

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

FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE SECOND QUARTER ENDED 31 DECEMBER 2020

The Board of Directors (“**Board**”) of Shen Yao Holdings Limited (the “**Company**”) present the results of the Company and its subsidiaries (the “**Group**”) for the second quarter ended 31 December 2020. The figures presented below have not been audited nor reviewed by the Company’s auditors.

This financial statement and dividend announcement is made pursuant to a requirement of the Singapore Exchange Securities Trading Limited.

Re-domiciliation and Change of Name

With effect from 30 December 2020, the Company is registered in Singapore as approved by the Accounting and Corporate Regulatory Authority (“**ACRA**”). With the re-domiciliation from Bermuda to Singapore, the Company has adopted the New Constitution which provisions are compliant with Singapore company laws and the prevailing rules of the Singapore Exchange Securities Trading Limited. The name of the Company has been changed to “Shen Yao Holdings Limited” and reflected in the New Constitution.

1(a)(i) An income statement (for the Group) with comparatives for the 3-month and 6-month period ended 31 December 2020 with the corresponding period of the immediately preceding financial year.

	Group			Group		
	3-month period ended			6-month period ended		
	31.12.2020	31.12.2019	Change	31.12.2020	31.12.2019	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Revenue	24,576	12,914	90.3	42,347	31,395	34.9
Cost of sales	(20,222)	(12,458)	62.3	(32,056)	(28,953)	10.7
Gross profit	4,354	456	NM	10,291	2,442	NM
Other income	45	174	(74.1)	539	197	NM
Expenses:						
Administrative expenses	(1,239)	(1,013)	22.3	(2,358)	(1,822)	29.4
Other expenses	(3,043)	(1,582)	92.4	(5,419)	(1,099)	NM
Finance costs	(127)	(43)	NM	(147)	(803)	(81.7)
(Loss)/profit before income tax	(10)	(2,008)	(99.5)	2,906	(1,085)	NM
Income tax credit/(expense)	470	-	NM	(700)	-	NM
Net profit/(loss) for the period	460	(2,008)	NM	2,206	(1,085)	NM
Net (loss)/profit for the period attributable to:						
Equity holders of the Company	(249)	(2,338)	(89.3)	1,102	(995)	NM
Non-controlling interests	709	330	NM	1,104	(90)	NM
	460	(2,008)	NM	2,206	(1,085)	NM

NM: Not Meaningful

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

FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE SECOND QUARTER ENDED 31 DECEMBER 2020

1(a)(ii) A statement of comprehensive income with comparatives for the 3-month and 6-month period ended 31 December 2020 with the corresponding period of the immediately preceding financial year.

	Group		Group	
	3-month period ended		6-month period ended	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019
	S\$'000	S\$'000	S\$'000	S\$'000
Total profit/(loss) for the period	460	(2,008)	2,206	(1,085)
Other comprehensive income/(loss), net of tax				
<i>Item that are or may be reclassified subsequently to profit or loss:</i>				
Currency translation differences arising from consolidation	3,706	625	5,069	(584)
Reclassification of currency translation differences on de-registration of a subsidiary to profit or loss	-	-	(417)	-
<i>Item that will not be reclassified subsequently to profit or loss:</i>				
Currency translation differences arising from consolidation	(546)	(106)	(754)	101
Total other comprehensive income/(loss) for the period	3,160	519	3,898	(483)
Total comprehensive income/(loss) for the period	3,620	(1,489)	6,104	(1,568)
Total comprehensive income/(loss) for the period attributable to :				
Equity holders of the Company	3,457	(1,713)	5,754	(1,579)
Non-controlling interests	163	224	350	11

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

FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE SECOND QUARTER ENDED 31 DECEMBER 2020

Total costs and expenses including the following charges/(credit):

	Group			Group		
	3-month period ended			6-month period ended		
	31.12.2020	31.12.2019	Change	31.12.2020	31.12.2019	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
<u>Cost of sales:-</u>						
Amortisation of mining properties	1,397	1,209	15.6	2,380	2,301	3.4
Depreciation of property, plant and equipment	1,978	804	NM	3,167	1,227	NM
<u>Other income:-</u>						
Interest income	8	17	(52.9)	25	40	(37.5)
Fair value adjustment on borrowings	-	7	NM	-	7	NM
Gain on de-registration of a subsidiary	-	-	-	417	-	NM
Others	37	150	(75.3)	97	150	(35.3)
	45	174	(74.1)	539	197	NM
<u>Administrative expenses:-</u>						
Depreciation of property, plant and equipment	150	20	NM	259	39	NM
Operating lease - rental expenses	3	30	(90.0)	5	61	(91.8)
<u>Other expenses:-</u>						
Exploration and evaluation expenditure written off	129	133	(3.0)	217	133	63.2
Fair value loss on financial assets at fair value through profit or loss	21	-	NM	976	-	NM
Loss/(gain) on foreign exchange (net)	2,218	333	NM	3,051	(297)	NM
Other mining expenses	675	118	NM	1,175	265	NM
Prepayment written-off	-	384	NM	-	384	NM
Termination fee	-	500	NM	-	500	NM
Unwind of discount on deferred consideration	-	114	NM	-	114	NM
	3,043	1,582	92.4	5,419	1,099	NM

NM: Not Meaningful

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

FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE SECOND QUARTER ENDED 31 DECEMBER 2020

1(b)(i) A statement of financial position (for the issuer and Group), together with a comparative statement as at the end of the immediately preceding financial year

	Group		Company	
	As at 31.12.2020	As at 30.06.2020	As at 31.12.2020	As at 30.06.2020
	S\$'000	S\$'000	S\$'000	S\$'000
Current assets				
Cash and cash equivalents	4,221	7,963	1	7
Financial assets at fair value through profit or loss	8,355	1,280	-^	-^
Other receivables	600	630	1	1
Other current assets	2,019	539	57	41
Inventories	12,150	5,700	-	-
	27,345	16,112	59	49
Non-current assets				
Financial assets at fair value through profit or loss	-*	-*	-	-
Investment in subsidiaries	-	-	67,790	67,790
Security deposits	4,656	4,386	-	-
Exploration and evaluation expenditure	13,204	8,238	-	-
Mining properties	4,877	3,706	-	-
Property, plant and equipment	22,254	20,781	22	5
	44,991	37,111	67,812	67,795
Total assets	72,336	53,223	67,871	67,844
Current liabilities				
Due to subsidiaries	-	-	53,832	45,704
Trade and other payables	15,227	11,048	356	458
Lease liabilities	2,803	1,194	-	-
Borrowings	4,301	996	-	996
Income tax liabilities	2,380	2,149	-	-
	24,711	15,387	54,188	47,158
Non-current liabilities				
Lease liabilities	2,902	2,476	-	-
Deferred consideration	2,768	2,611	-	-
Rehabilitation and preservation provision	8,986	8,448	-	-
Convertible bonds	1,008	-	1,008	-
	15,664	13,535	1,008	-
Total liabilities	40,375	28,922	55,196	47,158
Net assets	31,961	24,301	12,675	20,686
^ Amount less than \$1,000 * Amount fully impaired				

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

FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE SECOND QUARTER ENDED 31 DECEMBER 2020

	Group		Company	
	As at 31.12.2020	As at 30.06.2020	As at 31.12.2020	As at 30.06.2020
	S\$'000	S\$'000	S\$'000	S\$'000
Equity				
Issued capital and reserves attributable to equity holders of the Company				
Issued capital	3,271	3,171	3,271	3,171
Share premium	302,107	300,707	302,107	300,707
Other reserves	(260,104)	(266,829)	(292,703)	(283,192)
Equity attributable to equity holders of the Company	45,274	37,049	12,675	20,686
Non-controlling interests	(13,313)	(12,748)	-	-
Total equity	31,961	24,301	12,675	20,686

1(b)(ii) Aggregate amount of Group's borrowings

Amount repayable in one year or less, or on demand

	As at 31.12.2020		As at 30.06.2020	
	S\$'000	S\$'000	S\$'000	S\$'000
	Secured	Unsecured	Secured	Unsecured
Lease liabilities	2,803	-	1,194	-
Borrowings	4,301	-	-	996
	7,104	-	1,194	996

Amount repayable after one year and not later than five years

	As at 31.12.2020		As at 30.06.2020	
	S\$'000	S\$'000	S\$'000	S\$'000
	Secured	Unsecured	Secured	Unsecured
Lease liabilities	2,902	-	2,476	-
Convertible bonds	-	1,008	-	-
	2,902	1,008	2,476	-

As at 31 December 2020, the Group's lease liabilities are secured by property, plant and equipment with a net book value of S\$3.6 million (30 June 2020: S\$3.6 million).

As at 31 December 2020, the Group's borrowings of S\$4.3 million are secured by financial assets at fair value through profit or loss ("FVTPL") of S\$7.9 million.

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

FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE SECOND QUARTER ENDED 31 DECEMBER 2020

1(c) A cash flow statement (for the Group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group		Group	
	3-month period ended		6-month period ended	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019
	S\$'000	S\$'000	S\$'000	S\$'000
CASH FLOWS FROM OPERATING ACTIVITIES				
(Loss)/profit before income tax	(10)	(2,008)	2,906	(1,085)
Adjustments for:-				
Amortisation of mining properties	1,397	1,209	2,380	2,301
Amortisation of discount on provision for rehabilitation and preservation	13	13	27	25
Depreciation of property, plant and equipment	2,128	824	3,426	1,266
Exploration and evaluation expenditure written-off	129	133	217	133
Fair value adjustment on borrowings	-	(7)	-	(7)
Fair value loss on financial assets at fair value through profit or loss	21	-	976	-
Gain on de-registration of a subsidiary	-	-	(417)	-
Prepayment written-off	-	384	-	384
Unwind of discount on deferred consideration	-	114	-	114
Interest income	(8)	(17)	(25)	(40)
Interest expense	114	30	121	777
Operating cash flows before working capital changes	3,784	675	9,611	3,868
Changes in operating assets and liabilities:				
Inventories	648	(2,656)	(6,450)	(1,329)
Financial assets at fair value through profit or loss	(2,587)	-	(3,750)	-
Other receivables	(14)	(118)	86	1,996
Other current assets	(380)	319	(1,481)	10
Trade and other payables	907	283	2,269	1,023
Other liabilities	724	(798)	2,015	(958)
Currency translation adjustments	2,213	335	3,029	(294)
Cash generated from/(used in) operations	5,295	(1,960)	5,329	4,316
Interest received	8	17	25	40
Interest paid	(106)	(18)	(109)	(22)
Tax paid	(291)	-	(582)	-
Net cash generated from/(used in) operating activities	4,906	(1,961)	4,663	4,334
CASH FLOWS FROM INVESTING ACTIVITIES				
Expenditure on exploration, evaluation and capital development	(4,133)	(2,135)	(7,907)	(3,619)
Purchase of property, plant and equipment	(244)	(531)	(755)	(1,156)
Net cash used in investing activities	(4,377)	(2,666)	(8,662)	(4,775)

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

FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE SECOND QUARTER ENDED 31 DECEMBER 2020

	Group		Group	
	3-month period ended		6-month period ended	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019
	S\$'000	S\$'000	S\$'000	S\$'000
CASH FLOWS FROM FINANCING ACTIVITIES				
Issuance of option shares	500	-	500	-
Proceeds from borrowings	1,000	548	1,000	548
Net repayment of lease liabilities	(1,166)	(210)	(1,464)	(326)
Additions to security deposits	(1)	-	(5)	-
Net cash generated from financing activities	333	338	31	222
Net increase/(decrease) in cash and cash equivalents	862	(4,289)	(3,968)	(219)
Cash and cash equivalents at beginning of period	3,352	6,815	7,963	2,794
Effect of foreign exchange rate changes, net	7	(23)	226	(72)
Cash and cash equivalents at end of period	4,221	2,503	4,221	2,503

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

**FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE SECOND QUARTER
ENDED 31 DECEMBER 2020**

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalization issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year

	Issued Capital	Share Premium	Contributed Surplus	Foreign Currency Translation Reserve	Accumulated Losses	Non-controlling interests	Total Equity
	SS'000	SS'000	SS'000	SS'000	SS'000	SS'000	SS'000
Group							
As at 1 July 2020	3,171	300,707	61,979	(8,355)	(320,453)	(12,748)	24,301
Issuance of Debt Conversion Shares	50	950	-	-	-	-	1,000
Profit for the period	-	-	-	-	1,351	395	1,746
Currency translation differences	-	-	-	1,364	-	(208)	1,156
Reclassification of currency translation differences on de-registration of a subsidiary to profit or loss	-	-	-	(417)	-	-	(417)
Total comprehensive income for the period	-	-	-	947	1,351	187	2,485
Changes in ownership interest in subsidiary that does not results in loss of control	-	-	-	-	970	(915)	55
As at 30 September 2020	3,221	301,657	61,979	(7,408)	(318,132)	(13,476)	27,841
Issuance of Option Shares	50	450	-	-	-	-	500
(Loss)/profit for the period	-	-	-	-	(249)	709	460
Currency translation differences	-	-	-	3,706	-	(546)	3,160
Total comprehensive income/(loss) for the period	-	-	-	3,706	(249)	163	3,620
As at 31 December 2020	3,271	302,107	61,979	(3,702)	(318,381)	(13,313)	31,961

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

**FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE SECOND QUARTER
ENDED 31 DECEMBER 2020**

	Issued Capital	Share Premium	Contributed Surplus	Foreign Currency Translation Reserve	Accumulated Losses	Non-controlling interests	Total Equity
	SS'000	SS'000	SS'000	SS'000	SS'000	SS'000	SS'000
Group							
As at 1 July 2019	870	280,000	61,979	(8,950)	(322,772)	(12,348)	(1,221)
Profit/(loss) for the period	-	-	-	-	1,342	(420)	922
Currency translation differences	-	-	-	(1,209)	-	207	(1,002)
Total comprehensive (loss)/income for the period	-	-	-	(1,209)	1,342	(213)	(80)
As at 30 September 2019	870	280,000	61,979	(10,159)	(321,430)	(12,561)	(1,301)
Issuance of Subscription Shares	2,301	20,707	-	-	-	-	23,008
(Loss)/profit for the period	-	-	-	-	(2,338)	330	(2,008)
Currency translation differences	-	-	-	625	-	(106)	519
Total comprehensive income/(loss) for the period	-	-	-	625	(2,388)	224	(1,489)
As at 31 December 2019	3,171	300,707	61,979	(9,534)	(323,768)	(12,337)	20,218

SHEN YAO HOLDINGS LIMITED

(Company Registration No. 202042117W)

FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE SECOND QUARTER ENDED 31 DECEMBER 2020

	Issued Capital	Share Premium	Contributed Surplus	Accumulated Losses	Total Equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Company					
As at 1 July 2020	3,171	300,707	61,979	(345,171)	20,686
Issuance of Debt Conversion Shares	50	950	-	-	1,000
Loss and total comprehensive loss for the period	-	-	-	(2,159)	(2,159)
As at 30 September 2020	3,221	301,657	61,979	(347,330)	19,527
Issuance of Option Shares	50	450	-	-	500
Loss and total comprehensive loss for the period	-	-	-	(7,352)	(7,352)
As at 31 December 2020	3,271	302,107	61,979	(354,682)	12,675
As at 1 July 2019	870	280,000	61,979	(335,802)	7,047
Loss and total comprehensive loss for the period	-	-	-	(910)	(910)
As at 30 September 2019	870	280,000	61,979	(336,712)	6,137
Issuance of Subscription Shares	2,301	20,707	-	-	23,008
Loss and total comprehensive loss for the period	-	-	-	(2,224)	(2,224)
As at 31 December 2019	3,171	300,707	61,979	(338,936)	26,921

SHEN YAO HOLDINGS LIMITED

(Company Registration No. 202042117W)

FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE SECOND QUARTER ENDED 31 DECEMBER 2020

1(d)(ii) Details of any changes in the company’s share capital arising from rights issue, bonus issue, subdivision, consolidation, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

The changes in the Company’s paid-up capital were as follows:

Issued and fully paid (ordinary shares (“Shares”))	No. of shares	Share Capital (S\$’000)	Share Premium (S\$’000)
As at 1 July 2020	31,706,206,055	3,171	300,707
New ordinary shares issued in relation to the Debt Conversion at an issue price of S\$0.002 each on 28 July 2020	500,000,000	50	950
As at 30 September 2020	32,206,206,055	3,221	301,657
New ordinary shares issued in relation to the Option at an issue price of S\$0.001 each on 9 December 2020	500,000,000	50	450
As at 31 December 2020	32,706,206,055	3,271	302,107

The number of Shares that may be issued on the exercise of options as at 31 December 2020 and 31 December 2019 is as follows:

As at 31 December 2020	No. of Shares that may be issued	Share Capital (S\$’000)	Share Premium (S\$’000)
New shares to be issued on conversion of current outstanding convertible bonds of S\$1.0 million at the conversion price of S\$0.003	333,333,333	333	667
As at 31 December 2019	No. of Shares that may be issued	Share Capital (S\$’000)	Share Premium (S\$’000)
The Company shall issue such number of Option Shares upon exercise of the Options by Premier Equity Fund Sub Fund E, with each Option carrying the right to subscribe for one Share in the Company at the exercise price of S\$0.001 for each new Share	500,000,000	50	450

There are no treasury shares or subsidiary holdings as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

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

FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE SECOND QUARTER ENDED 31 DECEMBER 2020

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

There are no treasury shares as at the end of the current financial period and as at the end of the immediately preceding financial year. The total number of issued shares as at 31 December 2020 is 32,706,206,055 (30 June 2020: 31,706,206,055).

1(d)(iv) A statement showing all sales, transfers, disposals, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

Not applicable. There are no treasury shares.

1(d)(v) A statement showing all sales, transfers, disposals, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.

Not applicable. There are no subsidiary holdings.

2. Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice.

The figures have not been audited or reviewed by the Company's auditors.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).

Not applicable. The figures have not been audited or reviewed by the Company's auditors.

3A. Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion:

(a) updates on the efforts taken to resolve each outstanding audit issue; and

(b) confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

There were no changes in the accounting policies and methods of computation adopted in the financial statements for the current reporting period as compared to the most recently audited annual financial statements as at 30 June 2020.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

The Group has adopted the new and revised Singapore Financial Reporting Standards (International) ("SFRS(I)") and SFRS(I) Interpretations which became effective for the financial period beginning on or after 1 July 2020. The adoption of the new and revised standards did not have any material effect on the financial position or financial performance of the Group.

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

FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE SECOND QUARTER ENDED 31 DECEMBER 2020

6. Earnings per ordinary share of the Group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

	3-month period ended		6-month period ended	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019
Earnings per Share for the financial period based on weighted average number of ordinary shares in issue (in cents)	(0.001)	(0.017)	0.003	(0.007)
Weighted average number of ordinary shares	32,195,336,490	13,885,429,432	32,195,336,490	13,885,429,432
Earnings per Share for the financial period based on fully diluted basis (in cents)	(0.001)	(0.016)	0.003	(0.007)
Weighted average number of ordinary shares	32,528,669,823	14,385,429,432	32,528,669,823	14,385,429,432

7. Net asset value (for the issuer and the Group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the (a) current financial period reported on and (b) immediately preceding financial year.

	Group		Company	
	As at 31.12.2020	As at 30.06.2020	As at 31.12.2020	As at 30.06.2020
Net assets value per ordinary share based on issued share capital at end of financial period/year (in cents)	0.138	0.117	0.039	0.065
Number of ordinary shares issued at the end of the period	32,706,206,055	31,706,206,055	32,706,206,055	31,706,206,055

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

FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE SECOND QUARTER ENDED 31 DECEMBER 2020

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:

- (a) Any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
- (b) Any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

(A) **Financial Performance Review**

6MFY2021

The Group recorded an increase in revenue for the six-month financial period ended 31 December 2020 ("6MFY2021"). Revenue increased to S\$42.3 million compared with S\$31.4 million for the six-month financial period ended 31 December 2019 ("6MFY2020") due to an increase in average price of gold as well as an increase in the volume of gold sold. Average selling price of gold increased from S\$2,119 per ounce (equivalent to A\$2,247) in 6MFY2020 to S\$2,671 per ounce (equivalent to A\$2,704) in 6MFY2021. Gold sales volume increased from 14,216 ounces in 6MFY2020 to 16,477 ounces in 6MFY2021.

The cost of sales included:

- (1) an amortisation of mining properties which increased from S\$2.3 million in 6MFY2020 to S\$2.4 million in 6MFY2021 in line with the increase in total gold sold;
- (2) depreciation of property, plant and equipment which increased from S\$1.3 million in 6MFY2020 to S\$3.2 million in 6MFY2021, mainly due to the purchase of mining equipment and motor vehicles in 2020 which resulted in an increase in depreciation expenses in 6MFY2021; and
- (3) a 2.75% royalty on gold extracted in the Australian state of Victoria, effective from 1 January 2020, amounting to S\$1.0 million.

Gross profit was S\$10.3 million in 6MFY2021 compared to S\$2.4 million in 6MFY2020. The increase in the gross profit was mainly due to the increase in the selling price and sales volume of gold as described above; and partially offset by the decrease in average head grade of ore from 4.9 g/t in 6MFY2020 to 4.4 g/t in 6MFY2021.

Other income recorded an increase of \$0.3 million to \$0.5 million in 6MFY2021 as compared to \$0.2 million in 6MFY2020. This was due mainly to the gain on de-registration of a subsidiary. Upon the de-registration of a wholly owned Australia subsidiary, Shen Yao International Holding Pty Ltd, which had been inactive and did not have any material assets and liabilities at the time of de-registration, the corresponding foreign currency translation reserve in relation to this subsidiary of S\$417,000 was released and recognised as "gain on de-registration of a subsidiary" under other income in 6MFY2021.

Administrative expenses increased from S\$1.8 million in 6MFY2020 to S\$2.4 million in 6MFY2021. The increase was mainly due to the increase in consultancy fees of S\$0.4 million on the appointment of consultants and the increase in depreciation of S\$0.2 million due to additional motor vehicles purchased in 2020, partially offset by decrease in professional fee of S\$0.1 million mainly attributable to the legal and professional fee incurred in the debt restructuring exercise in 2019.

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

FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE SECOND QUARTER ENDED 31 DECEMBER 2020

The Group incurred other expenses of S\$5.4 million in 6MFY2021 compared to S\$1.1 million in 6MFY2020. Other expenses in 6MFY2021 was mainly loss on foreign exchange of S\$3.1 million due to the depreciation of Singapore dollar against Australian dollar, fair value loss on FVTPL of S\$1.0 million and other mining related expenses of S\$1.2 million. Other expenses in 6MFY2020 was mainly due to a one-off early termination fee of S\$0.5 million (in relation to the early termination of the RCB Subscription Agreement), an upfront fee of S\$0.4 million written off, other mining related expenses of S\$0.3 million, partially offset by a gain on foreign exchange of S\$0.3 million.

Finance costs decreased by S\$0.7 million to S\$0.1 million in 6MFY2021 mainly due to the termination of the Debt Restructuring Agreement in October 2019 following the issuance of Subscription Shares to Yaaoo Capital Pte Ltd, partially offset by an increase in interest charge of S\$70,000 in connection of new motor vehicles purchased in 2020.

2QFY2021

The Group recorded an increase in revenue for the three-month financial period ended 31 December 2020 (“2QFY2021”). Revenue increased to S\$24.6 million compared with S\$12.9 million for the three-month financial period ended 31 December 2019 (“2QFY2020”) due to an increase in gold sales volume and an increase in average selling price of gold. Gold sales volume increased from 6,380 ounces in 2QFY2020 to 9,722 ounces in 2QFY2021. Average selling price of gold increased from S\$2,045 per ounce (equivalent to A\$2,169) in 2QFY2020 to S\$2,520 per ounce (equivalent to A\$2,552) in 2QFY2021.

The cost of sales included:

- (1) an amortisation of mining properties which increased from S\$1.2 million in 2QFY2020 to S\$1.4 million in 2QFY2021 in line with the increase in total gold sold;
- (2) depreciation of property, plant and equipment which increased from S\$0.8 million in 2QFY2020 to S\$2.0 million in 2QFY2021, mainly due to the purchase of mining equipment and motor vehicles in 2020 which resulted in an increase in depreciation expenses in 2QFY2021; and
- (3) a 2.75% royalty on gold extracted in the Australian state of Victoria, effective from 1 January 2020, amounting to S\$0.7 million.

Gross profit was S\$4.4 million in 2QFY2021 compared to S\$0.5 million in 2QFY2020. The increase in the gross profit was mainly due to the increase in the selling price and sales volume of gold as described above; and partially offset by the decrease in average head grade of ore from 4.5 g/t in 2QFY2020 to 3.7 g/t in 2QFY2021.

Administrative expenses increased from S\$1.0 million in 2QFY2020 to S\$1.2 million in 2QFY2021. The increase was mainly due to the increase in consultancy fees of S\$0.2 million on the appointment of consultants and the increase in depreciation of S\$0.1 million due to additional motor vehicles purchased in 2020, partially offset by decrease in professional fee of S\$0.1 million mainly attributable to the legal and professional fee incurred in the debt restructuring exercise in 2019.

The Group incurred other expenses of S\$3.0 million in 2QFY2021 compared to S\$1.6 million in 2QFY2020. Other expenses in 2QFY2021 was mainly loss on foreign exchange of S\$2.2 million due to the depreciation of Singapore dollar against Australian dollar and other mining related expenses of S\$0.6 million. Other expenses in 2QFY2020 was mainly due to a one-off early termination fee of S\$0.5 million (in relation to the early termination of the RCB Subscription Agreement), an upfront fee of S\$0.4 million written off, other mining related expenses of S\$0.1 million and a loss on foreign exchange of S\$0.3 million.

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

FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE SECOND QUARTER ENDED 31 DECEMBER 2020

Finance costs increased from \$43,000 in 2QFY2020 to \$127,000 in 2QFY2021 mainly an increase in interest charge of S\$70,000 in connection of new motor vehicles purchased in 2020.

(B) Financial Position Review

1) Current assets increased by S\$11.2 million from S\$16.1 million as at 30 June 2020 to S\$27.3 million as at 31 December 2020. The increase was mainly due to:

- The increase in inventory of S\$6.5 million, which was mainly attributed to the increase in the quantity of gold stockpiles of unprocessed ore held at the end of 31 December 2020.
- The increase in the FVTPL of S\$7.1 million, which was attributed to purchase of FVTPL by way of cash of S\$3.8 million and purchase under revolving credit of S\$4.3 million. The increase is partially offset by loss on FVTPL of S\$1.0 million.
- The increase in other current assets of S\$1.5 million, which was mainly attributed to inclusion of prepaid consultancy fee of S\$1.1 million and a deposit of S\$0.3 million in relation to acquisition of land in Australia.

The increase in current assets was partially offset by:

- The decrease in cash and cash equivalents of S\$3.7 million.

2) Non-current assets increased by S\$7.9 million from S\$37.1 million as at 30 June 2020 to S\$45.0 million as at 31 December 2020. The increase was mainly due to:

- The increase in exploration and evaluation expenditure of S\$5.0 million, which was mainly attributed to additions of capitalised expenditure of S\$5.2 million, offset with exploration and evaluation expenditure written-off of S\$0.2 million;
- The increase in mining properties of S\$1.2 million mainly attributed to the additions amounting to S\$3.5 million during the period, partially offset with amortisation charge of S\$2.4 million.; and
- The increase in property, plant and equipment of S\$1.5 million was mainly attributed to additions of S\$4.9 million (including right-of-use assets of Suntec Office lease of S\$ 1.0 million and mining equipment of \$1.8 million upon adoption of SFRS(I) 16 Leases). The increase was partially offset by the depreciation of S\$3.4 million.

3) Current liabilities increased from S\$15.4 million as at 30 June 2020 to S\$24.7 million as at 31 December 2020. The increase of S\$9.3 million was mainly attributed to:

- The increase in trade and other payables of S\$4.2 million mainly due to increase in trade payables of S\$1.9 million, accrued gold royalty of S\$1.1 million, and other payables of S\$1.1 million as at 31 December 2020.
- The increase in lease liabilities of S\$1.6 million which was attributed to new equipment purchased under lease.

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

FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE SECOND QUARTER ENDED 31 DECEMBER 2020

- The increase in borrowings of S\$3.3 million to S\$4.3 million as at 31 December 2020. Borrowing as at 31 December 2020 was mainly revolving credit facilities with a financial institution of S\$4.3 million. Borrowing as at 30 June 2020 was mainly the loan from former Group CEO. On 14 July 2020, the Company entered into a debt conversion agreement with former Group CEO, Mr Tan Soo Khoon Raymond, for the proposed conversion (“Proposed Debt Conversion”) of the outstanding amount of S\$1.0 million into 500,000,000 new ordinary shares in the capital of the Company (“Debt Conversion Shares”) at the conversion price of S\$0.002 per Debt Conversion Share. The Proposed Debt Conversion was completed on 28 July 2020.

At the Company level, the amount due to subsidiaries increased from S\$45.7 million as at 30 June 2020 to S\$53.8 million as at 31 December 2020. This was mainly attributed to the funding provided from a wholly owned subsidiary, Golden Point Group Pty Ltd, to the Company for its operating expenses.

- 4) Non-current liabilities increased from S\$13.5 million as at 30 June 2020 to S\$15.7 million as at 31 December 2020. The increase was mainly attributed to:
- The increase in convertible bonds of S\$1.0 million which is in connection with subscription agreement entered with Tomson Pte Ltd on 3 December 2020.
 - The increase in lease liabilities of S\$0.4 million which was attributed to new equipment purchased under finance lease.

Deferred consideration of S\$2.8 million pertains to a consideration payable to the previous owner of Owere Mines Ltd following certain production milestones being met. Further details of this deferred consideration can be found on page 126, note 27 of the Company’s FY2020 annual report.

- 5) Total equity increased by S\$7.7 million from S\$24.3 million as at 30 June 2020 to S\$32.0 million as at 31 December 2020. These were mainly attributed to the following:
- The increase in share capital and share premium of S\$0.1 million and S\$1.4 million respectively, attributed to the issuance of the Debt Conversion Shares and Option Shares.
 - The decrease in negative foreign currency translation reserve of S\$4.7 million to S\$3.7 million as at 31 December 2020, due mainly to record of foreign currency difference arising from consolidation and de-registration of wholly owned Australia subsidiary, Shen Yao International Holdings Pty Ltd, in July 2020.
 - The decrease in accumulated losses from S\$320.5 million as at 30 June 2020 to S\$318.4 million as at 31 December 2020, which reflected the Group’s consolidated profit attributed to equity holders for the period.

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

FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE SECOND QUARTER ENDED 31 DECEMBER 2020

(C) Cash Flow Statement

6MFY2021

Net cash generated from operating activities in 6MFY2021 was S\$4.7 million as compared to S\$4.3 million in 6MFY2020. The net operating cash inflow was mainly due to an operating cash flow before working capital changes of S\$9.6 million, adjusted for working capital outflows of S\$4.3 million. The working capital outflows in 6MFY2021 were attributed mainly to an increase in inventories of S\$6.5 million, an increase in FVTPL of S\$3.8 million and an increase in other current assets of S\$1.5 million. The working capital outflows were partially offset by an increase in trade and other payables of S\$2.3 million, an increase in other liabilities of S\$2.0 million and an increase in currency translation adjustments of S\$3.0 million. The Group also paid income tax of S\$0.6 million in 6MFY2021.

Net cash used in investing activities in 6MFY2021 was S\$8.7 million as compared to S\$4.8 million in 6MFY2020. The net cash used in 6MFY2021 was mainly attributed to expenditure on exploration, evaluation and capital development of S\$7.9 million and purchase of mine equipment and motor vehicles of S\$0.8 million. Comparatively, the net cash used in 6MFY2020 was mainly attributed to expenditure on exploration, evaluation and capital development of S\$3.6 million and purchase of mine equipment of S\$1.2 million.

Net cash generated from financing activities in 6MFY2021 was S\$31,000 as compared to S\$0.2 million in 6MFY2020. The net cash generated from financing activities in 6MFY2021 was mainly attributed to proceeds from issuance of option shares of S\$0.5 million and proceeds from issuance of convertible bonds of S\$1.0 million. This was offset by net repayment of lease liabilities of S\$1.5 million. Comparatively, the net cash generated from 6MFY2020 was mainly attributed to the borrowings of S\$0.5 million, partially offset by net repayment of lease liabilities of S\$0.3 million.

2QFY2021

Net cash generated from operating activities in 2QFY2021 was S\$4.9 million as compared to net cash used in operating activities of S\$2.0 million in 2QFY2020. The net operating cash inflow was mainly due to an operating cash flow before working capital changes of S\$3.8 million, adjusted for working capital inflows of S\$1.5 million. The working capital inflows in 2QFY2021 were attributed mainly to a decrease in inventories of S\$0.6 million, an increase in trade and other payables of S\$0.9 million, an increase in other liabilities of S\$0.7 million and an increase in currency translation adjustments of S\$2.2 million. The working capital inflows were partially offset by an increase in FVTPL of S\$2.6 million and an increase in other current assets of S\$0.4 million. The Group also paid income tax of S\$0.3 million in 2QFY2021.

Net cash used in investing activities in 2QFY2021 was S\$4.4 million as compared to S\$2.7 million in 2QFY2020. The net cash used in 2QFY2021 was mainly attributed to expenditure on exploration, evaluation and capital development of S\$4.1 million and purchase of mine equipment and motor vehicles of S\$0.2 million. Comparatively, the net cash used in 2QFY2020 was mainly attributed to expenditure on exploration, evaluation and capital development of S\$2.1 million and purchase of mine equipment of S\$0.5 million.

Net cash generated from financing activities in 2QFY2021 was S\$0.3 million which was comparable to 2QFY2020. The net cash generated from 2QFY2021 was mainly attributed to proceeds from issuance of option shares of S\$0.5 million and proceeds from issuance of convertible bonds of S\$1.0 million. This was partially offset by net repayment of lease liabilities of S\$1.2 million. Comparatively, the net cash generated from 2QFY2020 was mainly attributed to the borrowings of S\$0.5 million, partially offset by net repayment of lease liabilities of S\$0.2 million.

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

FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE SECOND QUARTER ENDED 31 DECEMBER 2020

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results

There is no forecast or prospect statement which has been previously disclosed.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

Notwithstanding the COVID-19 pandemic is still evolving and elevated uncertainties surrounding the global and regional economic outlook, gold production remained stable in 6MFY2021. In 6MFY2021, the Group registered a revenue of S\$42.3 million and a profit before tax of S\$2.9 million. On the exploration front, the Tarnagulla Gold Project which commenced in August 2020 continues making positive progress on its exploration drilling activities (further details of which are provided in part II of this announcement).

At the special general meeting held on 30 September 2020, the Company successfully obtained approval from shareholders for the diversification of the core business of the Group to include investments and fund management. At the same meeting, shareholders also approved the re-domiciliation of the Company from Bermuda to Singapore and along with this a change of name of the Company to Shen Yao Holdings Limited (the “Proposed Redomiciliation”). Accounting and Corporate Regulatory Authority has on 30 December 2020 approved the Company’s application in relation to the Proposed Redomiciliation.

There is considerable uncertainty about the global economic recovery after hard hit by the pandemic. The Board is uncertain whether the gold price could be sustained over the longer term, and the challenges arising from the COVID-19 pandemic on the Group’s operations. Regardless of the progress we made in 6MFY2021, it remains vital to further improve our mining operations and milling processes, aiming for higher head grade and exploring more opportunities.

11. If a decision regarding dividend has been made:

(a) Whether an interim (final) ordinary dividend has been declared (recommended); and

No.

(b) (i) Amount per share (cents)

Not applicable.

(ii) Previous corresponding period (cents)

Not applicable as no dividend was declared for the previous corresponding financial period.

(c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated).

Not applicable.

(d) The date the dividend is payable.

Not applicable.

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

FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE SECOND QUARTER ENDED 31 DECEMBER 2020

- (e) **The date on which Registrable Transfers received by the company (up to 5.00 pm) will be registered before entitlements to the dividend are determined.**

Not applicable.

12. If no dividend has been declared/recommended, a statement to that effect and the reason(s) for the decision.

No dividend has been declared or recommended by the board of directors of the Company (“Board” or “Directors”) for the current financial period as (1) we continue navigating the highly volatile and uncertain global operating environment, the Group’s priority is to manage its cash flow prudently and responsibly to meet its financial commitments; and (2) a material uncertainty related to going concern raised by the independent auditor on the audited financial statements for the financial year ended 30 June 2020.

13. If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

The Group has not obtained any general IPT mandate from its shareholders for the three-month financial period ended 31 December 2020.

14. Negative confirmation pursuant to Rule 705(5) of the Catalist Rules

Yao Liang and Sun Shu, being two directors of the Company, have confirmed on behalf of the Board that to the best of their knowledge, nothing has come to the attention of the Board which may render the unaudited interim financial results for 2QFY2021 to be false or misleading in any material aspect.

15. Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7H) under Rule 720(1).

The Company confirms that it has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7H) under Rule 720(1) of the Catalist Rules.

16. Use of Proceeds

The Company has on 3 December 2020 entered into a subscription agreement with Tomson Pte Ltd (the “Subscriber” or “Bondholder”), pursuant to which the Company has agreed to issue and the Subscriber has agreed to subscribe for up to S\$10,000,000 in aggregate principal amount of 10% unlisted and redeemable bonds (the “Bonds”).

Thus far, only Tranche 1 of the Bonds has been drawn down. The utilisation of the net proceeds of approximately S\$1,000,000 arising from the issue of the Tranche 1 Bonds as follows:

Use of net proceeds	Amount allocated (S\$)	Amount utilised (S\$)	Balance as at the date of this announcement (S\$)
Group’s growth and expansion plans	1,000,000	1,000,000	-

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

FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE SECOND QUARTER ENDED 31 DECEMBER 2020

(II) ADDITIONAL INFORMATION REQUIRED FOR MINERAL, OIL AND GAS COMPANIES

(1) Rule 705(6)(a) of the Catalist Rules

(i) Use of funds/cash for the quarter – Tarnagulla Gold Project in Victoria, Australia

In 2QFY2021, funds/cash was mainly used for the following activities, as compared to the projections:

Purpose	Amount (AUD'000)		
	Projected	Actual	Variance
Exploration and evaluation activities	457	516	(59)
Payments for diesel and other production materials	10	1	9
Royalty and tribute fees to government	5	0	5
Upkeep of equipment and motor vehicles	10	0	10
General working capital	43	158	(115)
Total	525	675	(150)

Explanation for the variances:

The variance between projected and actual expenditure in 2QFY2021 reflects a higher productivity from the exploration drilling operations. Favourable exploration drilling conditions allowed an increased daily rate of drilling, with the drilling contract based on cost per metre drilled, resulting in a higher than projected exploration costs. The general working capital was higher than projected primarily because of the purchase of new motor vehicles for the general operations of Ironbark Mining.

(ii) Projection on the use of funds/cash for the next immediate quarter, including principal assumptions - Tarnagulla Gold Project

For the next immediate quarter (financial period from 1 January 2021 to 31 March 2021 (“3QFY2021”)), the Group’s use of funds/cash for production activities is expected to be as follows:

Purpose	Amount (AUD'000)
Exploration and evaluation activities	175
General working capital	30
Total	205

Ironbark Mining will undertake a comprehensive review of the results obtained and relationship to past mining and exploration to create a geological model of the Tarnagulla Gold Project. Ironbark Mining will also determine future drilling requirements to define a Mineral Resource and the long-term goal of establishing a mining operation at Tarnagulla.

(2) Rule 705(6)(b) of the Catalist Rules

Yao Liang and Sun Shu, being two directors of the Company, have confirmed on behalf of the Board that, to the best of their knowledge, nothing has come to their attention which may render the information provided, pursuant to Rule 705(6)(a) of the Catalist Rules, false or misleading in any material respect.

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

**FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE SECOND QUARTER
ENDED 31 DECEMBER 2020**

(3) Rule 705(7) of the Catalist Rules

Details of exploration (including geography surveys), development and/or production activities undertaken by the issuer and a summary of the expenditure incurred on those activities, including explanations for any material variances with previous projections, for the period under review. If there has been no exploration, development and/or production activity respectively, that fact must be stated.

TARNAGULLA GOLD PROJECT

During 2QFY2021 a total of 1,842 metres has been drilled from five drillholes (intersections) targeting the Poverty Reef and Crystal Hill Reef. Geological logging of the drill core remains in progress, at the end of the reporting period and the Company awaits the return of final drill results. Of the drilling completed to the end of 2QFY2021, all drillings have intercepted the targeted quartz reef structures, with variable results (both analytical and structural/geological). Exploration drilling and laboratory analysis are outsourced to third parties. All geological exploration and evaluation activities are undertaken by in-house personnel.

BY ORDER OF THE BOARD

Yao Liang
Executive Chairman
10 February 2021

This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, W Capital Markets Pte. Ltd.(the "Sponsor").

This announcement has not been examined or approved by the Singapore Exchange Securities Trading Limited (the "SGX-ST") and the SGX-ST assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.

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