting period were not significantly different from either their respective coupon rates of the agreements or market lending rate at the initial measurement date.

The above does not includes financial assets and liabilities whose carrying amounts measured on the amortised cost approximate their fair values due to their short-term nature and where the effect of discounting is immaterial.

37 Capital management

The Group's and Company's primary objective is to maintain an efficient mix of debt and equity and maintain an optimal capital structure. In order to maintain or achieve an optimal capital structure, management will make adjustments to reflect economic conditions, business strategies and future commitments. Capital represents equity attributable to equity holders of the Company and convertible bonds.

There is no capital requirement that is required to be complied with by the Group. No changes were made in the objective, policies or processes during the financial years ended 30 June 2022 and 30 June 2021.

38 Comparative figures

The consolidated financial statements of the Group and the statement of financial position of the Company for the financial year ended 30 June 2021 were audited by another auditor whose report dated 15 November 2021 expressed a disclaimer of opinion on those financial statements as detailed in Note 39.

39 Basis for disclaimer of opinion on the financial statements for the financial year ended 30 June 2021

The independent auditor's report dated 15 November 2021 expressed a disclaimer of opinion on the consolidated financial statements of the Group and the statement of financial position of the Company for the financial year ended 30 June 2021. The extract of the basis for disclaimer opinion is as follows:

Insufficient supporting documentation and records

A subsidiary company of Group operating a mine in Australia has capitalised expenditures relating to its mining properties (Note 14) amounting to $15,852,000 and inventories (Note 19) of $4,991,000 (comprising both ore and gold inventories) in the consolidated statement of financial position as at 30 June 2021. The Group was unable to provide computations and reconciliations to demonstrate the basis of the allocation of costs between mining properties, ore and gold inventories due to the loss of several key personnel. The Group also has mine rehabilitation and preservation provision of $8,861,000 as at 30 June 2021 (Note 28). Subsequent to the year end, an independent rehabilitation liability assessment was requested by the mining regulators to be undertaken of which the provision amount was preliminarily assessed to be $6,780,000. The predecessor auditors have not been provided a reconciliation for this difference. As a consequence, the predecessor auditors are unable to obtain sufficient appropriate audit evidence to assess the appropriateness of the carrying values of the mining properties, inventories and rehabilitation and preservation provision reflected in the consolidated statement of financial position as at 30 June 2021; and the consequential effect on mining costs and other related expenses recorded in the consolidated statement of profit or loss for the year.

39 Basis for disclaimer of opinion on the financial statements for the financial year ended 30 June 2021 (cont'd)

The independent auditor's report dated 15 November 2021 expressed a disclaimer of opinion on the consolidated financial statements of the Group and the statement of financial position of the Company for the financial year ended 30 June 2021. The extract of the basis for disclaimer opinion is as follows (cont'd):

Insufficient supporting documentation and records (cont'd)

In addition, supporting documents and/or sufficient explanations were also not provided to the predecessor auditors to complete the audit of the balances relating to other current assets (Note 18), property, plant and equipment (Note 12), trade and other payables (Note 22), deferred consideration (Note 27) and income tax payable. Accordingly, the predecessor auditors are unable to obtain sufficient appropriate audit evidence to determine the appropriateness of these balances in the consolidated statement of financial position as at 30 June 2021 and their corresponding effects in the consolidated statement of profit or loss.

Furthermore, the abovementioned matters have impacted the predecessor auditors' ability to assess the reasonableness of certain key assumptions (such as, operating costs and replacement capital expenditure) used by management in their value-in-use calculations for the impairment assessment on the Company's investment in the relevant subsidiary. As a result, the predecessor auditors are unable to determine the appropriateness of the carrying value of the investment in this subsidiary amounting to $67,790,000 as at 30 June 2022 (Note 16), and whether further impairment, or write-back of impairment, if any, is necessary.

Going concern assumptions

The predecessor auditors refer to Note 2.1 to the financial statements with respect to the Group's and Company's ability to continue as going concerns. As at 30 June 2021, the current liabilities of the Group and Company exceeded their current assets by $7,432,000 and $47,649,000 respectively. The Group also incurred a net loss of $19,183,000 during the financial year ended 30 June 2021. These factors and other matters disclosed in Note 2.1 to the financial statements indicate the existence of material uncertainties that may cast significant doubt on the Group's and the Company's ability to continue as going concerns. The directors are of the view that it is appropriate for the financial statements of the Group and of the Company to be prepared on a going concern basis.

As further disclosed in Note 2.1, the ability of the Group and Company to continue as going concern is dependent on its ability to generate positive cash flows from the mining operations assuming that there is sufficient tailings capacity and available sources of financing. However, arising from the effects of the above and lack of supporting documentation and records, the predecessor auditors were unable to obtain sufficient appropriate evidence to conclude on the appropriateness of certain key assumptions used in the cash flow analysis to assess the going concern assumption used in the preparation of the accompanying financial statements.

Consequently, based on the information available to the predecessor auditors, the predecessor auditors were unable to determine whether any adjustments might have been found necessary in respect of the aforementioned balances and other elements making up the statements of financial position, consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the financial year ended 30 June 2021, and the related disclosures.

40 Authorisation of financial statements

These financial statements were authorised for issue in accordance with a resolution of the Board of Directors of Shen Yao Holdings Limited on 13 October 2022.

Shareholders' Information

As at 30 September 2022

STATISTICS OF SHAREHOLDINGS

Number of Issued and Paid-up Shares	:	33,706,206,055
Class of shares	:	Ordinary Shares
Voting Rights	:	One Vote for each ordinary share
Treasury Shares	:	Nil
Subsidiary Holdings	:	Nil

ANALYSIS OF SHAREHOLDING BY RANGE

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 - 99	224	2.60	4,681	0.00
100 - 1,000	446	5.19	246,055	0.00
1,001 - 10,000	1,490	17.33	8,684,953	0.03
10,001 - 1,000,000	5,461	63.51	937,250,633	2.78
1,000,001 & ABOVE	978	11.37	32,760,019,733	97.19
TOTAL	**8,599**	**100.00**	**33,706,206,055**	**100.00**

TOP TWENTY SHAREHOLDERS

		NO. OF SHARES	%
1	YAOO CAPITAL PTE. LTD.	18,008,044,936	53.43
2	PHILLIP SECURITIES PTE LTD	6,312,566,378	18.73
3	TAN SOO KHOON RAYMOND	420,000,000	1.25
4	ABN AMRO CLEARING BANK N.V.	257,109,651	0.76
5	OCBC SECURITIES PRIVATE LTD	210,232,400	0.62
6	CHONG FON KHIAM	205,000,000	0.61
7	DBS NOMINEES PTE LTD	194,456,543	0.58
8	IFAST FINANCIAL PTE LTD	180,478,800	0.54
9	CITIBANK NOMINEES SINGAPORE PTE LTD	174,612,505	0.52
10	TIGER BROKERS (SINGAPORE) PTE. LTD.	155,334,300	0.46
11	PHANG CHUNG WAH	145,696,200	0.43
12	RAFFLES NOMINEES (PTE) LIMITED	129,238,878	0.38
13	LONG SA KOW	105,449,400	0.31
14	TOK BOON CHOO	101,973,600	0.30
15	HO BENG SIANG	101,000,000	0.30
16	IP YUEN KWONG	93,000,000	0.27
17	DBS VICKERS SECURITIES (S) PTE LTD	90,078,546	0.27
18	LAM WING HONG	90,000,000	0.27
19	WEE SIAN TIOK	81,000,000	0.24
20	LIM HUI MEI OR EDWIN GOMEZ	79,900,000	0.24
	TOTAL:	**27,135,172,137**	**80.51**

SUBSTANTIAL SHAREHOLDERS

Name of Shareholder	Direct Interest		Deemed Interest	
	Units	%	Units	%
Yaoo Capital Pte. Ltd.	18,008,044,936	53.43	–	–
Yao Liang	–	–	18,008,044,936	53.43[(1)]
Yao Yilun	–	–	18,008,044,936	53.43[(1)]
Sheng Investment Pte. Ltd.	5,000,000,000	14.83	–	–
Lai Ka Wai	–	–	5,000,000,000	14.83[(2)]

Notes:

1 Mr Yao Liang and Mr Yao Yilun each owns 51% and 49% of the issued share capital of Yaoo Capital Pte. Ltd. respectively. As such, they are deemed to be interested in the shares of the Company owned by Yaoo Capital Pte. Ltd.

2 Mr Lai Ka Wai owns 95% of the issued share capital of Sheng Investment Pte. Ltd. and as such is deemed to be interested in the shares of the Company owned by Sheng Investment Pte. Ltd.

DIRECTORS' INTEREST AS AT 21 JULY 2022

Name of Director	Direct Interest		Deemed Interest	
	Units	%	Units	%
Yao Liang	–	–	18,008,044,936	53.43[(1)]
Yao Yilun	–	–	18,008,044,936	53.43[(1)]

Note:

1 By virtue of interests in Yaoo Capital Pte. Ltd.

SHAREHOLDINGS HELD BY THE PUBLIC

Based on information available to the Company as at 30 September 2022, 31.74% of the issued ordinary shares of the Company is held by the public, and therefore, Rule 723 of the Listing Manual, Secction B: Rules of the Catalist issued by the SGX-ST is complied with.

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Company will be held by way of electronic means on Friday, 28 October 2022 at 4.00 p.m. (Singapore time), for the purpose of transacting the following businesses:

ORDINARY BUSINESS

1. To receive, consider and adopt the Directors' Statement and the Audited Financial Statements for the financial year ended 30 June 2022 and the Auditors' Report thereon. **Resolution 1**

2. To approve the additional payment of Directors' fees of S$12,000.00 for the financial year ended 30 June 2022. *(See Explanatory Note)* **Resolution 2**

3. To approve the payment of Directors' fees of up to S$264,000.00 for the financial year ending 30 June 2023. (Financial year ended 30 June 2022: S$252,000.00) **Resolution 3**

4. To re-elect Mr Yao Yilun, a Director retiring by rotation in accordance with Regulation 99 of the Company's Constitution. *(See Explanatory Note)* **Resolution 4**

5. To re-elect Mr Jeffrey Pang Kee Chai, a Director retiring by rotation in accordance with Regulation 99 of the Company's Constitution. *(See Explanatory Note)* **Resolution 5**

6. To re-appoint Messrs Baker Tilly TFW LLP as Auditors and to authorise the Directors to fix their remuneration. **Resolution 6**

SPECIAL BUSINESS

To consider and, if thought fit, to pass, with or without modifications, the following resolutions as ordinary resolutions:-

7. THAT pursuant to Section 161 of the Companies Act 1967 and Rule 806 of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") (the "**Catalist Rules**"), authority be and is hereby given to the Directors to: **Resolution 7**

   (a) (i) issue shares in the capital of the Company (the "**Shares**") whether by way of rights, bonus or otherwise; and/or

   (ii) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into shares,

   at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and

   (b) issue Shares in pursuance of any Instrument made or granted by the Directors while this resolution was in force, notwithstanding that the authority granted by this resolution may have ceased to be in force at the time of such issuance of shares,

PROVIDED ALWAYS THAT:

(1) save as may otherwise be permitted by the SGX-ST, the aggregate number of shares to be issued pursuant to this Resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 100% of the total number of issued Shares in the capital of the Company excluding treasury shares and subsidiary holdings, of which the aggregate number of Shares and convertible securities issued other than on a *pro rata* basis to shareholders of the Company shall not exceed 50% of the total number of issued Shares in the capital of the Company excluding treasury shares and subsidiary holdings (as calculated in accordance with paragraph (2) below);

(2) (subject to such manner of calculation as may be prescribed by SGX-ST) for the purpose of determining the aggregate number of Shares that may be issued under paragraph (1) above, the percentage of issued Shares shall be based on the total number of issued Shares in the capital of the Company excluding treasury shares and subsidiary holdings at the time this resolution is passed, after adjusting for:

(i) new shares arising from the conversion or exercise of any convertible securities;

(ii) new Shares arising from exercising share options or vesting of share awards provided that the share options or awards (as the case may be) were granted in compliance with Part VIII of Chapter 8 of the Catalist Rules; and

(iii) any subsequent bonus issue or consolidation or subdivision of shares;

adjustments in accordance with the above Paragraph 2(i) or Paragraph 2(ii) are only to be made in respect of new shares arising from convertible securities, share options or share awards which were issued and outstanding or subsisting at the time of the passing of the resolution approving the mandate;

(3) in exercising the authority conferred by this resolution, the Company shall comply with the provisions of the Catalist Rules for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution for the time being of the Company; and

(4) (unless revoked or varied by the Company in General Meeting) the authority conferred by this resolution shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier. *(See Explanatory Note)*

8. THAT the Directors of the Company be and are hereby authorised to: **Resolution 8**

(a) offer and grant awards ("**Awards**") in accordance with the provisions of the Shen Yao Performance Share Plan 2021; and

(b) pursuant to section 161 of the Companies Act 1967, to allot and issue from time to time such number of fully-paid Shares as may be required to be issued pursuant to the vesting of the Awards under the Shen Yao Performance Share Plan 2021, provided always that the aggregate number of Shares which may be issued or transferred pursuant to Awards granted under the Shen Yao Performance Share Plan 2021, when added to (i) the number of Shares issued and issuable and/or transferred and transferable in respect of all Awards granted thereunder; and (ii) all Shares issued and issuable and/or transferred and transferable in respect of all options granted or awards granted under any other share incentive schemes or share plans adopted by the Company and for the time being in force shall not exceed fifteen per cent (15%) of the issued share capital (excluding treasury shares and subsidiary holdings) of the Company on the day preceding the relevant date of Award, and subject also to such adjustments as may be made to the Shen Yao Performance Share Plan 2021 as a result of any variation in the capital structure of the Company. *(See Explanatory Note)*

OTHER BUSINESS

9. To transact any other business of an Annual General Meeting.

BY ORDER OF THE BOARD

Chew Bee Leng
Company Secretary

Singapore
13 October 2022

Explanatory Notes:

Resolution no. 2

The amount of Directors' Fees for the financial year ended 30 June 2022 approved at the annual general meeting of the Company held on 30 November 2021 was S$240,000.00. The actual Directors' Fees amounted to S$252,000.00. The Company is seeking shareholders' approval for the additional amount of S$12,000.00.

Resolution no. 4

Mr Yao Yilun will continue as Non-Executive Non-Independent Director upon his re-election as a Director of the Company.

Please refer to the Corporate Governance Section in the Annual Report for information as set out in Appendix 7F of the Catalist Rules.

Resolution no. 5

Mr Jeffrey Pang Kee Chai, Chairman of the Audit Committee, and a member of the Nominating Committee, the Remuneration Committee and the Shen Yao Performance Award Committee will continue in these capacities upon his re-election as a Director of the Company. Mr Jeffrey Pang Kee Chai is an Independent Director and is considered independent for the purposes of Rule 704(7) of the Catalist Rules.

Please refer to the Corporate Governance Section in the Annual Report for information as set out in Appendix 7F of the Catalist Rules.

Resolution no. 7

Ordinary Resolution 7, if passed, save as may otherwise be permitted by the SGX-ST, will empower the Directors of the Company to issue shares in the capital of the Company and to make or grant instruments (such as warrants or debentures) convertible into shares, and to issue shares in pursuance of such instruments, up to a number not exceeding in aggregate 100% of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company, of which up to 50% may be issued other than on a *pro rata* basis to shareholders. For the purpose of determining the aggregate number of shares that may be issued, the percentage of issued shares shall be based on the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time that Resolution 7 is passed, after adjusting for (a) new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time that Resolution 7 is passed, and (b) any subsequent bonus issue or consolidation or subdivision of shares.

Resolution no. 8

Ordinary Resolution 8, if passed, will empower the Directors to offer and grant awards pursuant to the Shen Yao Performance Share Plan 2021 and to issue fully-paid ordinary shares of the Company pursuant to the vesting of Awards granted pursuant to the Shen Yao Performance Share Plan 2021 provided that the aggregate number of Shares which may be issued or transferred pursuant to Awards granted under the Shen Yao Performance Share Plan 2021, when added to (i) the number of Shares issued and issuable and/or transferred and transferable in respect of all Awards granted thereunder; and (ii) all Shares issued and issuable and/or transferred and transferable in respect of all options granted or awards granted under any other share incentive schemes or share plans adopted by the Company and for the time being in force shall not exceed fifteen per cent (15%) of the issued share capital (excluding treasury shares and subsidiary holdings) of the Company on the day preceding the relevant date of Award, and subject also to such adjustments as may be made to the Shen Yao Performance Share Plan 2021 as a result of any variation in the capital structure of the Company.

Notes:

(1) The Annual General Meeting ("**AGM**") is being convened, and will be held by way of electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. Printed copies of this Notice of AGM, the Annual Report of the Company for the financial year ended 30 June 2022 ("**Annual Report**") and the proxy form will not be dispatched to members. Instead, this Notice of AGM, Annual Report and the proxy form will be published on (i) the Company's website at the URL https://www.shenyaoholdings.com and (ii) the SGX website at the URL https://www.sgx.com/securities/company-announcements.

(2) Alternative arrangements relating to:

(a) participation in the AGM via electronic means (including arrangements by which the meeting can be electronically accessed via "live" audio-visual webcast or "live" audio-only stream),

(b) submission of questions to the Chairman of the AGM in advance of or "live" at the AGM, and/or during the AGM, and

(c) voting at the AGM (i) "live" by the members or his/her/its duly appointed proxy(ies) (other than the Chairman of the AGM) via electronic means; or (ii) by appointing the Chairman of the AGM as proxy to vote on the member's behalf at the AGM.

are set out below. Any reference to a time of day is made by reference to Singapore time.

(3) To keep physical interactions and COVID-19 transmission risk to a minimum, a member will not be able to attend the AGM in person. The AGM will be conducted virtually. A member who wishes to exercise his/her/its voting rights at the AGM may:

(a) (where the member is an individual) vote "live" via electronic means at the AGM, or (whether the member is an individual or a corporate) appoint a proxy(ies) (other than the Chairman of the AGM) to vote "live" via electronic means at the AGM on his/her/its behalf, or

(b) (whether the member is an individual or a corporate) appoint the Chairman of the AGM as his/her/its proxy to vote on his/her/its behalf at the AGM.

The accompanying proxy form for the AGM may be accessed at (i) the Company's website at the URL https://www.shenyaoholdings.com and (ii) the SGX website at the URL https://www.sgx.com/securities/company-announcements.

(4) (a) A member who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote at the AGM. Where such member's instrument appointing a proxy(ies) appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the instrument.

(b) A member who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the AGM, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's instrument appointing a proxy(ies) appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the instrument.

"**Relevant intermediary**" has the meaning ascribed to it in Section 181 of the Companies Act 1967.

(5) A proxy need not be a member of the Company

(6) The instrument appointing a proxy(ies) that has been executed by a Member, together with the power of attorney or other authority (if any) under which it is signed (or a certified copy thereof), must be submitted to the Company in the following manner:

(a) if submitted by post, lodged at the registered office of the Company at 9 Temasek Boulevard, #24-01 Suntec Tower Two, Singapore 038989 or the office of the Company's Share Registrar at 77 Robinson Road, 06-03 Robinson 77, Singapore 068896; or

(b) if submitted electronically, via email to the Company's Share Registrar at main@zicoholdings.com.

in each case, not less than seventy-two (72) hours before the time appointed for holding the AGM or at any adjournment thereof and in default the instrument of proxy shall not be treated as valid.

A member who wishes to submit an instrument of proxy must first download, complete and sign the proxy form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.

Members are strongly encouraged to submit completed instruments appointing a proxy(ies) electronically via email.

(7) CPF and SRS investors:

(a) may vote "live" via electronic means at the AGM if they are appointed as proxies by their respective CPF Agent Banks or SRS Operators, and should contact their respective CPF Agent Banks or SRS Operators if they have any queries regarding their appointment as proxies; or

(b) may appoint the Chairman of the AGM as proxy to vote on their behalf at the AGM, in which case they should approach CPF Agent Banks or SRS Operators to submit their votes by **4.00 p.m. on 18 October 2022**, being 7 working days before the date of the AGM.

(8) Members will be able to participate in the AGM via electronic means (including arrangements by which the meeting can be electronically accessed via "live" audio-visual webcast or "live" audio-only stream), submit "live" questions, and vote "live" via their mobile phones, tablets or computers. In order to do so, members (including CPF and SRS investors) must pre-register at the URL https://septusasia.com/shenyaoagm2022 **by 5.00 p.m. on 21 October 2022** to enable the Company to verify their status. Pre-registrations received after the deadline will not be processed. Following the verification, authenticated members (including CPF and SRS investors) or, where applicable, their appointed proxy(ies) who have (or have been) pre-registered will receive an email confirming successful registration by **4.00 p.m. on 27 October 2022**, which will contain unique user credentials and instructions on how to access the "live" audio-visual webcast and "live" audio-only stream of the AGM. Members (including CPF and SRS investors) or, where applicable, their appointed proxy(ies) who do not receive such email by **4.00 p.m. on 27 October 2022** but have pre-registered by the deadline of **5.00 p.m. on 21 October 2022** should contact Septus Singapore Pte Ltd by email at webcast@septusasia.com.

(9) Members (including CPF and SRS investors) may submit substantial and relevant questions related to the resolutions to be tabled for approval at the AGM in advance of the AGM or "live" at the AGM. Members can submit substantial and relevant questions related to the resolutions to be tabled for approval at the AGM to the Chairman of the AGM, in advance of the AGM, in the following manner by **4.00 p.m. on 21 October 2022**:

(a) if submitted by post, be lodged at the registered office of the Company's Share Registrar at 77 Robinson Road, 06-03 Robinson 77, Singapore 068896;

(b) if submitted electronically, via email to webcast@septusasia.com; or

(c) via the pre-registration website at the URL https://septusasia.com/shenyaoagm2022.

Members who submit questions must provide the following information:

(i) the member's full name;

(ii) the member's address; and

(iii) the manner in which the member holds shares in the Company (e.g., via CDP, scrip, CPF or SRS).

Members (including CPF and SRS investors) or, where applicable, their appointed proxy(ies) can also ask the Chairman of the AGM questions "live" at the AGM by typing in and submitting their questions through the "live" chat function via the audio-visual webcast platform. Members (including CPF and SRS investors) or, where applicable, their appointed proxy(ies) who wish to ask questions "live" at the AGM must first pre-register themselves at the pre-registration website at the URL https://septusasia.com/shenyaoagm2022 and, in case of validly appointed third party proxy(ies), first be pre-registered on the appointing members' behalf. Members (including CPF and SRS investors) or, where applicable, their appointed proxy(ies) who have pre-registered and wish to submit questions "live" at the AGM must access the AGM proceedings via the "live" audio-visual webcast in order to ask questions "live" at the AGM, and will not be able to do so via the "live" audio-only stream of the AGM proceedings.

During the AGM itself, the Company will address as many substantial and relevant questions related to the resolutions to be tabled for approval at the AGM which were received from members prior to the AGM, as well as those received "live" at the AGM itself, as the Company is able to. Where substantially similar questions are received, the Company will consolidate such questions and consequently not all questions may be individually addressed.

(10) Members or, where applicable, their appointed proxy(ies) may vote "live" via electronic means at the AGM. Alternatively, members may also wish to appoint the Chairman to act as their proxy to vote on behalf at the AGM.

Where a member (whether individual or corporate) appoints the Chairman of the AGM as his/her/its proxy, he/she/it must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the form of proxy, failing which the appointment of the Chairman of the AGM as proxy for that resolution will be treated as invalid.

(11) Due to the constantly evolving Covid-19 situation in Singapore, the Company may be required to make changes to arrangements for the AGM at short notice. Members should check the Company's website at the URL https://www.shenyaoholdings.com for the latest updates on the status of the AGM.

Personal Data Privacy

By (a) pre-registering for the "live" webcast and/or the "live" audio-only tele-conferencing, (b) submitting an instrument appointing the Chairman of the AGM as proxy to attend, speak and vote at the AGM and/or any adjournment thereof, and/or submitting ANY questions relating to the resolutions to be tabled for approval at the AGM or the Company's businesses and operations, a member of the Company consents to the collection, use and disclosure of your personal data by the Company (or its agents or service providers) for the purpose of

(i) administering the "live" webcast and/or the "live" audio-only tele-conferencing (including, but not limited to, verifying your identity and shareholding status, registering an account for you to access the "live" webcast and/or the "live" audio-only tele-conferencing, facilitating and administering the "live" webcast and "live" audio-only tele-conferencing and disclosing your personal data to the Company's agents or third party service provider for any such purposes),

(ii) the processing of any questions submitted to the Company,

(iii) the processing, administration and analysis by the Company (or its agents or service providers) of the appointment of the Chairman of the AGM as proxy appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and

(iv) enabling the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines.

Photographic, sound and/or video recordings of the AGM may be made by the Company for record keeping and to ensure the accuracy of the minutes prepared of the AGM. Accordingly, the personal data of a member (such as his name, his presence at the AGM and any questions he may raise or motions he propose/second) may be recorded by the Company for such purpose.

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*This Notice 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 Notice 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 Notice, including the correctness of any of the statements or opinions made or reports contained in this Notice.*

The contact person for the Sponsor is Ms Sheila Ong, Registered Professional, W Capital Markets Pte. Ltd., 65 Chulia Street, #43-01 OCBC Centre, Singapore 049513, Telephone (65) 65133543.

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SHEN YAO HOLDINGS LIMITED

(Registered in the Republic of Singapore)
(Company Registration number: 202042117W)

PROXY FORM – ANNUAL GENERAL MEETING

IMPORTANT

1. The Annual General Meeting ("**AGM**") is being convened and will be held by way of electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. Printed copies of this Notice of AGM, the Annual Report of the Company for the financial year ended 30 June 2022 ("**Annual Report**") and the proxy form will not be dispatched to members. Instead, this Notice of AGM, Annual Report and the proxy form will be published on (i) the Company's website at the URL https://www.shenyaoholdings.com, and (ii) the SGX website at the URL https://www.sgx.com/securities/company-announcements.
2. Alternative arrangements relating to:
   (a) participation in the AGM via electronic means (including arrangements by which the meeting can be electronically accessed via "live" audio-visual webcast or "live" audio-only stream),
   (b) submission of questions to the Chairman of the AGM in advance of or "live" at the AGM, and
   (c) voting at the AGM (i) "live" by the members or his/her/its duly appointed proxy(ies) (other than the Chairman of the AGM) via electronic means; or (ii) by appointing the Chairman of the AGM as proxy to vote on the member's behalf at the AGM are set out in the Notice of AGM.
3. **To keep physical interactions and COVID-19 transmission risk to a minimum, a member will not be able to attend the AGM in person. The AGM will be conducted virtually. A member who wishes to exercise his/her/its voting rights at the AGM may:**
   (a) (where the member is an individual) vote "live" via electronic means at the AGM, or (whether the member is an individual or a corporate) appoint a proxy(ies) (other than the Chairman of the AGM) to vote "live" via electronic means at the AGM on his/her/its behalf, or
   (b) (whether the member is an individual or a corporate) appoint the Chairman of the AGM as his/her/its proxy to vote on his/her/its behalf at the AGM.
4. **Please read the notes overleaf which contain instructions on, inter alia, the appointment of a proxy(ies).**
5. CPF and SRS investors who wish to appoint the Chairman of the AGM as proxy should approach their respective CPF Agent Banks or SRS Operators to submit their votes by 4.00 p.m. on 18 October 2022, being 7 working days before the date of the AGM.
6. By submitting an instrument appointing a proxy(ies), the member accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 13 October 2022.

I/We, ______________________ (Name) ______________________ (NRIC/Passport/Co. Reg. No.)

of ____ (Address)

being a member/members of SHEN YAO HOLDINGS LIMITED (the "**Company**") hereby appoint

Name	Email Address	NRIC/Passport No.	Proportion of Shareholdings (%)
and/or (delete as appropriate)			

or if no proxy is named, the Chairman of the AGM of the Company as my/our proxy/proxies to attend and vote for me/us on my/our behalf at the AGM of the Company to be held by way of electronic means, on Friday, 28 October 2022 at 4.00 p.m., and at any adjournment thereof.

I/We direct the Chairman of the AGM as my/our proxy to vote for or against, or to abstain from voting on, the resolutions to be proposed at the AGM as indicated hereunder.

(Voting will be conducted by poll. Please indicate with an "X" in the relevant spaces provided if you wish to cast all your shares "For" or "Against" or "Abstain" from voting on the resolutions as set out in the Notice of the AGM. Alternatively, please indicate the number of votes "For" or "Against" in the "For" or "Against" box provided in respect of that resolution. If you wish the Chairman of the AGM as your proxy to abstain from voting on a resolution, please indicate with an "X" in the abstain box provided in respect of that resolution. Alternatively, please indicate the number of shares that the Chairman of the AGM as your proxy is directed to abstain from voting in the Abstain box provided in respect of that resolution. **In the absence of specific directions, the appointment of the Chairman of the AGM as proxy for that resolution will be treated as invalid.)**.

	Ordinary Resolutions	No. of votes For	No. of votes Against	No. of votes Abstain
	Ordinary Business			
1.	To receive, consider and adopt the Directors' Statement and the Audited Financial Statements for the financial year ended 30 June 2022 and the Auditors' Report thereon.			
2.	To approve the additional payment of Directors' fees of S$12,000.00 for the financial year ended 30 June 2022.			
3.	To approve the payment of Directors' fees of up to S$264,000.00 for the financial year ending 30 June 2023. (Financial year ended 30 June 2022: S$252,000.00)			
4.	To re-elect Mr Yao Yilun, a Director retiring by rotation in accordance with Regulation 99 of the Company's Constitution.			
5.	To re-elect Mr Jeffrey Pang Kee Chai, a Director retiring by rotation in accordance with Regulation 99 of the Company's Constitution.			
6.	To re-appoint Messrs Baker Tilly TFW LLP as Auditors and to authorise the Directors to fix their remuneration.			
	Special Business			
7.	To authorise the Directors to issue new shares, and to make or grant instruments convertible into shares in the capital of the Company, pursuant to Section 161 of the Companies Act 1967.			
8.	To authorise the Directors to offer and grant awards in accordance with the provisions of the Shen Yao Performance Share Plan 2021, and to issue new shares, pursuant to the Shen Yao Performance Share Plan 2021.			

Dated this ____________ day of ____________________ 2022

Total Number of Shares

____
Signature(s) of Member(s) or Common Seal

IMPORTANT: PLEASE READ THE NOTES OVERLEAF

Notes:

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act 2001 of Singapore), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.

2. **To keep physical interactions and COVID-19 transmission risk to a minimum, a member will not be able to attend the AGM in person. A member who wishes to exercise his/her/its voting rights at the AGM may:**

   (a) (where the member is an individual) vote "live" via electronic means at the AGM, or (whether the member is an individual or a corporate) appoint a proxy(ies) (other than the Chairman of the AGM) to vote "live" via electronic means at the Annual General Meeting on his/her/its behalf, or.

   (b) (whether the member is an individual or a corporate) appoint the Chairman of the AGM as his/her/its proxy to vote on his/her/its behalf at the AGM.

   The proxy form for the AGM is available on (i) the Company's website at the URL https://www.shenyaoholdings.com and (ii) the SGX website at the URL https://www.sgx.com/securities/company-announcements.

3. Where a member (whether individual or corporate) appoints the Chairman of the AGM as his/her/its proxy, he/she/it must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the form of proxy, failing which the appointment of the Chairman of the AGM as proxy for that resolution will be treated as invalid.

4. The instrument appointing the Chairman of the AGM as proxy that has been executed by a Member, together with the power of attorney or other authority (if any) under which it is signed (or a certified copy thereof), must be submitted to the Company in the following manner:

   (a) if submitted by post, lodged at the registered office of the Company at 9 Temasek Boulevard, #24-01 Suntec Tower Two, Singapore 038989 or the office of the Company's Share Registrar at 77 Robinson Road, 06-03 Robinson 77, Singapore 068896; or

   (b) if submitted electronically, via email to the Company's Share Registrar at main@zicoholdings.com.

   in each case, not less than seventy-two (72) hours before the time appointed for holding the AGM or at any adjournment thereof and in default the instrument of proxy shall not be treated as valid.

   A member who wishes to submit an instrument of proxy must first download, complete and sign the proxy form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.

   Members are strongly encouraged to submit completed instruments appointing a proxy(ies) electronically via email.

5. CPF and SRS investors:

   (a) may vote "live" via electronic means at the AGM if they are appointed as proxies by their respective CPF Agent Banks or SRS Operators, and should contact their respective CPF Agent Banks or SRS Operators if they have any queries regarding their appointment as proxies; or

   (b) may appoint the Chairman of the AGM as proxy to vote on their behalf at the AGM in which case they should approach their CPF Agent Banks or SRS Operators to submit their votes by 4.00 p.m. on 18 October 2022, being 7 working days before the date of the AGM.

6. A proxy need not be a member of the Company.

7. Any alteration made to the instrument appointing the Chairman of the AGM should be initialled by the person who signs it.

General: The Company shall be entitled to reject an instrument appointing the Chairman of the AGM as proxy if it is incomplete, improperly completed, illegible or where the true intentions of the appointer are not ascertainable from the instructions of the appointer specified on the instrument. In addition, in the case of Shares entered in the Depository Register, the Company may reject an instrument appointing the Chairman of the AGM as proxy if the member, being the appointer, is not shown to have Shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the meeting, as certified by The Central Depository (Pte) Limited to the Company.

Personal Data Privacy: By submitting an instrument appointing the Chairman of the AGM as proxy, the Member accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 13 October 2022.

SHEN YAO HOLDINGS LIMITED

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