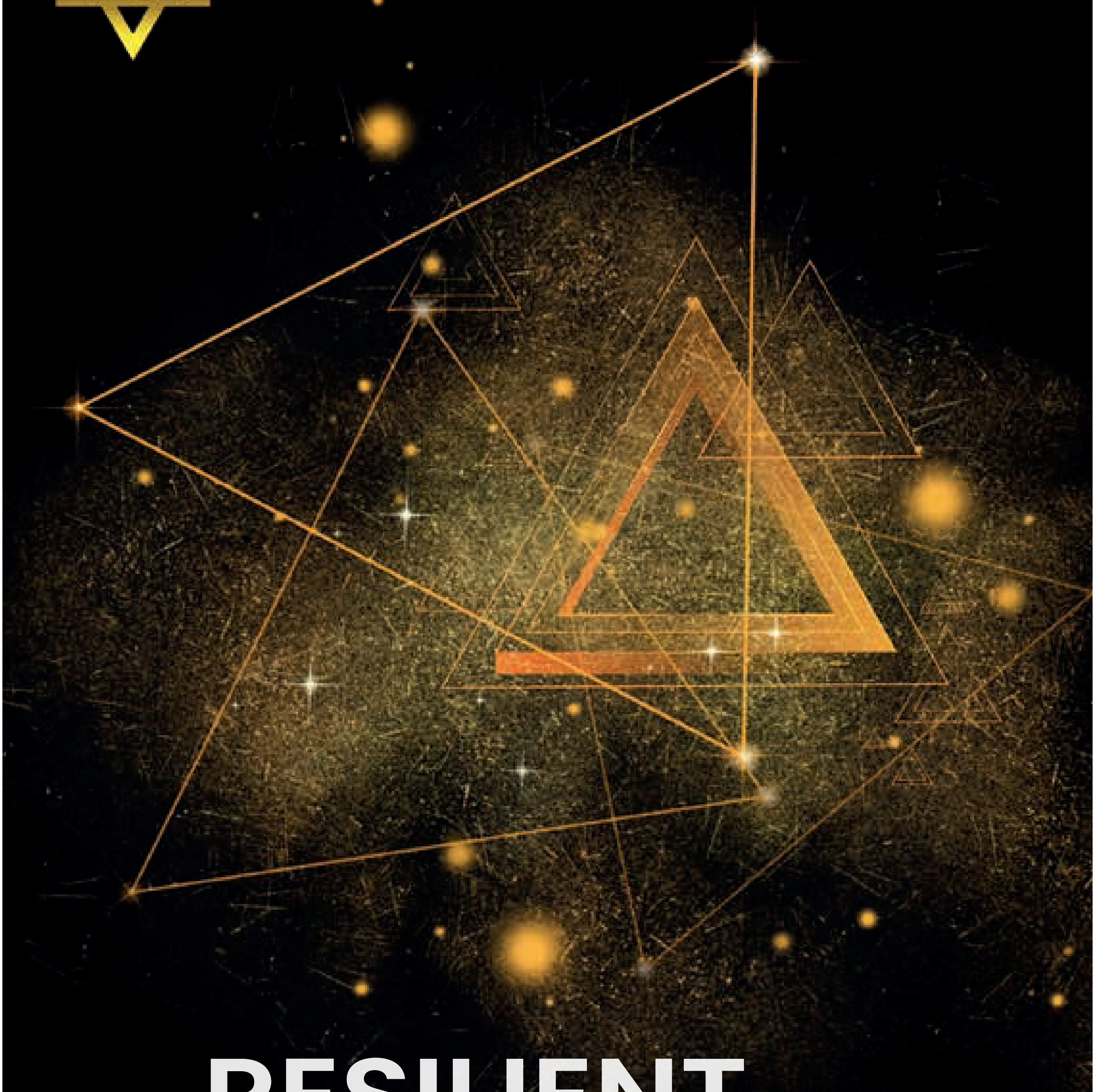
SHEN YAO

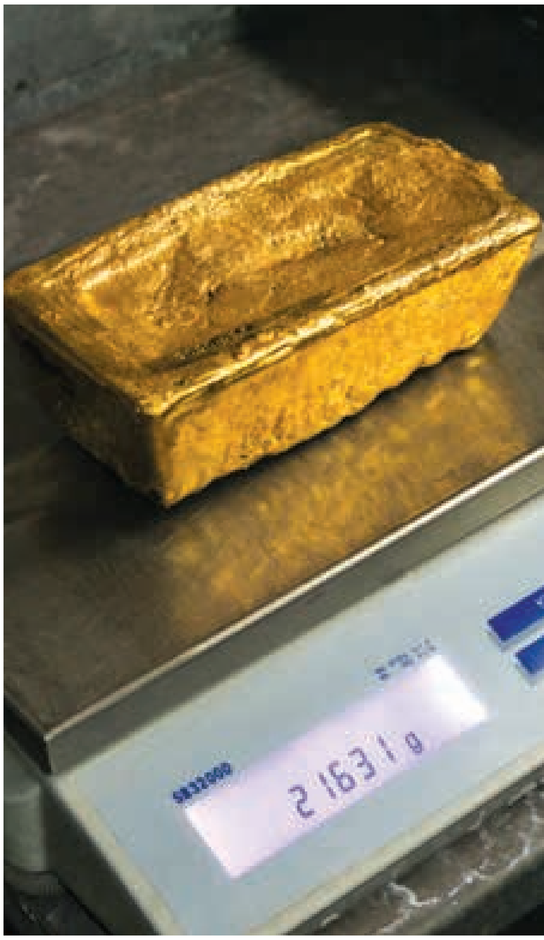


RESILIENT
GROWTH
ROBUST FUTURE

SHEN YAO HOLDINGS LIMITED Annual Report 2021

Contents

The Group is focused on growing its existing core business as well as constantly exploring suitable opportunities that complement and add value to the existing business.



*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 Mr Chia Beng Kwan, Registered Professional, W Capital Markets Pte. Ltd., 65 Chulia Street, #43-01 OCBC Centre, Singapore 049513, Telephone (65) 6513 3541.

Contents

Our Business

I. Gold Mining & Exploration

Golden Point Group, the Group's wholly-owned subsidiary, 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.

II. Investments & Private Equity

Shen Yao Investments, the Group's wholly-owned subsidiary, invests in undervalued public companies with strong fundamentals and an operational moat in the Asia Pacific markets. Beyond public equities, Shen Yao Investments may also invest in private companies as special situations and opportunities arise.

III. Quantitative Hedge Fund

Plutus Mazu is a budding quantitative hedge fund incubated and backed by Shen Yao Holdings. Plutus Mazu seeks to deliver high-quality, risk-adjusted relative returns in any climate and achieve that end by utilizing quantitative and algorithmic methods to produce an optimized portfolio of signals diversified across geography, asset class, and risk factors.

Corporate Profile

AN ESTABLISHED **GOLD MINING & EXPLORATION** COMPANY WITH *Opportunistic Ventures*

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 mainly in Australia.

In accordance with the Joint Ore Reserves Committee ("**JORC**") Code 2012, Shen Yao's estimated net attributable resources as at 28 February 2021 stand at 833,000 ounces of gold.

The Company's wholly owned subsidiary, Golden Point Group Pty Ltd ("**Golden Point**" or "**GPG**") produced 35,190 ounces of gold for the financial year ended 30 June 2021 ("**FY2021**"), contributing to S$88.7 million in revenue.

Group Structure

SHEN YAO

Plutus Mazu Pte. Ltd.
[Singapore] 100%

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

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

Signature Metals Pty Ltd
[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

The Group is focused on growing its existing core business as well as constantly exploring suitable opportunities that complement and add value to the existing business.

YAO LIANG
Executive Chairman,
Group Chief Executive Officer

Dear Shareholders,

On behalf of the board of directors (the "**Board**") of Shen Yao, I am pleased to present our Annual Report and Financial Statements for the financial period from 1 July 2020 to 30 June 2021 ("**FY2021**").

FY2021 has been an extremely challenging year for the Group due to the COVID-19 pandemic.

The impact of COVID-19 has had far reaching impact on the global economy, affecting the operations of businesses around the world. The evolving nature of the COVID-19 pandemic has led to many countries, including Singapore and Australia, having to adjust its rules and regulations constantly. These changes have made it challenging for businesses who have to sometimes react and make adjustments to operations and/or business strategies on short notice.

The Group's main operations are in Victoria, Australia and the state has been subject to several lockdowns over FY2021. This has affected work processes and manpower allocation, and the Group underwent a series of organisational and operational restructuring exercises in order to streamline its resources. The Group has faced difficulties in terms of recruitment to address the high staff attrition rate in the past year, which has been exacerbated by international and domestic travel restrictions and imposition of self-isolation requirements in most countries.

Although we expect the situation to eventually improve as the economy picks up and more business activities return, the Group will be undertaking frequent reviews and assessments of its business model and strategy so as to be able to adapt to the constantly changing business environment, make the necessary decisions and adjustments in order to position itself for post-COVID recovery and for long-term growth.

The Group remains strategic and prudent with our expansion plans, especially during times of uncertainty. Whilst we are focused on growing our existing core business as well as constantly exploring suitable opportunities that complement and add value to our existing business, we are mindful of the risks associated with new businesses and the fact that we should conserve resources and operate on as lean a structure as possible so as to be able to adjust our operations and strategies accordingly in response to any unforeseen situations.

On behalf of the Board, I would like to express my gratitude to our shareholders for your patience, support and trust in the Group.

I would also like to express my appreciation to our Directors, the management and employees for their dedication and contribution to the Group.

Yours sincerely,

Yao Liang
Executive Chairman,
Group Chief Executive Officer

Gold Operations

GOLDEN POINT GROUP PTY LTD

COUNTRY: AUSTRALIA
STATUS: **Production and exploration**
ADDRESS: **10 Woolshed Gully Drive, Mt. Clear, Victoria 3350, Australia**

	FY2021	FY2020[1]
Ounces produced	35,190	42,697
Cash operating cost / ounce produced	A$1,676	A$1,699
All-in sustaining cost / ounce produced	A$2,968	A$2,466
Average Selling price / ounce sold	A$2,462	A$2,246

Note:

[1] *FY2020 included 15-month of data - April 2019 to June 2020 due to the change in financial year end.*

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 ("**SFRS(I)**"). The Group follows the recommendations of the Gold Institute Production Cost Standard (the "**Gold Institute**"). The Gold Institute, which ceased operations in 2002, was a non-regulatory body and represented a global group of suppliers of gold and gold products. The production cost standard developed by the Gold Institute remains the generally accepted standard of reporting cash costs of production by gold mining companies. All-in sustaining cash cost includes sustaining capital, corporate general and administrative expenses and exploration expense.

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 FY2021. In FY2021, the Ballarat Gold Mine processed approximately 311,000 tonnes of gold-bearing ore through its gold processing plant, at a grade of 4.2 g/t and produced 35,190 ounces of gold. Total all-in sustaining cost for the year was A$2,968 per ounce of gold produced. The average selling price of gold produced for the period under review was A$2,462 per ounce of gold sold.

The Ballarat Gold Mine drilled 445 underground diamond drill holes in FY2021, totalling 79,500 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 5,057 metres of tunnels were developed underground with 331,548 tonnes of waste rock removed in the process. Some 139,481 tonnes of development ore were mined.

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 the western Central Highlands of Victoria. As at 30 June 2021, the Group holds five Exploration Licences, one Retention Licence and two Mining Licences. In addition, the Group has twelve Exploration Licence Applications in process. The primary focus of exploration remains the Ballarat Gold Project where the Group has consolidated the entire 16-kilometre strike length of the field. The distribution of other tenements under the control of the Group provide exposure to multiple goldfields within the highly prospective Victorian exploration domain, and exposure to multiple mineral commodities.

GPG also has a strategic land-holding at Tarnagulla (through its subsidiary Ironbark Mining Pty Ltd ("**Ironbark Mining**")).

On 18 August 2020, the Group commenced exploration diamond drilling at the Tarnagulla Gold Project. The Tarnagulla Gold Project is located 90 kilometres north of the Ballarat Gold Project. The tenements of Exploration Licence EL6036 and Retention Licence RL2027 are registered under Ironbark Mining. The Tarnagulla Gold Project is centred on the historic and famous Poverty Reef (360,000 ounces mined from 122,000 tonnes ore between 1853 and 1866 [92g/t], with a further 53,000 ounces mined from 57,400 tonnes ore between 1994 and 2000 [29g/t]). The gold mineralisation targeted in this program is situated to the south of the historic workings, along the south extension of the Poverty Reef. Diamond drilling will target mineralisation associated with the eastern parallel Crystal Reef, with a historic production of 6,710 ounce mined at 53g/t.

Current exploration drilling is focused on parallel reef structures in the previously explored Poverty Reef system to identify additional mineralisation that may be present parallel to the Poverty Reef with the objective of determining additional gold content per vertical meter and possible access from a single mining entrance (operation), thereby reducing future development/establishment costs. As at 30 June 2021, a total of 4,189.4 meters of exploration drilling was completed.

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

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

Resources & Reserves Table

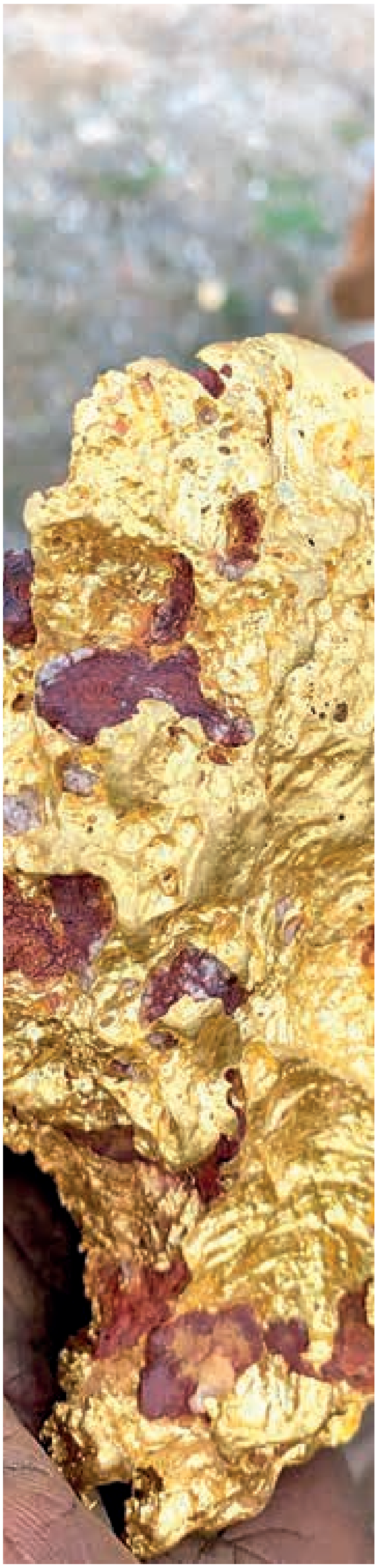
Shen Yao has reported its Mineral Resource and Ore Reserve estimates as at 28 February 2021. The Mineral Resource and Ore Reserve estimates below have been prepared and classified in accordance with the guidelines of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore 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 have been extracted from the Independent Qualified Person's Report titled "Independent Qualified Persons Report for the Ballarat Goldmine, Australia", effective 28 February 2021 ("**IQPR**"), which can be found on the Company's website at https://shenyaoholdings.com/.

Summary of Mineral Reserves and Resources for the Ballarat Goldmine, Victoria, Australia

Category	Mineral type	Gross attributable to licence		Net attributable to issuer			Remarks
		Tonnes (kt)	Grade (g/t Au)	Tonnes (kt)	Grade (g/t Au)	Change in ounces Increase %/ (Decrease %)	
Reserves							
Proved	Gold	-	-	-	-	-	
Probable	Gold	-	-	-	-	-	
Total Reserves	**Gold**	**-**	**-**	**-**	**-**	-	
Resources							
Indicated	Gold	2,900	6.0	2,900	6.0	100	New Indicated Resource
Inferred	Gold	1,500	5.7	1,500	5.7	88	Underground Resource
	Gold	2,300	0.8	2,300	0.8	-	Tailings Storage Facility ("**TSF**") Resource
	Gold	3,800	2.7	3,800	2.7	55	Total Inferred Resource
Total Resources	**Gold**	**6,700**	**4.14**	**6,700**	**4.14**	**320**	

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. The Mineral Resource has been depleted for mining up until 28th February 2021. Totals may vary due to rounding.



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 28 February 2021, 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.

The information that relates to Mineral Resources is based on information compiled by Dr Bielin Shi. Dr Shi is a principal consultant with DW Resources Industry Consulting Co., Limited, an independent consultant group based in Hong Kong. Dr Shi is a Fellow of the Australasian Institute of Mining and Metallurgy (AusIMM) and a Chartered Professional Geologist (CPGeo) with the AusIMM. Dr Shi is also a member of the Australian Institute of Geoscientists (AIG). Dr Shi holds a PhD in Economic Geology from the University of Melbourne (1997) and post-Doctoral researcher in geostatistics in Edith Cowen University (2000). Dr Shi has sufficient experience relevant to the style of mineralisation and type of deposit under consideration, and to the activity being undertaken, to qualify as a Competent Person as defined in the JORC Code 2012. Dr Shi is also an Independent Qualified Person as defined in the Catalist Rules based on the requirements set out therein.

Dr Shi has consented to the public reporting of the IQPR entitled "Independent Qualified Persons Report for the Ballarat Goldmine, Australia" and to the form and context in which the Qualified Persons' findings are presented.

The IQPR can be found on the Company's website at https://shenyaoholdings.com/.

Financial Performance Review

Due to the change in the Company's financial year end from 31 March to 30 June, the preceding financial period ended 30 June 2020 ("**FY2020**") consisted of 15 months' financial information of the Group from 1 April 2019 to 30 June 2020, whereas FY2021 consisted of 12 months' financial information of the Group from 1 July 2020 to 30 June 2021.

Financial Performance Review

In FY2021, a total of 35,808 ounces (FY2020: 44,280 ounces) of gold was sold at an average selling price of S$2,475 (equivalent to A$2,462) (FY2020: S$2,098 (equivalent to A$2,246)).

Revenue for FY2021 decreased to S$88.7 million (FY2020:S$93.0 million) mainly due to the inclusion of an additional 3 months of revenue from 1 April 2020 to 30 June 2020 amounting to approximately S$26.0 million for FY2020.

Cost of sales of S$78.6 million (FY2020: $81.5 million) included:-

(1) an amortisation of mining properties which increased from S$6.8 million in FY2020 to S$7.8 million in FY2021, mainly due to an increase in the average monthly gold ore processing volume from 23,800 tonnes in FY2020 to 25,917 tonnes in FY2021;

(2) depreciation of property, plant and equipment which increased from S$3.9 million in FY2020 to S$7.2 million in FY2021, mainly due to the purchase of mining equipment and motor vehicles from second half of FY2020 which resulted in an increase in depreciation expenses in FY2021; and

(3) a 2.75% royalty on gold extracted in the Australian state of Victoria, effective from 1 January 2020, amounting to S$2.3 million. There was a six-month of Victoria State gold mining royalties amounting to S$1.1 million recorded in FY2020.

The Group recorded investment trading income of S$1.1 million in FY2021. The investment trading income represents the diversification of the Group's operations from the gold mining and exploration business segment to a new business segment, effective from 30 September 2020. There was no such income in FY2020.

Other Income

Other income increased to $0.7 million in FY2021 as compared to $0.5 million in FY2020. This was mainly due 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, the corresponding foreign currency translation reserve in relation to this subsidiary of S$0.4 million was released and recognised as "gain on de-registration of a subsidiary" under other income in FY2021. Other income in FY2020 included recovery of bad debts of S$0.2 million, where there was no such income in FY2021.

Administrative Expenses

Administrative expenses increased from S$4.7 million in FY2020 to S$18.1 million in FY2021 mainly due to fair value of share option of S$12.7 million, increase in consultancy service fees of S$0.3 million as a result of the appointment of consultants, increase in depreciation of S$0.4 million due to additional motor vehicles purchased in second half of FY2020, and increase in investment trading related expenses of S$0.4 million in FY2021.

Other Expenses

The Group incurred other expenses of S$12.4 million in FY2021 compared to S$3.9 million in FY2020. Other expenses in FY2021 comprised mainly of fair value loss on financial liabilities at fair value through profit or loss ("**FVTPL**") related to redeemable convertible bonds of S$6.3 million, foreign exchange loss of S$2.9 million due to the depreciation of Singapore dollar against Australian dollar, other mining related expenses of S$2.2 million and S$1.0 million realised fair value losses on financial assets at FVTPL related to gold hedging activities in FY2021. Other expenses in FY2020 comprised mainly of impairment loss on property, plant and equipment of S$1.2 million, other mining related expenses of S$1.2 million, a one-off early termination fee of S$0.5 million (in relation to the early termination of the RCB Subscription Agreement), and an upfront fee of S$0.4 million written off.

Finance Costs

Finance costs decreased by S$1.2 million mainly due to the termination of the Debt Restructuring Agreement in October 2019 following the issuance of Subscription Shares to Yaoo Capital Pte Ltd, partially offset by an increase in interest charge of S$0.1 million in connection to the Subscription Agreement entered with Tomson Pte Ltd in December 2020 and S$0.1 million on new motor vehicles purchased in second half of FY2020.

Financial Position Review

Assets

Current assets increased by S$6.8 million mainly due to the increase in financial assets at FVTPL of S$8.9 million, which was attributed to purchase of financial assets at FVTPL by way of cash of S$5.4 million and purchase under revolving credit of S$4.5 million. The increase was partially offset by loss on FVTPL of S$1.0 million. This is in line with the diversification of our business; and

The increase in current assets was partially offset by:

(1) the decrease in cash and cash equivalents of S$1.7 million; and

(2) the decrease in inventories of S$0.7 million, mainly attributed to the lower total gold produced (35,190 ounces) as compared to the total gold sold (35,808 ounces). The Group's inventory turnover days was 25 days for FY2021 (FY2020: 36 days).

Non-current assets increased by S$23.7 million mainly due to:

(1) the increase in exploration and evaluation expenditure of S$3.6 million which was mainly attributed to additions of capitalised expenditure of S$8.1 million, offset against transfer to mining properties of S$3.7 million

and exploration and evaluation expenditure written-off of S$1.3 million;

(2) the increase in mining properties of S$12.1 million which was mainly attributed to the additions amounting to S$19.6 million during the period, partially offset by the amortisation charge of S$7.8 million; and

(3) the increase in property, plant and equipment of S$7.7 million which was mainly attributed to additions of S$14.4 million, partially offset by the depreciation of S$7.2 million.

Current liabilities increased by S$15.4 million which was mainly attributed to:

(1) the increase in trade and other payables of S$10.2 million which was mainly due to an increase in trade payables of S$4.0 million, accrued royalties of S$3.7 million and accrued geology and mining expenses of S$1.4 million as at 30 June 2021;

(2) the increase in lease liabilities of S$2.4 million due to new equipment purchased under lease; and

(3) an increase in borrowing of S$3.5 million to S$4.5 million as at 30 June 2021. Borrowing as at 30 June 2021 comprised of revolving credit facilities of S$4.5 million extended by a financial institution. Borrowing as at 30 June 2020 comprised of a loan extended by the former Group CEO.

Non-current liabilities increased by S$16.4 million which was mainly attributed to:

(1) the increase in convertible bonds of S$13.3 million in connection with the Subscription Agreement entered with Tomson Pte Ltd on 3 December 2020; and

(2) the increase in lease liabilities of S$2.3 million due to new equipment purchased under lease.

<u>Equity</u>

Total equity reduced by S$1.4 million from S$25.1 million as at 30 June 2020 to S$23.7 million as at 30 June 2021. This was mainly attributed to the increase in accumulated losses from S$319.7 million as at 30 June 2020 to S$339.8 million as at 30 June 2021, which reflected the Group's consolidated loss attributed to equity holders for the period.

The decrease in total equity was partially offset by:

(1) the increase in share based compensation reserve of S$12.7 million resulting from fair value of share option;

(2) the increase in share capital and share premium of S$1.5 million attributed to the issuance of the Debt Conversion Shares and Option Shares; and

(3) the decrease in negative foreign currency translation reserve of S$4.4 million to S$4.0 million as at 30 June 2021, due mainly to foreign currency difference arising from consolidation and de-registration of wholly owned Australia subsidiary, Shen Yao International Holdings Pty Ltd, in July 2020.

Cash Flow Statement

Net cash generated from operating activities in FY2021 was S$25.9 million as compared to S$21.0 million in FY2020. The net operating cash inflow was mainly due to an operating cash flow before working capital changes of S$16.0 million, adjusted for working capital inflows of S$11.0 million. The working capital inflows in FY2021 were attributed mainly to an increase in trade and other payables of S$1.0 million, an increase in other liabilities of S$6.5 million and an increase in currency translation adjustments of S$2.9 million. The Group also paid income tax of S$0.8 million and interest expense of S$0.4 million in FY2021.

Net cash used in investing activities in FY2021 was S$36.0 million as compared to S$18.2 million in FY2020. The net cash used in FY2021 was mainly attributed to expenditure on exploration, evaluation and capital development of S$22.0 million, financial assets at fair value through profit or loss of S$8.8 million, and purchase of mine equipment and motor vehicles of S$5.5 million, partially offset by proceed from disposal of property, plant and equipment of S$0.3 million. Comparatively, the net cash used in FY2020 was mainly attributed to expenditure on exploration, evaluation and capital development of S$11.9 million, financial assets at fair value through profit or loss of S$1.4 million and purchase of mine equipment of S$4.9 million.

Net cash generated from financing activities in FY2021 was S$8.1 million as compared to net cash used in financing activities in FY2020 of S$0.4 million. The net cash generated from financing activities in FY2021 was mainly attributed to the borrowings drawndown from margin account of financial assets at fair value through profit or loss of S$4.5 million, proceeds from issuance of Option Shares of S$0.5 million and proceeds from issuance of convertible bonds of S$7.0 million, partially offset by net repayment of lease liabilities of S$3.8 million. Comparatively, the net cash used in financing activities in FY2020 was mainly attributed to net repayment of lease liabilities of S$1.0 million, partially offset by borrowings of S$0.9 million.

Conclusion

Though the Group is in a net current liability position of S$7.4 million as at 30 June 2021, the Directors believe that the Group and the Company will be able to generate positive cash flows from its mining operations and investment activities, and will be able to seek alternative sources of funding if and when required. As such, there are reasonable grounds to believe that the Group and the Company will have sufficient working capital for the next 12 months and will be able to pay its debts as and when they fall due. As such, the Directors are of the view that the Group and the Company will be able to operate as a going concern.

Board of Directors

Steering the Way Forward

Aligning our Strengths with A Strategic Focus

YAO LIANG

Executive Chairman and
Group Chief Executive Officer

Mr Yao joined the Company as 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 the 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 the PRC.

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

SUN SHU

Non-Executive,
Lead Independent Director

Mr Sun joined the Company as Non-Executive Independent Director on 22 January 2020. He is the Chairman of the Remuneration Committee and the Shen Yao Performance Award Committee, and a member of the Audit Committee and the Nominating 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 Management Pte. Ltd..

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 Central African Gold Inc. (formerly known as Bankers Cobalt Corporation).

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 chief executive officer 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 the oversight and management of the group's operations and the corporate developments 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

WANG YONG

Chief Operating Officer,
General Manager (Balmaine)

Mr Wang joined the Group as a corporate service manager in March 2020. He was subsequently appointed as General Manager (Balmaine) on 14 September 2020 and Chief Operating Officer on 1 October 2021. As Chief Operating Officer, Mr Wang is responsible for overseeing and managing the day-to-day administrative and operational functions of the Group. As General Manager (Balmaine), Mr Wang is responsible for the management and operations of the Group's mining operations held under Balmaine Gold Pty Ltd, an indirect wholly-owned subsidiary which holds the Company's flagship project, the Ballarat Gold Mine.

Mr Wang possesses 25 years of experience in corporate management across diverse industries of which 17 years were spent working in Ballarat, in the State of Victoria, Australia.

Mr Wang obtained a Bachelor Degree in Science majoring in Chemistry awarded by Central South Institute for Nationalities, Wuhan and a Master's degree in Nuclear Chemical Automatic Control awarded by the Beijing Research Institute of Chemical Industry and Metallurgy.

YAO JIAJIA

Head of Corporate Investments

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

Prior to joining the Company, Ms Yao had extensive exposure in 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 National University of Singapore with a Bachelor of Social Science (Honors) (Distinction) and a Master of Social Science (Applied Economics) from National University of Singapore.

JESSICA TEO

Assistant Chief Executive Officer (Corporate Finance)

Ms Jessica 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 overseeing the corporate finance functions of the Group and assists the Chief Executive Officer in the performance of his duties.

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 fund raising 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.

Corporate Information

BOARD OF DIRECTORS

EXECUTIVE

Yao Liang
(Executive Chairman and
Group Chief Executive Officer)

NON-EXECUTIVE

Yao Yilun
(Non-Independent Director)

Sun Shu
(Lead Independent Director)

Zhan Shu
(Independent Director)

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
8 Robinson Road, #03-00
ASO Building
Singapore 048544
Tel : +65 6593 4848
Fax : +65 6593 4847

AUDITORS

Ernst & Young LLP
One Raffles Quay
North Tower, Level 18,
Singapore 048583
Tel : +65 6535 7777
Fax : +65 6532 7662
Partner-in-Charge : Vincent Toong Weng Sum
Appointed since 18 June 2021

PRINCIPAL BANKERS

DBS Bank Ltd
National Australia Bank Limited

The Board of Shen Yao 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 FY2021. 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 who do not have experience as director of companies listed on the SGX-ST 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 Management 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 FY2021 is tabulated below:

	Board Committees							
	Board		AC		NC		RC	
Board Members	Held	Attended	Held	Attended	Held	Attended	Held	Attended
Yao Liang	4	4	4	4#	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
Pang Kee Chai	4	4	4	4	1	1	1	1
Bernard Soo Puong Yii (1)	4	1	4	1	1	1	1	1

By invitation.
N.A. – Not Applicable

Note:

(1) Mr Bernard Soo Puong Yii ceased to be Non-Executive Independent Director on 30 October 2020 and relinquished his position as the Chairman of the Audit Committee and member of the Nominating Committee and the Remuneration Committee

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	Executive Chairman, Group Chief Executive Officer, Executive Director	7 Nov 2019	30 October 2020	N.A.	N.A.	N.A.
Yao Yilun	Non-Executive Non-Independent Director	7 Nov 2019	30 October 2020	N.A.	N.A.	N.A.
Sun Shu	Non-Executive, Lead Independent Director	22 Jan 2020	30 October 2020	Member	Member	Chairman
Zhan Shu	Non-Executive Independent Director	3 Feb 2020	30 October 2020	Member	Chairman	Member
Pang Kee Chai	Non-Executive Independent Director	26 Aug 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.

Each year, the NC reviews 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. The NC also reviews the independence of each independent Director having regard to the provisions of the Code.

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 CEO

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.

The Board has also appointed Mr Sun Shu as the Lead Independent Director to provide leadership where the Chairman is conflicted and when the Chairman is not independent. Mr Sun Shu 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 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 Finance Manager of the Company has failed to resolve or is inappropriate.

Taking into consideration the above reasons and the safeguards that 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 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 Management 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 found, 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 FY2021, 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 Sun Shu and Mr Zhan Shu. After due review, the NC recommends the re-election of Mr Sun Shu and Mr Zhan Shu as Non-Executive Independent Directors of the Company. Mr Sun Shu and Mr Zhan Shu, being eligible, have offered themselves for re-election.

Please refer to pages 34 to 37 of this Annual Report for additional information on Mr Sun Shu and Mr Zhan Shu 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 FY2021.

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 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 FY2021, 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 form 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 FY2021 are set out below:

Remuneration Band and Name of Director	Salary	Bonus	Directors' fees	Allowances and other benefits	Total
$250,000 to $500,000					
Yao Liang	93.1%	6.8%	NIL	0.1%	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%
Pang Kee Chai	NIL	NIL	100%	NIL	100%
Bernard Soo Puong Yii (resigned on 30 October 2020)	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 2022, the RC has recommended that the Non-Executive Directors be paid an aggregate fee of S$240,000, 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 FY2021 are set out below:

Remuneration band of Top Executives	Designation, Company	Salary(1)	Bonus	Allowances and other benefits	Total
$250,000 to $500,000					
Wang Yong	Chief Operating Officer and General Manager (Balmaine), Shen Yao Holdings Limited	94.1%	5.9%	NIL	100%
Sun He (ceased to be employed on 31 October 2021)	General Manager (Ironbark), Golden Point Group Pty Ltd	96.0%	4.0%	NIL	100%
Zhou Ying (ceased to be employed on 31 August 2021)	Deputy CEO, Financial Controller, Shen Yao Holdings Limited	93.2%	6.5%	0.3%	100%
Below $250,000					
Yao Jiajia	Head of Corporate Investments, Shen Yao Holdings Limited	93.0%	6.4%	0.6%	100%
Jessica Teo	Assistant CEO (Corporate Finance), Shen Yao Holdings Limited	93.2%	6.5%	0.3%	100%

Note:

(1) Includes CPF contribution by employer.

The aggregate amount of the total remuneration paid to the Key Executives (who are not Directors) in FY2021 was approximately S$1,295,000.

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 Group Chief Executive Officer. 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 FY2021 was in the range of S$200,000 to S$250,000.

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 FY2021.

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 senior 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 FY2021, 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 FY2021, the Board has received assurance from the Group CEO and the Finance Manager 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.

In addition, management will be undertaking a review of the circumstances that led to the disclaimer of opinion issued by the Company's independent auditors, Ernst & Young LLP, in relation to the consolidated financial statements of the Group and the Company for FY2021. Where there are weaknesses in the internal control processes, recommendations will be proposed to address these issues and presented to the AC for their consideration and to be implemented thereafter.

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 2021 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 Pang Kee Chai, all of whom are Non-Executive Independent Directors. The Chairman of the AC is Mr 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 FY2021.

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 ensure 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 Finance Manager 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 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 FY2021, 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 FY2021 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 Ernst & Young LLP as the external auditor of the Company at the forthcoming Annual General Meeting. The subsidiaries of the Company will also re-appoint Ernst & Young 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 auditor 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. 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. 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 is the principal forum for dialogue with the Company's shareholders. The Company encourages shareholders to attend the Annual General Meeting to ensure a high level of accountability and to keep shareholders informed of the Group's strategy and goals. In addition to being sent to every shareholder of the Company, notices of general meetings are released on SGXNET and published in newspapers 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 allow 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. Shareholders may submit questions related to the resolutions to be approved at the meeting before the date of 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 SGXNET 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 Annual General Meeting 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 Annual General Meeting, addressing of substantial and relevant questions at, or prior to, the Annual General Meeting and voting by appointing the Chairman of the Meeting as proxy at the Annual General Meeting, will be put in place for the forthcoming Annual General Meeting. Shareholders will NOT be allowed to attend the Annual General Meeting in person. Printed copies of the Notice of Annual General Meeting and Annual Report will not be sent to members. Instead, the Notice of Annual General Meeting 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 Annual General Meeting 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 raising 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 2021 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)
Not applicable	Nil	Nil

Material Contracts

There were no material contracts or loan by the Company or its subsidiary companies involving the interest of the CEO, any Director 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 FY2021.

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.

Currently, seven tranches of the Bonds have been issued, raising net proceeds of S$6,950,000.

The utilisation of the net proceeds of S$6,950,000 arising from the issue of the total seven 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	6,950,000	6,000,000	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 FY2021 Sustainability Report (the "**Report**") by 30 November 2021, disclosing the sustainability practices and performance of the Group from 1 July 2020 to 30 June 2021.

The Company recognises 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 FY2021, 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 on SGXNET.

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

Mr Sun Shu and Mr Zhan Shu are the Directors seeking re-election at the forthcoming Annual General Meeting of the Company to be held on 30 November 2021 under Ordinary Resolutions 3 to 4 as set out in the Notice of Annual General Meeting dated 15 November 2021.

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	Sun Shu	Zhan Shu
Date of Appointment	22 January 2020	3 February 2020
Date of Last Re-appointment (if applicable)	30 October 2020	30 October 2020
Age	69	59
Country of principal residence	China	Australia
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	Mr Sun Shu has been appointed as an Non-Executive Independent Director of the Board since 22 January 2020. He was appointed as Lead Independent Director of the Board on 30 April 2020. Taking into account Mr Sun'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 Sun be recommended to Shareholders for re-election at the forthcoming Annual General Meeting.	Mr Zhan Shu has been appointed as an independent Director of the Board since 3 February 2020. Taking into account Mr Zhan'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 Zhan 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.)	Lead Independent Director, Chairman of the Remuneration Committee and the Shen Yao Performance Award Committee, Member of Audit Committee and Nominating Committee	Independent Director, Chairman of the Nominating Committee, Member of Audit Committee, Remuneration Committee and the Shen Yao Performance Award Committee
Professional qualifications	- English Major from Hefei Normal College, People's Republic of China - Masters in Law from the Central China Normal University in Wuhan, People's Republic of China	- MSc of Mining Geology (University of Queensland) - Member of Australian Institute of Geoscientists - Registered Professional Geoscientist (Australian Institute of Geoscientists)

<table>
<tr><th>Name of Director</th><th>Sun Shu</th><th>Zhan Shu</th></tr>
<tr><td>Working experience and occupation(s) during the past 10 years</td><td>From September 1985 to December 2012, Mr Sun held various positions in the Bank of China before retiring in January 2013. Between August 2002 to December 2012, Mr Sun was the Secretary of the Disciplinary Examination Committee of the Communist Party of China for the Guangdong Provincial Branch of the Bank of China.

Mr Sun is also an Independent Director, the Chairman of the Remuneration Committee and member of the Nominating Committee of Dasin Retail Trust Management Pte. Ltd. which is listed on the SGX-ST.</td><td><u>August 2017 - present</u>
Director of Board, Central African Gold Inc. (TSX.V: CAGR) (formerly known as Bankers Cobalt Corporation)

<u>April 2014 - present</u>
Principal Consultant of Bestpoint Consultants Limited (based in Hong Kong) and CAINOGEOWA consulting (based in Perth):
- Mineral exploration project management
- Technical due diligence
- Technical consulting and project management

<u>July 2013 - March 2014</u>
Independent Consultant of Geology and Mineral Exploration
- Main contracts include providing consultancy expertise service
- Appointed Chief Geologist and Project Manager during August-December 2013

<u>July 2011 - June 2013</u>
Principal Consultant-Geology of Coffey Mining
- Independent Geologist Report (author)
- Competent Person's Report (co-author)
- Independent Technical Review (co-author)
- Business development-Asia
- Technical consulting for exploration projects (exploration and resources)

<u>July 2010 - June 2011</u>
Exploration Manager for Minjar Gold Pty Limited, Western Australia (gold and bAse metals)

<u>1st April 2008 - 30 June 2010</u>
Chief Geologist/Managing Geologist for Creat Resources Holdings Limited, Tasmania, Australia (lead-zinc, nickel, tin and iron)</td></tr>
<tr><td>Shareholding interest in the listed issuer and its subsidiaries</td><td>Nil</td><td>Nil</td></tr>
</table>

Name of Director	Sun Shu	Zhan Shu
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
Other Principal Commitments Including Directorships		
Past (for the last five years)	Nil	Nil
Present	Dasin Retail Trust	Central African Gold Inc. (TSX.V: CAGR)
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
(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

Name of Director	Sun Shu	Zhan Shu
(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,		
	No	No
in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?		
(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 2020 to 30 June 2021

The directors are pleased to present their statement to the members together with the audited consolidated financial statements of Shen Yao Holdings Limited (the Company) and its subsidiaries (collectively, the Group) and the statement of financial position of the Company for the financial year ended 30 June 2021.

Opinion of the directors

In the opinion of the directors,

(i) the consolidated financial statements of the Group and the statement of financial position of the Company 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 2021 and of the financial performance, changes in equity and cash flows of the Group for the financial year ended on that date; and

(ii) at the date of this statement, after considering the matters as disclosed in Note 2.1 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:

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)
Pang Kee Chai	(Non-executive director)

Arrangements 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 nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

Directors' interests in shares or debentures

The following directors, who held office at the end of the financial year, had, according to the register of directors' shareholdings, required to be kept under Section 164 of the Singapore Companies Act, Chapter 50, an interest in shares, warrants and debentures of the Company and related corporations as stated below:

	Direct interest held in the name of the director		Deemed interest	
Name of director	**As at 1 July 2020**	**As at 30 June 2021**	**As at 1 July 2020**	**As at 30 June 2021**
The Company				
Shen Yao Holdings Limited				
Ordinary shares				
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.				
Ordinary shares				
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 2021, Yaoo Capital Pte. Ltd. holds 18,008,044,936 shares in the Company.

By virtue of their interest of not less than 25% of the issued share capital of the Company, Yao Liang and Yao Yilun are deemed to have an interest in the shares held by the Company in its wholly-owned subsidiary corporations.

	Direct interest held in the name of the director		Deemed interest	
Name of director	**As at 1 July 2020**	**As at 30 June 2021**	**As at 1 July 2020**	**As at 30 June 2021**
Subsidiary corporations				
Signature Metals Limited				
Ordinary shares				
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

Directors' interests in shares or debentures

There was no change in any of the above-mentioned interests in the Company between the end of the financial year and 21 July 2021.

Except as disclosed in this statement, no director who held office at the end of the financial year had interests in shares, share options, warrants or debentures of the Company, or of related corporations, either at the beginning of the financial year, or at the end of the financial year.

Directors' contractual benefits

Since the end of the previous financial year, no director has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member or with a corporation in which he has a substantial financial interest, except that certain directors have received remuneration from related corporations in their capacity as directors and/or executives of those related corporations and except as disclosed in the accompanying financial statements.

Shen Yao Performance Share Plan 2021

In the financial year ended 30 June 2021, 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 pursuant to the Plan since its implementation in FY2021.

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 S$0.0028 per Option Share.

The shares granted to the directors are as follows:

Name	Options granted at grant date	Options exercised during the year	Balance at the end of 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
Pang Kee Chai	100,000,000	–	100,000,000

Details in relation to the Options are disclosed in Note 29 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 Companies Act, Chapter 50, the SGX-ST Listing Manual and the Code of Corporate Governance.

The AC consists of three directors, namely Mr 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.

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.

Auditor

Ernst & Young LLP have expressed their willingness to accept re-appointment.

On behalf of the board of directors:

Yao Liang
Director

Sun Shu
Director

Singapore
15 November 2021

Independent Auditor's Report

To The Members of Shen Yao Holdings Limited

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), which comprise the statements of financial position of the Group and Company as at 30 June 2021, 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

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 S$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 S$6,780,000. We have not been provided a reconciliation for this difference. As a consequence, we 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.

In addition, supporting documents and/or sufficient explanations were also not provided to us 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, we 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 our 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, we are unable to determine the appropriateness of the carrying value of the investment in this subsidiary amounting to S$67,790,000 as at 30 June 2021 (Note 16), and whether further impairment, or write-back of impairment, if any, is necessary.

Going concern assumptions

We 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 S$7,432,000 and S$47,649,000 respectively. The Group also incurred a net loss of S$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 concern. As disclosed in Note 2.1 to the financial statements, 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.

Report on the audit of the financial statements (cont'd)

Basis for Disclaimer of Opinion (cont'd)

Going concern assumptions (cont'd)

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, we 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 us, we 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 cashflows for the year financial ended 30 June 2021, and the related disclosures.

Other matter

The financial statements of Shen Yao Holdings Limited for the period from 1 April 2019 to 30 June 2020, were audited by another auditor who expressed an unmodified opinion with the inclusion of a material uncertainty related to going concern paragraph on those statements on 30 September 2020.

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 Act and Singapore Financial Reporting Standards (International) (SFRS(I)), 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 matter 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 the view of the significance of the matters referred to 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 has been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Vincent Toong Weng Sum.

Ernst & Young LLP
Public Accountants and
Chartered Accountants

Singapore
15 November 2021

Consolidated Statement of Profit or Loss

For the financial year from 1 July 2020 to 30 June 2021

	Note	1 Jul 2020 to 30 Jun 2021 $'000	1 Apr 2019 to 30 Jun 2020 $'000 (Restated)
Revenue	4	**88,721**	93,017
Cost of sales		**(78,644)**	(81,515)
Gross profit		**10,077**	11,502
Investment trading income	5	**1,105**	–
Other income	5	**664**	512
		11,846	12,014
Expenses:			
Administrative expenses		**(18,071)**	(4,650)
Other expenses, net	6	**(12,400)**	(3,863)
Finance costs	7	**(558)**	(1,730)
Total expenses		**(31,029)**	(10,243)
(Loss)/profit before tax	8	**(19,183)**	1,771
Income tax expense	10	**–**	(912)
(Loss)/profit for the financial year/period		**(19,183)**	859
Attributable to:			
Owners of the Company, net of tax		**(20,149)**	1,274
Non-controlling interests, net of tax		**966**	(415)
(Loss)/profit for the year/period attributable to owners of the Company		**(19,183)**	859
(Loss)/earnings per share attributable to owners of the Company (cents per share)			
Basic and diluted	11	**(0.062)**	0.006

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Consolidated Statement of Comprehensive Income

For the financial year from 1 July 2020 to 30 June 2021

	1 Jul 2020 to 30 Jun 2021 $'000	1 Apr 2019 to 30 Jun 2020 $'000 (Restated)
(Loss)/profit for the financial year/period	**(19,183)**	859
Other comprehensive income:		
Item that may be reclassified subsequently to profit or loss		
Currency translation differences	**4,784**	(217)
Reclassification of currency translation differences on de-registration of subsidiary to profit or loss	**(417)**	–
Item that will not be reclassified to profit or loss		
Currency translation differences	**(744)**	58
Other comprehensive income for the financial year/period, net of tax	**3,623**	(159)
Total comprehensive income for the financial year/period	**(15,560)**	700
Attributable to:		
Owners of the Company	**(15,782)**	1,057
Non-controlling interests	**222**	(357)
Total comprehensive income for the year/period attributable to owners of the Company	**(15,560)**	700

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements of Financial Position

As at 30 June 2021

	Note	Group		Company	
		2021	2020	**2021**	2020
		$'000	$'000 (Restated)	**$'000**	$'000
ASSETS					
Non-current assets					
Property, plant and equipment	12	**29,605**	21,865	**16**	5
Exploration and evaluation expenditure	13	**11,790**	8,238	**–**	–
Mining properties	14	**15,852**	3,706	**–**	–
Security deposits	15	**4,638**	4,386	**–**	–
Investment in subsidiaries	16	**–**	–	**67,791**	67,790
Financial assets at fair value through profit or loss	21	**–***	–*	**–**	–
		61,885	38,195	**67,807**	67,795
Current assets					
Due from subsidiaries	16	**–**	–	**3,714**	–
Other receivables	17	**1,962**	1,910	**2**	1
Other current assets	18	**624**	539	**28**	41
Inventories	19	**4,991**	5,700	**–**	–
Cash and cash equivalents	20	**6,311**	7,963	**15**	7
Financial assets at fair value through profit or loss	21	**8,982**	–^	**–^**	–^
		22,870	16,112	**3,759**	49
Total assets		**84,755**	54,307	**71,566**	67,844
LIABILITIES					
Current liabilities					
Trade and other payables	22	**21,233**	11,048	**794**	458
Due to subsidiaries	16	**–**	–	**50,614**	45,704
Lease liabilities	23	**3,938**	1,509	**–**	–
Borrowings	24	**4,457**	996	**–**	996
Income tax payable		**674**	1,395	**–**	–
		30,302	14,948	**51,408**	47,158
Net current (liabilities)/assets		**(7,432)**	1,164	**(47,649)**	(47,109)
Non-current liabilities					
Lease liabilities	23	**5,555**	3,245	**–**	–
Convertible bonds	25	**13,254**	–	**13,254**	–
Deferred consideration	27	**2,762**	2,611	**–**	–
Rehabilitation and preservation provision	28	**8,861**	8,448	**–**	–
Other non-current liabilities		**310**	–	**–**	–
		30,742	14,304	**13,254**	–
Total liabilities		**61,044**	29,252	**64,662**	47,158
Net assets		**23,711**	25,055	**6,904**	20,686

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

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

	Note	Group		Company	
		2021	2020	**2021**	2020
		$'000	$'000	**$'000**	$'000
			(Restated)		
Equity attributable to owners of the Company					
Share capital	29	**305,378**	3,171	3,271	3,171
Share premium	29	**–**	300,707	302,107	300,707
Other reserves		**62,949**	61,979	61,979	61,979
Foreign currency translation reserves		**(3,988)**	(8,355)	–	–
Share based compensation reserve		**12,661**	–	12,661	–
Accumulated losses		**(339,848)**	(319,699)	(373,114)	(345,171)
		37,152	37,803	**6,904**	20,686
Non-controlling interests		**(13,441)**	(12,748)	**–**	–
Total equity		**23,711**	25,055	**6,904**	20,686
Total equity and liabilities		**84,755**	54,307	**71,566**	67,844

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Consolidated Statement of Changes in Equity

For the financial year from 1 July 2020 to 30 June 2021

	Attributable to owners of the Company								
	Share capital (Note 29) $'000	**Share premium (Note 29) $'000**	**Other reserves (Note 30) $'000**	**Foreign currency translation reserve (Note 30) $'000**	**Share based compensation reserve (Note 30) $'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)	-	(320,453)	37,049	(12,748)	24,301
Effect of prior year restatements	-	-	-	-	-	754	754	-	754
Balance at 1 July 2020, as restated	3,171	300,707	61,979	(8,355)	-	(319,699)	37,803	(12,748)	25,055
Issue of Debt Conversion Shares (Note 24)	50	950	-	-	-	-	1,000	-	1,000
Issue of Option Shares	50	450	-	-	-	-	500	-	500
Issue of Employee Share Options (Note 9)	-	-	-	-	12,661	-	12,661	-	12,661
Changes in ownership interest in subsidiary that does not results in loss of control (Note 16)	-	-	970	-	-	-	970	(915)	55
(Loss)/profit for the financial year	-	-	-	-	-	(20,149)	(20,149)	966	(19,183)
Other comprehensive income 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 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**

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

	Attributable to owners of the Company							
	Share capital (Note 29) $'000	Share premium (Note 29) $'000	Other reserves (Note 30) $'000	Foreign currency translation reserve (Note 30) $'000	Accumulated losses $'000	Subtotal $'000	Non-controlling interests $'000	Total equity $'000
Balance at 1 April 2019	870	280,000	61,979	(8,138)	(320,973)	13,738	(12,391)	1,347
Profit/(loss) for the financial period	-	-	-	-	1,274	1,274	(415)	859
Other comprehensive income for the financial period, net of tax	-	-	-	(217)	-	(217)	58	(159)
Total comprehensive income for the financial period	-	-	-	(217)	1,274	1,057	(357)	700
Issue of shares	2,301	20,707	-	-	-	23,008	-	23,008
At 30 June 2020	3,171	300,707	61,979	(8,355)	(319,699)	37,803	(12,748)	25,055

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Consolidated Statement of Cash Flows

For the financial year from 1 July 2020 to 30 June 2021

	Note	**1 Jul 2020 to 30 Jun 2021**	1 Apr 2019 to 30 Jun 2020
		$'000	$'000
Operating activities			
(Loss)/profit before tax		**(19,183)**	1,771
Adjustments for:			
Amortisation of			
- discount on provision for rehabilitation and preservation	7	**54**	63
- mining properties	14	**7,783**	6,826
Depreciation of property, plant and equipment	12	**7,233**	3,975
Exploration and evaluation expenditure written off	13	**1,314**	132
Fair value adjustments		**–**	(69)
Fair value loss on financial assets at Fair Value Through Profit or Loss ("**FVTPL**")	6	**976**	115
Fair value loss on financial liabilities at FVTPL	6	**6,254**	–
(Gain)/loss on disposal of property, plant and equipment		**(60)**	18
Gain on de-registration of a subsidiary	5	**(417)**	–
Impairment loss on property, plant and equipment		**–**	1,226
Investment trading income		**(1,105)**	–
Plant and equipment written off	6	**3**	44
Prepayment written off		**–**	384
Unwinding of discount on deferred consideration		**–**	232
Employee share based compensation	9	**12,661**	–
Interest income	5	**(32)**	(98)
Interest expense	7	**504**	1,667
Total adjustments		**35,168**	14,515
Operating cash flows before changes in working capital		**15,985**	16,286
Changes in working capital:			
Inventories		**708**	3,490
Other receivables		**(80)**	(142)
Other current assets		**(85)**	31
Trade and other payables		**1,040**	(650)
Other liabilities		**6,530**	2,339
Currency translation adjustments		**2,915**	74
Total changes in working capital		**11,028**	5,142
Cash flows from operations		**27,013**	21,428
Interest received		**32**	98
Interest paid	24	**(400)**	(159)
Tax paid		**(777)**	(347)
Net cash flows from operating activities		**25,868**	21,020

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Consolidated Statement of Cash Flows

For the financial year from 1 July 2020 to 30 June 2021

	Note	**1 Jul 2020 to 30 Jun 2021 $'000**	1 Apr 2019 to 30 Jun 2020 $'000
Investing activities			
Additions to mining properties		**(13,885)**	(8,127)
Exploration and evaluation expenditure	13	**(8,116)**	(3,746)
Investments in financial assets at fair value through profit or loss		**(8,768)**	(1,428)
Proceeds from disposal of property, plant and equipment		**328**	–
Purchases of property, plant and equipment		**(5,549)**	(4,879)
Net cash flows used in investing activities		**(35,990)**	(18,180)
Financing activities			
Proceeds from borrowings		**4,457**	952
Proceeds from issue of convertible bonds		**7,000**	–
Proceeds from issue of Option Shares		**500**	–
Repayment of lease liabilities		**(3,847)**	(1,020)
Additions to security deposits		**2**	(228)
Fixed deposit pledged		**–**	(100)
Net cash flows generated from/(used in) financing activities		**8,112**	(396)
Net increase in cash and cash equivalents		**(2,010)**	2,444
Effect of exchange rate changes on cash and cash equivalents		**358**	(161)
Cash and cash equivalents at 1 July 2020/1 April 2019		**7,863**	5,580
Cash and cash equivalents at 30 June	21	**6,211**	7,863

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

Cash and cash equivalents on the consolidated statement of financial position	**6,311**	7,963
Less fixed deposit pledged	**(100)**	(100)
Cash and cash equivalents per consolidated statement of cash flows	**6,211**	7,863

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

1. Corporate information

Shen Yao Holdings Limited (the Company) is an exempt company with limited liability under the Companies Act 1981 of 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 (Cap.50).

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

The principal activities of the Company are those of investments, investment holding and strategic investments and other related activities. The principal activities of the subsidiaries are disclosed in Note 16 to the financial statements.

With effect from 30 December 2020, the name of the Company was changed from LionGold Corp Ltd to Shen Yao Holdings Limited.

2. Summary of significant accounting policies

2.1 Basis of preparation

The consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company have been prepared in accordance with Singapore Financial Reporting Standards (International) (SFRS(I)).

The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in Singapore Dollars ($, S$ or SGD) and all values in the tables are rounded to the nearest thousand ($'000), except when otherwise indicated.

Going concern assumptions

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

As at 30 June 2021, the current liabilities of the Group and Company exceeded their current assets by $7,432,000 (2020: net current assets of $1,164,000) and $47,649,000 (2020: $47,109,000) respectively. The Group also incurred a net loss of $19,183,000 (2020: net profit $859,000) during the financial year ended 30 June 2021.

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 for FY2021 is appropriate after taking into consideration the following:

(i) the losses incurred by the Group of $19,183,000 for FY2021 were mainly attributed to the following:

  a. the recognition of a fair value loss in relation to $7,000,000 in principal amount that has been drawn down in respect of the $10,000,000 in aggregate principal amount of ten percent (10%) unlisted and redeemable convertible bonds due 2022 (the "**Bonds**"), comprising ten (10) tranches with a principal amount of $1,000,000 for each tranche of such Bonds to be consolidated to form a single series due 24 months after the date of issuance of the first tranche, based on the subscription agreement entered into between the Company and Tomson Pte Ltd on 3 December 2020. The fair value loss amounted to approximately $6.25 million;

2. Summary of significant accounting policies (cont'd)

2.1 Basis of preparation (cont'd)

Going concern assumptions (cont'd)

b. the recognition of fair value expenses in relation to the 2,500,000,000 share options ("**Options**"), which carries a right to subscribe for new shares in the capital of the Company at an exercise price of $0.0028 per share, granted by the Company to Directors and selected key employees of the Group (details of which are set out in the circular issued by the Company dated 2 June 2021). The fair value expenses amounted to approximately $12.66 million; and

c. the depreciation of Singapore dollar against Australian dollar which resulted in a foreign exchange loss of approximately $2.94 million.

The abovementioned expenses are non-cash items and/or non-recurring in nature and excluding these expenses, the Group is profitable operationally;

(ii) applications have also 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 the meantime, it is determined that, based on internal assessments and the current volume of processing, there is sufficient capacity of tailings storage facilities to cater to the operational needs of the Group for the next 2 years;

(iii) based on the cash flow forecast, the Group is able to generate positive cash flows from the mining operations, which supports the Management's assessment that the Group and the Company will be able to continue as going concerns, including consideration of plausible downside scenarios;

(iv) availability of sources of financing that the Company can tap on and channel towards meeting its financial obligations if and when required, including:-

a. an aggregate in principal amount of up to $3,000,000 of Bonds remains available for drawdown at the Company's discretion;

b. up to $7,000,000 in gross proceeds to be received in the event of an exercise of the 2,500,000,000 Options that are currently in issue; and

c. raising funds from the debt and capital markets; and

(v) management's plans to undertake periodic assessments in relation to the Group's operations and where appropriate seek improvements in productivity and manage cost efficiency of the Group's operations.

In addition, as disclosed in Note 3 to the financial statements, 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 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. No such adjustments have been made in the financial statements.

2. Summary of significant accounting policies (cont'd)

2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial period except that in the current financial year, the Group has adopted all the new and revised standards which are effective for annual periods beginning on or after 1 July 2020. The adoption of these standards and interpretations did not have any effect on the financial performance or position of the Group and the Company.

2.3 Standards issued but not yet effective

The Group has not adopted the following standards applicable to the Group that have been issued but not yet effective:

Description	**Effective for annual periods beginning on or after**
Amendments to SFRS(I) 1-16: Property, Plant and Equipment – Proceeds before Intended Use	1 January 2022
Amendments to SFRS(I) 1-37: Onerous Contracts – Cost of fulfilling a Contract	1 January 2022
Annual improvements to SFRS(I)s 2018-2020	1 January 2022
Amendments to SFRS(I) 3: Reference to the Conceptual Framework	1 January 2022
Amendments to SFRS(I) 1-1: Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to SFRS(I) 1-8: Definition of Accounting Estimates	1 January 2023
Amendments to SFRS(I) 1-1 and SFRS(I) Practice Statement 2: Disclosure of Accounting Policies	1 January 2023
SFRS(I) 17: Insurance Contracts	1 January 2023
Amendments to SFRS(I) 1-12: Deferred Tax related to Assets and liabilities arising from a Single Transaction	1 January 2023
Amendments to SFRS(I) 10 and SFRS(I) 1-28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

The directors expect that the adoption of the standards and interpretations above will have no material impact on the financial statements in the year of initial application.

2.4 Basis of consolidation and business combinations

(a) 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. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

2. Summary of significant accounting policies (cont'd)

2.4 Basis of consolidation and business combinations (cont'd)

(a) Basis of consolidation (cont'd)

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- De-recognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost;
- De-recognises the carrying amount of any non-controlling interest;
- De-recognises the cumulative translation differences recorded in equity;
- Recognises the fair value of the consideration received;
- Recognises the fair value of any investment retained;
- Recognises any surplus or deficit in profit or loss;
- Re-classifies the Group's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

(b) Business combinations

With the exception of business combinations involving entities under common control, acquisitions of subsidiaries are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or a liability, will be recognised in profit or loss.

In business combinations achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

The Group elects for each individual business combination, whether non-controlling interest in the acquiree (if any) that are present ownership interests and entitle their holders to a proportionate share of net assets, is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by another SFRS(I).

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of 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 net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill. The accounting policy for goodwill is set out in Note 2.8. In instances where the latter amount exceeds the former, the excess is recognised as gain on bargain purchase in profit or loss on the acquisition date.

2. Summary of significant accounting policies (cont'd)

2.4 Basis of consolidation and business combinations (cont'd)

(c) Business combinations involving entities under common control

Business combinations involving entities under common control are accounted for by applying the pooling of interest method which involves the following:

- The assets and liabilities of the combining entities are reflected at their carrying amounts reported in the consolidated financial statements of the controlling holding company.
- No adjustments are made to reflect the fair values on the date of combination, or recognise any new assets or liabilities.
- No additional goodwill is recognised as a result of the combination.
- Any difference between the consideration paid/transferred and the equity 'acquired' is reflected within equity as merger reserve.
- The statement of comprehensive income reflects the results of the combining entities for the full year, irrespective of when the combination took place.

Comparatives are presented as if the entities have always been combined since the date the entities had come under common control.

2.5 Transactions with non-controlling interests

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company.

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. In such circumstances, the carrying amounts 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 attributed to owners of the Company.

2.6 Functional and foreign currency

The financial statements are presented in Singapore Dollars, which is also the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

(a) Transactions and balances

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period. Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in other comprehensive income or profit or loss are also recognised in other comprehensive income or profit or loss, respectively).

2. Summary of significant accounting policies (cont'd)

2.6 Functional and foreign currency (cont'd)

(b) Consolidated financial statements

For consolidation purposes, the assets and liabilities of foreign operations are translated into SGD at the rate of exchange ruling at the end of the reporting period and their profit or loss are translated at the average exchange rate for the year. Exchange differences arising on the translation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

2.7 Property, plant and equipment

All items of property, plant and equipment are initially recorded at costs. Such costs include the cost of replacing parts of the property, plant and equipment and borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying property, plant and equipment and the costs of dismantling and restoring the site where such obligations arise when the asset is acquired or constructed. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, 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.

Subsequent to recognition, all items of property, plant and equipment, except for freehold land, are measured at cost less accumulated depreciation and accumulated impairment losses. Freehold land has an unlimited useful life and therefore is not depreciated.

Depreciation of an asset begins when it is available for use and is computed on a straight-line basis over the estimated useful life of the asset as follows:

Properties	- 5 years
Leasehold improvements	- 3 to 5 years
Plant and machinery	- 5 to 10 years
Office and electronic equipment	- 3 to 10 years
Motor vehicles	- 5 to 10 years
Field equipment	- 2 to 10 years

The cost of construction-in-progress represents all costs, including borrowing costs, incurred on the construction of the assets. The accumulated costs will be reclassified to the appropriate property, plant and equipment account when the construction is completed. No depreciation is provided on construction-in-progress as these assets are not yet available for use. Interest on borrowings to finance the construction of property, plant and equipment is capitalised during the period of time that is required to complete and prepare each asset for its intended use. All other borrowing costs are expensed.

Repairs and maintenance costs are taken to profit or loss during the financial period in which they are incurred. The cost of major renovations and restorations is included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Group, and is depreciated over the remaining useful life of the asset.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. The residual values, useful life and depreciation method are reviewed at each financial year end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment. An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in profit or loss in the year the asset is derecognised.

2. Summary of significant accounting policies (cont'd)

2.8 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 balance sheet of the Group, except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined.

2.9 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.

Exploration and evaluation activity includes:

- Researching and analysing historical exploration data
- Gathering exploration data through geophysical studies
- Exploratory drilling and sampling
- Determining and examining the volume and grade of the resource
- Surveying transportation and infrastructure requirements
- Conducting market and finance studies

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 exploration activities in relation to the area are continuing.

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 E&E phase.

2. Summary of significant accounting policies (cont'd)

2.9 Exploration and evaluation expenditure (cont'd)

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.

Where the entity has sufficient information to make a decision whether an area of interest is economically feasible, the exploration and evaluation expenditure are tested for impairment and 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.

2.10 Mining properties

Mining properties includes 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 underground areas of interest, the establishment or refurbishment and recommissioning of processing facilities. 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 resources exist and future expenditure is required to access further resources, future 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.

2.11 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses are recognised in profit or loss.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss. Impairment losses relating to goodwill cannot be reversed in future periods.

2. Summary of significant accounting policies (cont'd)

2.12 Subsidiaries

A subsidiary is an investee that is controlled by the Group. The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

In the Company's statement of financial position, investments in subsidiaries are accounted for at cost less impairment losses.

2.13 Financial instruments

(a) Financial assets

Initial recognition and measurement

Financial assets are recognised when, and only when the entity becomes party to the contractual provisions of the instruments. The Group determines the classification of its financial assets at initial recognition.

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.

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Trade receivables are measured at the amount of 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 party, if the trade receivables do not contain a significant financing component at initial recognition.

Subsequent measurement

Investments in debt instruments (at amortised cost)

Financial assets that are held for the collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the assets are derecognised or impaired, and though amortisation process.

Financial assets at fair value through profit or loss

Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt instruments that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss in the period in which it arises.

Investments in equity instruments

On initial recognition of an investment in equity instrument that is not held for trading, the Group may irrevocably elect to present subsequent changes in fair value in OCI. Dividends from such investments are to be recognised in profit or loss when the Group's right to receive payments is established. For investments in equity instruments which the Group has not elected to present subsequent changes in fair value in OCI, changes in fair value are recognised in profit or loss.

2. Summary of significant accounting policies (cont'd)

2.13 Financial instruments (cont'd)

(a) Financial assets (cont'd)

De-recognition

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income for debt instruments is recognised in profit or loss.

(b) Financial liabilities

Initial recognition and measurement

Financial liabilities are recognised 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.

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

De-recognition

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. On derecognition, the difference between the carrying amounts and the consideration paid is recognised in profit or loss.

Please refer to Note 2.22 for details on borrowings.

Deferred consideration

The deferred consideration is recognised as a financial liability at amortised cost at an effective interest rate 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. The unwinding of any interest element of deferred consideration is recognised in profit or loss.

(c) Offsetting

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.

2.14 Impairment of financial assets

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. 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 expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

2. Summary of significant accounting policies (cont'd)

2.14 Impairment of financial assets (cont'd)

ECLs are recognised in two stages. 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 recognised for credit losses expected over the remaining life of the exposure, irrespective of timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset in default when contractual payments are more than 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

2.15 Cash and cash equivalents

Cash and cash equivalents comprise cash at banks and on hand, demand deposits, and short-term highly liquid investments that are readily convertible to known amount of cash and deposits which are subject to an insignificant risk of changes in value.

2.16 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, and depreciation and amortisation charges 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.

2.17 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.

2.18 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 and the amount of expected loss computed using the impairment methodology under SFRS(I) 9.

2. Summary of significant accounting policies (cont'd)

2.19 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.20 Government grants

Government grants are recognised at their fair values when 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 government grant is presented in the statement of financial position by deducting the grant in arriving at the carrying amount of the asset.

Where the grant relates to income, the grant is recognised in profit or loss on a systematic basis over the periods in which the entity recognises as expenses the related costs for which the grants are intended to compensate. Grants related to income are presented under other income.

2.21 Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2.22 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.

Convertible bonds – Premier Equity Sub Fund E

The convertible bond is a hybrid instrument that combines feature of derivative liability component and non-convertible bond component.

The derivative liability component (conversion option) is recognised at its fair value, determined by applying the binomial option valuation model. On subsequent measurements, the conversion option is measured at its fair value, with fair value changes recognised in profit or loss. When the conversion option is exercised, its carrying amount is transferred to share capital. When the conversion option lapses, its carrying amount is recognised in profit or loss.

2. Summary of significant accounting policies (cont'd)

2.22 Borrowings (cont'd)

Convertible bonds – Premier Equity Sub Fund E (cont'd)

The difference between the total proceeds and the derivative liability component is allocated to the non-convertible bond component. It is subsequently carried at amortised cost using the effective interest method until the liability is extinguished on conversion or redemption of the bonds.

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 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.

2.23 Employee benefits

(a) Defined contribution plans

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. In particular, the Singapore companies in the Group make contributions to the Central Provident Fund scheme in Singapore, a defined contribution pension scheme. Contributions to national pension schemes are recognised as an expense in the period in which the related service is performed.

(b) 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 retained earnings upon expiry of the share option.

(c) Employee leave entitlement

Employee entitlements to annual leave are recognised as a liability when they are accrued to the employees. The undiscounted liability for leave expected to be settled wholly before twelve months after the end of the reporting period is recognised for services rendered by employees up to the end of the reporting period.

2. Summary of significant accounting policies (cont'd)

2.24 Leases

At the inception of the contract, the Group assesses if the contract contains a lease. A contract contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Reassessment is only required when the terms and conditions of the contract are changed.

Right-of-use assets

Right-of-use assets are presented together with the owned assets of the same class. Details of right-of-use assets are disclosed in Note 12. 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). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term, as follows:

Leased premises	- 1 to 3 years
Motor vehicles	- 3 to 7 years
Plant and machinery	- 5 to 10 years
Field equipment	- 1 to 3 years

Right-of-use assets are subject to impairment assessment requirements as disclosed in Note 2.11.

Lease liabilities

The initial measurement of lease liability is measured at the present value of the lease payments discounted using the incremental borrowing rate. Lease payments include the following:

- Fixed payment (including in-substance fixed payments), less any lease incentives receivables;
- Variable lease payment that are based on an index or rate, initially measured using the index or rate as at the commencement date;
- Amount expected to be payable under residual value guarantees;
- The exercise price of a purchase option, if is reasonably certain to exercise the option; and
- Payment of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease liabilities are presented as a separate line on the balance sheets.

Lease liability is measured at amortised cost using the effective interest method. Lease liability shall be remeasured when:

- There is a change in future lease payments arising from changes in an index or rate;
- There is a change in the Group's assessment of whether it will exercise an extension option; or
- There is a modification in the scope or the consideration of the lease that was not part of the original term.

Lease liability is remeasured with a corresponding adjustment to the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

2. Summary of significant accounting policies (cont'd)

2.24 Leases (cont'd)

Short-term and low value leases

The Group has elected to not recognise right-of-use assets and lease liabilities for short-term leases that have lease terms of 12 months or less and low value leases. Lease payments relating to these leases are expensed to profit or loss on a straight-line basis over the lease term.

2.25 Rehabilitation and preservation provisions

The estimated costs of future site rehabilitation and restoration, including heritage preservation where required, associated with 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.

2.26 Revenue

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.

(a) Sale of gold

Revenue from sales 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.

2.27 Interest income

Interest income is recognised using the effective interest method.

2.28 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.

2. Summary of significant accounting policies (cont'd)

2.29 Taxes

(a) *Current income tax*

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the end of the reporting period, in the countries where the Group operates and generates taxable income.

Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(b) *Deferred tax*

Deferred tax is provided using the liability method on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting profit nor taxable profit or loss; and

- In respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting profit nor taxable profit or loss; and

- In respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the end of each reporting period.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

2. Summary of significant accounting policies (cont'd)

2.29 Taxes (cont'd)

(c) Sales tax

Revenues, expenses and assets are recognised net of the amount of sales tax except:

- Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- Receivables and payables that are stated with the amount of sales tax included.

2.30 Share capital and share issuance expenses

Proceeds from the issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against the share capital.

3. Significant accounting judgements and estimates

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

3.1 Judgments made in applying accounting policies

In the process of applying the Group's accounting policies, 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).

(a) Contingent liabilities arising from legal proceedings

Certain legal proceedings as described in Note 33 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 current financial year, no provision (2020: Nil) was recognised in relation to contingent liabilities which arose from legal proceedings as disclosed in Note 33.

(b) 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.

3. Significant accounting judgements and estimates (cont'd)

3.1 Judgments made in applying accounting policies (cont'd)

(b) Exploration and evaluation expenditure (cont'd)

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 $1,314,000 (2020: $132,000) in relation to exploration and evaluation expenditure. The carrying amount of the Group's exploration and evaluation expenditure at 30 June 2021 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.

(c) Redeemable convertible bond – Tomson Pte Ltd

As disclosed in Note 25, the Group and Company has 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 2.22, 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.

(d) 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.

3.2 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 are discussed below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

3. Significant accounting judgements and estimates (cont'd)

3.2 Key sources of estimation uncertainty (cont'd)

(a) *Impairment of non-current assets*

Property, plant and equipment, right-of-use assets, 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, CGU, have been determined based on the higher of fair value less cost to sell 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.

During the current financial year, no impairment loss (2020: $1,226,000) was recognised on the Group's property, plant and equipment. The carrying amounts of the property, plant and equipment, mining properties and exploration and evaluation expenditure at 30 June 2021 are disclosed in Notes 12, 13 and 14 respectively.

(b) *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 2020 is disclosed in Note 19.

(c) *Ore reserves, mineral resource and exploration target*

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 2021 are disclosed in Notes 13 and 14 respectively.

(d) *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.

3. Significant accounting judgements and estimates (cont'd)

3.2 Key sources of estimation uncertainty (cont'd)

(d) Amortisation of mining properties (cont'd)

During the year, amortisation of mining properties recognised was $7,783,000 (2020: $6,826,000) (Note 14).

The carrying amount of the Group's mining properties at 30 June 2021 is disclosed in Note 14.

(e) 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 2021 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 period.

(f) 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.

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 2021 is disclosed in Note 28.

(g) Impairment of investments in subsidiaries

Management performs an impairment assessment of the Company's investments 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 to sell 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 to sell 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 investments in subsidiaries at 30 June 2021 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.

Disaggregation of revenue

	1 Jul 2020 to 30 Jun 2021	1 Apr 2019 to 30 Jun 2020
	$'000	$'000
Major product or service lines		
Sale of gold	**88,721**	93,017
Timing of revenue recognition		
At a point in time	**88,721**	93,017

For further disaggregation disclosure of revenue by business segments – refer to Note 38.

5. Investment trading/Other income

Investment trading income relates to fair value gain or loss of financial assets measured at fair value through profit or loss and disposal gains or losses. The investment trading income represents the diversification of the Group's operations from the gold mining and exploration business to a new business, effective from the date of obtaining shareholders approval on 30 September 2020.

	Group	
	1 Jul 2020 to 30 Jun 2021	1 Apr 2019 to 30 Jun 2020
	$'000	$'000
Interest income	**32**	98
Fair value adjustment on borrowings (Note 24)	**–**	62
Fair value adjustment on convertible bonds (Note 25)	**–**	7
Gain on de-registration of a subsidiary	**417**	–
Gain on disposal of property, plant and equipment	**60**	–
Bad debts recovered	**–**	250
Others	**155**	95
	664	512

Others include government grants of $133,000 (2020: $49,000) that was recognised during the financial year under the Job Support Scheme (the "**JSS**"). The JSS is a temporary scheme introduced in the Singapore Budget 2020 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 expenses/(gains), net

	Group	
	1 Jul 2020 to 30 Jun 2021	1 Apr 2019 to 30 Jun 2020
	$'000	$'000
Exploration and evaluation expenditure written off (Note 13)	**1,314**	132
Fair value loss on financial assets at fair value through profit or loss	**976**	115
Fair value loss on fair value through profit or loss financial liabilities (redeemable convertible bonds) (Note 25)	**6,254**	–
Impairment loss on property, plant and equipment (Note 12)	**–**	1,226
Loss on foreign exchange (net)	**2,937**	68
Loss on disposal of property, plant and equipment	**–**	18
Other mining related expenses	**916**	1,174
Plant and equipment written off	**3**	44
Prepayment written off	**–**	384
Termination fee	**–**	500
Unwind of discount on deferred consideration	**–**	232
Others	**–**	(30)
	12,400	3,863

7. Finance costs

	Group	
	1 Jul 2020 to 30 Jun 2021	1 Apr 2019 to 30 Jun 2020
	$'000	$'000
Interest on lease liabilities (Note 12(c))	**297**	155
Interest on restructured loan and convertible bonds	**207**	1,512
	504	1,667
Amortisation of discount on rehabilitation and preservation provision (Note 28)	**54**	63
	558	1,730

8. (Loss)/profit before tax

The following items have been included in arriving at (loss)/profit before tax:

	Group	
	1 Jul 2020 to 30 Jun 2021	1 Apr 2019 to 30 Jun 2020
	$'000	$'000
Audit fees:		
- Auditor of the Company	**218**	195
- Other auditors	**154**	117
Non-audit fees:		
- Auditor of the Company	**–**	1
Included in cost of sales:		
- cost of inventories sold (Note 19)	**64,196**	70,834
- depreciation of property, plant and equipment (Note 12)	**6,665**	3,855
- amortisation of mining properties (Note 14)	**7,783**	6,826
	78,644	81,515
Included in administrative expenses:		
- employee benefit costs (Note 9)	**15,097**	2,442
- depreciation of property, plant and equipment (Note 12)	**568**	120
- legal and professional fees	**491**	600
- short-term lease expense on offices and staff quarters (Note 12(d))	**9**	161

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

	Group	
	1 Jul 2020 to 30 Jun 2021	1 Apr 2019 to 30 Jun 2020
	$'000	$'000
Salaries and related costs	**2,288**	2,304
Employer's contributions to defined contribution plans	**148**	138
Employee share-based compensation (Note 29)	**12,661**	–
	15,097	2,442

10. Income tax

(a) Major components of income tax expense

The major components of income tax expense for the financial year/period ended 30 June 2021 and 2020 are:

	Group	
	1 Jul 2020 to 30 Jun 2021	1 Apr 2019 to 30 Jun 2020
	$'000	$'000 (Restated)
Consolidated statement of profit or loss:		
- current income taxation	**–**	912
Income tax expense recognised in profit or loss	**–**	912

(b) Relationship between tax expense and accounting profit

A reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the financial year/period ended 30 June 2021 and 2020 is as follows:

	Group	
	1 Jul 2020 to 30 Jun 2021	1 Apr 2019 to 30 Jun 2020
	$'000	$'000 (Restated)
(Loss)/profit before tax	**(19,183)**	1,771
Tax at the domestic rates applicable to profits in the countries where the Group operates	**(2,676)**	690
Adjustments:		
Non-deductible expenses	**5,090**	901
Income not subject to taxation	**(1,598)**	(275)
Benefits from previously unrecognised tax losses	**–**	(404)
Deferred tax assets not recognised	**(816)**	–
	–	912

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

At the end of the reporting period, unrecognised tax losses of the Group available for offsetting against future taxable profits amount to $24,621,000 (2020: $20,111,000). 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. (Loss)/earnings per share

Basic earnings per share from continuing operations are calculated by dividing (loss)/profit from continuing operations, net of tax, attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial period.

Diluted earnings per share from continuing operations are calculated by dividing (loss)/profit from continuing operations, net of tax, attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial period plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

The following tables reflect the (loss)/profit and share data used in the computation of basic and diluted earnings per share for the year/period ended 30 June 2021 and 2020:

	Group	
	1 Jul 2020 to 30 Jun 2021	1 Apr 2019 to 30 Jun 2020
	$'000	$'000 (Restated)
(Loss)/profit for the year attributable to owners of the Company	**(20,149)**	1,274
	No. of shares '000	No. of shares '000
Weighted average number of ordinary shares for basic earnings per share computation	**32,448,672**	20,982,544
Adjustment for option shares*	**-**	46,377
Weighted average number of ordinary shares for diluted earnings per share computation	**32,448,672**	21,028,921
Basic and diluted** (loss)/earnings per share (cents)	**(0.062)**	0.006

* This pertains to weighted average number of shares under option minus weighted average number of shares that would have been issued at average market price.

** For the financial year ended 30 June 2021, the effects of the Options (Note 29) and redeemable convertible bonds (Note 25) were assessed to be anti-dilutive.

The number of shares that may be issued on the exercise of options as at 30 June 2020.

30 June 2020	
Option Shares to be issued 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 $0.001 for each new share	500,000,000

12. Property, plant and equipment

	Freehold land $'000	Properties $'000	Building and improvements $'000	Plant and machinery $'000	Office equipment and computers $'000	Motor vehicles $'000	Field equipment $'000	Leased premises $'000	Construction -in-progress $'000	Total $'000
Group										
Cost:										
At 1 July 2020	4,637	4,009	-	35,724	778	1,129	16,353	429	4,240	67,299
Effect of prior year restatement	-	-	-	-	-	-	-	1,084	-	1,084
At 1 July 2020, as restated	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	66	2,817	14,004
Disposals/write off	-	-	-	(1,042)	(64)	-	(266)	(30)	-	(1,402)
Exchange differences	308	232	1	2,114	39	55	946	25	267	3,987
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 period	-	-	43	4,231	154	171	2,091	543	-	7,233
Disposals/write off	-	-	-	(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)

	Freehold land $'000	Properties $'000	Building and improvements $'000	Plant and machinery $'000	Office equipment and computers $'000	Motor vehicles $'000	Field equipment $'000	Leased premises $'000	Construction -in-progress $'000	Total $'000
Group										
Cost:										
At 1 April 2019	4,692	4,038	86	33,518	681	661	9,685	-	5,311	58,672
Additions	-	-	-	4,583	262	622	2,806	429	2,873	11,575
Reclassifications from construction-in-progress	-	-	-	-	-	-	3,915	-	(3,915)	-
Disposals/write off	-	(7)	(86)	(2,144)	(158)	(147)	-	-	-	(2,542)
Exchange differences	(55)	(22)	-	(233)	(7)	(7)	(53)	-	(29)	(406)
At 30 June 2020	4,637	4,009	-	35,724	778	1,129	16,353	429	4,240	67,299
Effect of restatement	-	-	-	-	-	-	-	1,084	-	1,084
At 30 June 2020, as restated	4,637	4,009	-	35,724	778	1,129	16,353	1,513	4,240	68,383
Accumulated depreciation:										
At 1 April 2019	-	4,038	29	30,225	595	564	8,515	-	-	43,966
Charge for the period	-	-	20	2,205	100	112	1,448	90	-	3,975
Impairment loss	1,226	-	-	-	-	-	-	-	-	1,226
Disposals/write off	-	(7)	(49)	(2,094)	(152)	(147)	-	-	-	(2,449)
Exchange differences	-	(22)	-	(162)	(4)	(3)	(11)	2	-	(200)
At 30 June 2020	1,226	4,009	-	30,174	539	526	9,952	92	-	46,518
Net carrying amount:										
At 30 June 2020	3,411	-	-	5,550	239	603	6,401	1,421	4,240	21,865

12. Property, plant and equipment (cont'd)

(a) Carrying amounts of right-of-use assets

	Group	
	2021	2020
	$'000	$'000
		(Restated)
Plant and machinery	**8,653**	3,334
Motor vehicles	**236**	297
Field equipment	**101**	206
Leased premises	**962**	1,421
	9,952	5,258

(b) Depreciation charge on ROU during the year/period

	Group	
	2021	2020
	$'000	$'000
Plant and machinery	**1,530**	840
Motor vehicles	**67**	27
Field equipment	**1,763**	18
Leased premises	**543**	90
	3,903	975

(c) Interest expense

Interest expense on lease liability (Note 7)	**297**	155

(d) Lease expense not capitalised in lease liabilities

Lease expense – short-term lease (Note 8)	**9**	161

(e) Total cash outflow for all leases in 2021 amounted $4,153,000 (2020: $1,336,000). Cash outflow relating to interest portion in 2021 amounted to $297,000 (2020: $155,000). Cash outflow relating to short-term lease portion in 2021 amounted to $9,000 (2020: $161,000).

(f) Addition of right-of-use assets during the financial year 2021 was $8,586,000 (2020: $5,199,000).

(g) Management performed annual valuation on the property, plant and equipment held. As at 30 June 2021, the carrying amount of the freehold land is lower than the fair value and as such, no impairment loss was recognised (2020: As the carrying amount of the freehold land is higher than the fair value, an impairment loss of $1,226,000 was recognised in "other expenses"). The freehold land of the Group was valued by independent valuers based on comparable market transactions that consider sales of similar properties that have been transacted in the open market. This fair value measurement is categorised in Level 3 of the fair value hierarchy.

(h) Included within additions of the Group are plant and equipment acquired under leases amounted to $8,586,000 (2020: $5,199,000) and provision for rehabilitation and preservation of $130,000 (2020: $2,581,000) during the year. The cash outflow on acquisition of property, plant and equipment amounting to $5,549,000 (2020: $4,879,000).

12. Property, plant and equipment (cont'd)

	Company
	Office and electronic equipment
	$'000
Cost	
At 1 April 2019	52
Addition	6
Disposal	(2)
At 30 June 2020 and 1 July 2020	56
Addition	20
Disposal/write-off	(54)
At 30 June 2021	**22**
Accumulated depreciation:	
At 1 April 2019	51
Charge for the period	2
Disposals	(2)
At 30 June 2020 and 1 July 2020	51
Charge for the year	7
Disposal/write-off	(52)
At 30 June 2021	**6**
Net carrying amount	
At 30 June 2021	**16**
At 30 June 2020	5

13. Exploration and evaluation expenditure

	Group	
	2021	2020
	$'000	$'000
Balance at the beginning of the financial year/period	**8,238**	4,649
Expenditure capitalised during the financial year/period	**8,116**	3,746
Transfer to mining properties (Note 14)	**(3,711)**	–
Write-off (Note 6)	**(1,314)**	(132)
Exchange differences	**461**	(25)
Balance at the end of the financial year/period	**11,790**	8,238

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 $916,000 (2020: $1,174,000).

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	
	2021	2020
	$'000	$'000
Cost		
Balance at the beginning of the financial year/period	**56,790**	48,929
Additions	**15,916**	8,127
Transfer from exploration and evaluation expenditure (Note 13)	**3,711**	–
Exchange differences	**3,438**	(266)
Balance at the end of the financial year/period	**79,855**	56,790
Accumulated amortisation		
Balance at the beginning of the financial year/period	**53,084**	46,342
Amortisation (Note 8)	**7,783**	6,826
Exchange differences	**3,136**	(84)
Balance at the end of the financial year/period	**64,003**	53,084
Net carrying amount		
Balance at the end of the financial year/period	**15,852**	3,706

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.

15. Security deposits

	Group	
	2021	2020
	$'000	$'000
Security deposits with banks	**4,638**	4,386

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 0.25% to 0.38% (2020: 1.13% to 1.35%) per annum and mature within 5 months (2020: 11 months) after the end of the reporting period. The security deposits are required to be renewed periodically to meet the obligations under the guarantees.

16. Investments in subsidiaries and amounts due from/(to) subsidiaries

	Company	
	2021	2020
	$'000	$'000
Non-current		
Investments in subsidiaries, at cost	**150,243**	150,242
Less: Allowance for impairment loss	**(82,452)**	(82,452)
Investments in subsidiaries, net	**67,791**	67,790
Due from subsidiaries	**76,199**	65,080
Less: Allowance for impairment loss	**(72,485)**	(65,080)
Due from subsidiaries, net	**3,714**	–
Due to subsidiaries	**50,614**	45,704

The movements in the allowance for impairment loss of the investments in subsidiaries is as follows:

	Company	
	2021	2020
	$'000	$'000
Balance at the beginning of the financial year/period	**82,452**	83,152
Write-off against allowance	**–**	(700)
Balance at the end of the financial year/period	**82,452**	82,452

During the previous financial period ended 30 June 2020, an amount of $700,000 was written-off against allowance for impairment loss upon completion of strike off of a subsidiary, Think Power Pte. Ltd. from the register on 9 June 2020.

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**") (previously known as Castlemaine Goldfields Pty Ltd). As a result of the review, nil (2020: nil) impairment losses were recognised on the investment. In 2021, 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 cash flows were discounted at 10.0%. In 2020, the recoverable amount of GPG was determined based on the fair value less cost to sell is computed based on adjusted net assets value of GPG, which is determined by taking into account the fair values of underlying assets and liabilities of the GPG. This fair value measurement is categorised as a Level 3 in the fair value hierarchy based on the inputs in the valuation technique used.

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

The movement in the allowance for impairment loss of the amounts due from subsidiaries is as follows:

	Company	
	2021	2020
	$'000	$'000
Balance at the beginning of the financial year/period	**65,080**	88,457
Allowance for impairment loss	**8,922**	5,978
Write-off against allowance	**–**	(30,447)
Exchange differences	**(1,517)**	1,092
Balance at the end of the financial year/period	**72,485**	65,080

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

Management assessed the amount 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 loss allowance of $8,922,000 (2020: $5,978,000) was recognised in the profit or loss during the financial year.

During the previous financial year, a write-off against allowance for impairment loss of $12,041,000 in the amount due from Think Power Pte. Ltd. upon completion of strike off the subsidiary. In addition, the Company also write-off against allowance for impairment loss of $18,406,000 in the amounts due from subsidiaries, 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, management considered the relevant amounts will not be recoverable.

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. Investments in subsidiaries and amounts due from/(to) subsidiaries (cont'd)

Composition of the Group

The Group has the following significant investments in subsidiaries:

Name of Company Country of incorporation/operation	Principal activities	Proportion (%) of ownership interest 2021	2020
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 (fka Castlemaine Goldfields Pty Ltd) [b] (Australia)	Gold mining	**100**	100
Shen Yao International Holding Pty Ltd [e] (Australia)	Investment holding	**–**	100
Plutus Mazu Pte. Ltd. [c][f] (Singapore)	Investment holding	**100**	–
Held through 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 through 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**	100
Moliagul Mining Pty Ltd [g] (Australia)	Gold exploration	**85.1**	100

(a) Ernst & Young LLP, Singapore is the auditor for financial year ended 30 June 2021. Baler Tilly TFW LLP, Singapore was the auditor for financial period ended 30 June 2020.

(b) Ernst & Young LLP, Australia is the auditor for financial year ended 30 June 2021. Audited by independent member firm of Baker Tilly International network for financial period ended 30 June 2020.

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

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

(e) The subsidiary was de-registered on 1 July 2020.

(f) The subsidiary was newly incorporated in Singapore on 5 May 2021, with share capital of $1,000 comprising 1,000 ordinary shares.

(g) The subsidiary was newly incorporated in Australia on 24 September 2020, with share capital of A$10,000 comprising 10,000 ordinary shares.

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

Disposal of interests in subsidiaries without loss of control

During the year, the Group disposed the interests in the following subsidiaries without loss of control:

Name of subsidiary	Disposal of interest	Proportion of ownership interest after disposal	Proceeds	Book value	Increase in equity attributable to the owners of the Company	Month of disposal
	%	%	A$'000	A$'000	A$'000	
Ironbark Mining Pty Ltd	14.9	85.1	55	(915)	970	September 2020

Interest in subsidiary with material non-controlling interest (NCI)

The following subsidiary has NCI that is material to the Group.

Summarised consolidated statement of comprehensive income

	Signature Metals Limited ("SML")	
	1 Jul 2020 to 30 Jun 2021	1 Apr 2019 to 30 Jun 2020
Proportion of ownership interest held by NCI (%)	**23.14**	23.14
Profit/(loss) for the financial year/period ($'000)	**4,476**	(1,792)
Profit/(loss) attributable to NCI ($'000)	**1,036**	(415)
Other comprehensive income	**(744)**	58
Total comprehensive income/(loss) attributable to NCI ($'000)	**292**	(357)

	Ironbark Mining Pty Ltd ("Ironbark")	
	1 Oct 2020 to 30 Jun 2021	1 Apr 2019 to 30 Jun 2020
Proportion of ownership interest held by NCI (%)	**14.9**	-
Loss for the financial period ($'000)	**(466)**	-
Loss attributable to NCI ($'000)	**(70)**	-
Total comprehensive income attributable to NCI ($'000)	**(70)**	-

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

Summarised financial information about subsidiary with material NCI

Summarised financial information including consolidation adjustments but before intercompany eliminations of subsidiaries with material non-controlling interests are as follows:

Summarised consolidated statement of financial position

	SML	
	2021	2020
	$'000	$'000
Non-current assets	**–**	–
Current assets	**4**	5
Non-current liabilities	**(2,762)**	(2,611)
Current liabilities	**(51,023)**	(52,485)
	(53,781)	(55,091)
Net liabilities attributable to NCI	**(12,445)**	(12,748)

	Ironbark	
	2021	2020
	$'000	$'000
Non-current assets	**2,137**	–
Current assets	**209**	–
Non-current liabilities	**(566)**	–
Current liabilities	**(8,471)**	–
	(6,691)	–
Net liabilities attributable to NCI	**(996)**	–

Summarised statement of cash flows

	SML	
	1 Jul 2020 to 30 Jun 2021	1 Apr 2019 to 30 Jun 2020
	$'000	$'000
Cash flows used in operating activities	**(41)**	(142)
Cash flows from financing activities	**40**	139
	(1)	(3)

	Ironbark	
	1 Oct 2020 to 30 Jun 2021	1 Apr 2019 to 30 Jun 2020
	$'000	$'000
Cash flows used in operating activities	**(309)**	–
	(309)	–

17. Other receivables

	Group		Company	
	2021	2020	**2021**	2020
	$'000	$'000	**$'000**	$'000
VAT recoverable	**622**	496	**–**	–
Sundry debtors	**144**	134	**1**	1
Amount due from brokers	**1,196**	1,280	**1**	–
Less: Allowance for impairment loss	**–**	–	**–**	–
	1,962	1,910	**2**	1

The movements in the allowance for impairment loss of the other receivables are as follows:

	Group		Company	
	2021	2020	**2021**	2020
	$'000	$'000	**$'000**	$'000
Balance at the beginning of the financial year/period	**–**	900	**–**	900
Write-off against allowance	**–**	(900)	**–**	(900)
Balance at the end of the financial year/period	**–**	–	**–**	–

18. Other current assets

	Group		Company	
	2021	2020	**2021**	2020
	$'000	$'000	**$'000**	$'000
Sundry deposits	**95**	247	**1**	–
Prepayments	**529**	292	**27**	41
	624	539	**28**	41

19. Inventories

	Group	
	2021	2020
	$'000	$'000
Raw materials, at cost	**1,906**	1,229
Gold in circuit and in safe, at net realisable value	**2,676**	4,315
Stockpile of unprocessed ore, at net realisable value	**409**	156
	4,991	5,700

During the current and previous financial year/period, there has been no inventory written off or allowance for inventory obsolescence.

Inventories amounting to $64,196,000 (2020: $70,834,000) were recognised as an expense in profit or loss during the financial year/period.

20. Cash and cash equivalents

	Group		Company	
	2021	2020	**2021**	2020
	$'000	$'000	**$'000**	$'000
Cash at bank and on hand	**6,211**	7,863	**15**	7
Fixed deposits	**100**	100	**–**	–
Cash and cash equivalents	**6,311**	7,963	**15**	7

Fixed deposits are placed with banks and mature within 8 months (2020: 8 months) after end of the reporting period and earn interest of 0% (2020:1.4%) per annum. Fixed deposits of the Group amounting to $100,000 (2020: $100,000) was pledged for corporate credit card facility.

21. Financial assets at fair value through profit or loss

	Group		Company	
	2021	2020	**2021**	2020
	$'000	$'000	**$'000**	$'000
Financial assets measured at FVTPL				
Current				
Quoted equity investments	**8,982**	–^	**–^**	–^
Non-current				
Unquoted equity investments 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.

22. Trade and other payables

	Group		Company	
	2021	2020	**2021**	2020
	$'000	$'000	**$'000**	$'000
Trade payables	**5,246**	1,255	**–**	–
Other payables and accruals				
- employee benefits	**4,658**	3,712	**–**	–
- accrued royalty	**5,529**	1,784	**–**	–
- accrued geology and mining	**2,964**	1,612	**–**	–
- others	**2,836**	2,685	**795**	458
	21,233	11,048	**795**	458

Trade and other payables

These amounts are non-interest bearing. Trade payables are normally settled on 30 to 90 days' terms.

23. Lease liabilities

	Group	
	2021	2020
	$'000	$'000
		(Restated)
Current	**3,938**	1,509
Non-current	**5,555**	3,245
	9,493	4,754

As at 30 June 2021, the Group's lease liabilities are secured by property, plant and equipment with a net book value of $8,990,000 (2020: $3,631,000) and personal guarantee from a director of a subsidiary.

24. Borrowings

	Group		Company	
	2021	2020	**2021**	2020
	$'000	$'000	**$'000**	$'000
Current:				
Interest-free loan	**–**	996	**–**	996
Interest-bearing loan	**4,457**	–	**–**	–
Total borrowings	**4,457**	996	**–**	996

24. Borrowings (cont'd)

Interest-free loan

On 13 July 2018, the Company entered into an unsecured interest-free loan agreement with Mr Tan Soo Khoon Raymond (former Group CEO) of up to $3,500,000 to the Group. The loan is due and repayable on the date falling 24 months from the date of loan agreement.

During the previous financial period, the Company drawdown $1.0 million loan extended by Mr Tan Soo Khoon Raymond. The fair value adjustment on the interest-free loan of $62,000 was recognised in "other income" for the financial period ended 30 June 2020.

On 14 July 2020, the Company entered into a debt conversion agreement with Mr Tan Soo Khoon Raymond, for conversion of the outstanding amount of $1.0 million into 500,000,000 new ordinary shares ("**Debt Conversion Shares**") at the conversion price of $0.002 per Debt Conversion Share which approximates the market price on the conversion date. The conversion was completed on 28 July 2020.

Interest-bearing loan

The loan is a revolving credit facility with a financial institution, with interest rate ranging from 2.75% to 8.25% per annum. As at 30 June 2021, the loan is secured by financial assets at fair value through profit or loss amounting to $8.8 million (Note 21).

A reconciliation of liabilities arising from the Group's financing activities is as follows:

	Redeemable convertible bonds				
	Principal (Note 25)	**Interest***	**Lease liabilities**	**Borrowings**	**Total**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**
			(Restated)		
Balance at 1 July 2020	–	–	4,754	996	5,750
Changes from financing cash flows					
- proceeds/(repayments) of borrowings	7,000	–	–	4,457	11,457
- repayments of lease liabilities	–	–	(3,847)	–	(3,847)
- interest paid	–	–	(297)	(103)	(400)
Non-cash changes					
- fair value loss	6,254	–	–	–	6,254
- debt conversion	–	–	–	(1,000)	(1,000)
- new leases (Note 12)	–	–	8,586	–	8,586
- interest expenses (Note 12)	–	100	297	107	504
Balance at 30 June 2021	**13,254**	**100**	**9,493**	**4,457**	**27,304**

24. Borrowings (cont'd)

	Convertible bonds	Derivative liability conversion option in convertible bonds	Lease liabilities	Borrowings		Total
				Principal	Interest*	
	$'000	$'000	$'000	$'000	$'000	$'000
Balance at 1 April 2019	46	9	575	15,803	5,755	22,188
Changes from financing cash flows						
- proceeds/(repayments) of borrowings	(39)	(9)	–	1,000	–	952
- repayments of lease liabilities	–	–	(1,020)	–	–	(1,020)
- interest paid	(4)	–	(155)	–	–	(159)
Non-cash changes						
- fair value adjustment	(7)	–	–	(62)	–	(69)
- settlement of Yaoo Capital Subscription	–	–	–	(15,803)	(7,205)	(23,008)
- new leases	–	–	5,199	–	–	4,115
- interest expenses	4	–	155	58	1,450	1,667
Balance at 30 June 2020	–	–	4,754	996	–	4,666

* Interest is recorded under accrued operating expenses.

25. Convertible bonds

	Group and Company	
	2021	2020
	$'000	$'000
Convertible bond – Premier Equity Sub Fund E:		
Liability component at the beginning of the financial year/period	**–**	46
Amortisation of interest expense	**–**	4
Fair value adjustment through profit or loss (Note 5)	**–**	(7)
Settlement of convertible bonds	**–**	(43)
Liability component at the end of the financial year/period	**–**	–
Redeemable convertible bond – Tomson Pte Ltd		
Financial liability at fair value through profit and loss at the beginning of the financial year/period	**–**	–
Convertible bonds issued	**7,000**	–
Fair value adjustment through profit or loss (Note 6)	**6,254**	–
Financial liability at fair value through profit and loss at the end of the financial year/period	**13,254**	–

25. Convertible bonds (cont'd)

On 25 March 2019, the Company entered into a conditional termination agreement with Premier Equity Fund Sub Fund E ("**PEFE**") and Value Capital, pursuant to which the parties have agreed to terminate the RCB Subscription Agreement in its entirety. The termination is conditional upon the completion of the subscription agreement with Yaoo Capital Pte Ltd, the payment of a termination fee of $500,000 and the completion of the proposed issuance by the Company of 500,000,000 share options at an exercise price of $0.001 for each new share.

The RCB Subscription Agreement was terminated on 31 October 2019 upon the completion of the Yaoo Subscription. The outstanding convertible bonds under the RCB Subscription Agreement was fully repaid on 31 October 2019. A termination fee of $500,000 (Note 6) was recognised in "other expenses" for the financial period ended 30 June 2020. On 31 October 2019, the Company has issued 500,000,000 options to the PEFE, with each option carrying the right to subscribe for one (1) share in the Company at the exercise price of $0.001 for each new share. The exercise period of the options commenced on the first anniversary of the date of issue and will expire on the fourth anniversary of the date of issue. The fair value of the share options at the grant date is not material. On 8 December 2020, the share options were exercised, please refer to Note 29 for details.

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 2021, seven tranches of the Bonds of an aggregate amount of $7,000,000 have been issued. The Bonds were recognised at its fair value, determined by applying the binomial option valuation model. This fair value measurement was categorised in Level 2 of the fair value hierarchy.

The following table summarises the inputs to the model used for valuation of the redeemable convertible bond for the year ended 30 June 2021:

	Group and Company
	2021
Share price	**0.005**
Time to Maturity (Years)	**1.43**
Volatility (%)	**69**
Risk-free rate (%)	**0.43**
Cost of Debt (%)	**26.4**
Dividend Yield	**0**
Conversion price	**0.003**

26. Derivative liability conversion component on the convertible bonds

	Group and Company	
	2021	2020
	$'000	$'000
Convertible bond – Premier Equity Sub Fund E:		
Derivative liability conversion component at the beginning of the financial year/period	**–**	9
Written off upon settlement of convertible bonds	**–**	(9)
Derivative liability conversion component at the end of the financial year/period	**–**	–

In 2019, the derivative liability conversion option related to the conversion option of the redeemable convertible bond that was recognised at its fair value, determined by applying the binomial option valuation model. This fair value measurement was categorised in Level 2 of the fair value hierarchy.

27. Deferred consideration

	Group	
	2021	2020
	$'000	$'000
At beginning of the financial year/period	**2,611**	2,386
Unwinding of discount on deferred consideration (Note 6)	**–**	232
Exchange differences	**151**	(7)
At end of the financial year/period	**2,762**	2,611

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. An effective interest rate of 10% per annum was used to compute the deferred consideration. As at 30 June 2021, the conditions for the deferred consideration has not been triggered.

28. Rehabilitation and preservation provision

	Group 2021 $'000	Group 2020 $'000
At beginning of the financial year/period	**8,448**	5,833
(Reversal)/provision made during the year	**(130)**	2,581
Amortisation of discount (Note 7)	**54**	63
Exchange differences	**489**	(29)
At end of the financial year/period	**8,861**	8,448

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. Subsequent to year end, as requested by the mining regulators, an independent rehabilitation liability assessment reflecting an updated provision amount of $6,780,000 was submitted to them. However, this amount has not been agreed upon and approved by the regulators. As such, the Group has taken the conservative approach of maintaining the current approved provision which is of an amount higher than that based on the preliminary assessment. Adjustments will be made subsequently upon receipt of approvals by the regulators.

29. Share capital and share premium

	Group and Company			
	2021		2020	
	No. of shares '000	**$'000**	No. of shares '000	$'000
Authorised:				
2,777,200,000,000 ordinary shares of $0.0001 each*	**–**	**–**	2,777,200,000	277,720
Issued and fully paid ordinary shares:				
At beginning of the financial year/period	**31,706,206,055**	**3,171**	8,698,161,119	870
Subscription shares	**–**	**–**	23,008,044,936	2,301
Debt conversion shares	**500,000,000**	**50**	–	–
Option shares	**500,000,000**	**50**	–	–
Effect of re-domiciliation	**–**	**302,107**	–	–
At end of the financial year/period	**32,706,206,055**	**305,378**	31,706,206,055	3,171

* Only applicable for FY2020 as redomiciled in Singapore on 30 December 2020.

29. Share capital and share premium (cont'd)

	Group and Company	
	2021	2020
	$'000	$'000
Share premium:		
At the beginning of financial year/period	**300,707**	280,000
Subscription shares	**–**	20,707
Debt conversion shares	**950**	–
Option shares	**450**	–
Effect of re-domiciliation	**(302,107)**	–
At end of the financial year/period	**–**	300,707

On 31 October 2019, pursuant to which an aggregate of 23,008,044,936 Subscription Shares were allotted and issued to the Yaoo Subscriber, at the Issue Price of $0.001 for each Subscription Share in accordance with the Yaoo Subscription Agreement.

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.

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 ("**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. 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 2021.

The following table summarises the inputs to the models used for the share plan for the 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**

29. Share capital and share premium (cont'd)

The expected life is based on current expectations and is 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.

30. Reserves

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.

Other reserves

	Group and Company	
	2021	**2020**
	$'000	**$'000**
Contributed surplus	**61,979**	61,979
Capital reserve	**970**	–
Total other reserves	**62,949**	61,979

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 reserves

The Group's capital reserves arises from the difference between the consideration received by the Group and the non-controlling interest share of carrying amount in Ironbark Mining Pty Ltd on the date of partial disposal as a result of the disposal of 14.9% interest in Ironbark Mining Pty Ltd. Refer to Note 16 for further details.

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 of share options.

31. Related party disclosures

Compensation of directors and key management personnel

	Group	
	1 Jul 2020 to 30 Jun 2021	1 Apr 2019 to 30 Jun 2020
	$'000	$'000
Salaries and other short term employee benefits	**1,911**	1,893
Directors' fees	**244**	239
Contributions to defined contribution plans	**122**	53
	2,277	2,185
Comprise amounts paid to:		
- Directors of the Company	**982**	1,231
- Other key management personnel	**1,295**	954
	2,277	2,185

32. Commitments

Capital commitments

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

	Group	
	2021	**2020**
	$'000	**$'000**
Exploration tenements	**4,024**	3,743
Property, plant and equipment	**–**	1,701
	4,024	5,444

33. 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 2021.

(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 2021, according to the terms of the EPCC Contract, the exposure of the maximum liquidated damages is approximately $5,300,000 (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.

34. 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	
	1 year or less	
	2021	2020
	$'000	$'000
Corporate guarantee provided to a customer in connection with a project granted to a former subsidiary - unsecured	**28,197**	28,323
Financial guarantee provided to a supplier in connection with products purchased by a former subsidiary - unsecured	**248**	263
Balance at end of the financial year/period	**28,445**	28,586

35. Fair value of financial 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 2021 and 30 June 2020:

	Level 1 $'000	Level 2 $'000	Total $'000
Group			
2021			
Assets			
Financial assets at fair value through profit or loss (Note 21)	**8,982**	**-**	**8,982**
Liabilities			
Convertible bonds (Note 25)	**–**	**13,254**	**13,254**
2020			
Assets			
Financial assets at fair value through profit or loss (Note 21)	–^	–	–^
Company			
2021			
Assets			
Financial assets at fair value through profit or loss (Note 21)	**–^**	**–**	**–^**
Liabilities			
Convertible bonds (Note 25)	**–**	**13,254**	**13,254**
2020			
Assets			
Financial assets at fair value through profit or loss	–^	–	–^

^ Amount less than $1,000

35. Fair value of financial assets and liabilities (cont'd)

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

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 period/year ended 30 June 2021 and 30 June 2020.

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

The carrying amounts of cash and cash equivalents, security deposits, other receivables, due from/to subsidiaries, borrowings and trade and other payables approximate their fair values because of the short-term period of maturity and/or where the effect of discounting is immaterial.

36. Financial instruments

Categories of financial instruments

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

	Group		Company	
	2021	2020	**2021**	2020
	$'000	$'000	**$'000**	$'000
Financial assets				
Financial assets at FVTPL* (Note 21)	**8,982**	–^	**–^**	–^
Financial assets at amortised cost	**13,006**	14,506	**3,732**	8
	21,988	14,506	**3,732**	8
Financial liabilities				
Financial liabilities at FVTPL** (Note 25)	**13,254**	–	**13,254**	–
Financial liabilities at amortised cost	**33,285**	15,700	**51,409**	47,158
	46,539	15,700	**64,663**	47,158

* These are held for trading instruments.
** These are designated upon initial recognition as financial liabilities at fair value through profit or loss
^ Amount less than $1,000

37. Financial risk management objectives and policies

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

The following sections provide details regarding the Group's and Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

(a) Interest rate risk

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

The Group's and the Company's exposure to market risk for changes in interest rates mainly arise from short-term bank deposits, lease liabilities, redeemable convertible bonds and borrowings. Information relating to the Group's interest rate exposure is disclosed in Notes 23, 24 and 25.

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 and the Company'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.

(b) 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.

37. Financial risk management objectives and policies (cont'd)

(b) Credit risk (cont'd)

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 – not 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.

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.

37. Financial risk management objectives and policies (cont'd)

(b) Credit risk (cont'd)

Significant increase in credit risk (cont'd)

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.

Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. Where loans and receivables have been written off, the Group continues to engage enforcement activity where applicable to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.

Exposure to credit risk

At the end of the reporting period, the Group's and the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

Credit risk concentration profile

The Group and the Company does not have concentration of credit risk at 30 June 2021 and 30 June 2020.

The following are credit risk management practices and quantitative and qualitative information about amounts arising from expected credit losses for each class of financial assets.

Other financial assets at amortised costs include other receivables, other current asset (excluding prepayments) and cash and cash equivalents.

37. Financial risk management objectives and policies (cont'd)

(b) Credit risk (cont'd)

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

	12-month or lifetime ECL	Gross carrying amount $'000	Loss allowance $'000	Net carrying amount $'000
Group				
As at 30 June 2021				
Other receivables	**Lifetime**	**766**	**–**	**766**
Other current assets	**12-month**	**95**	**–**	**95**
Security deposit	**N.A. exposure limited**	**4,638**	**–**	**4,638**
Cash and cash equivalents	**N.A. exposure limited**	**6,311**	**–**	**6,311**
Company				
As at 30 June 2021				
Other receivables	**Lifetime**	**1**	**–**	**1**
Other current assets	**12-month**	**1**	**–**	**1**
Due from subsidiaries	**Lifetime**	**76,199**	**(72,485)**	**3,714**
Cash and cash equivalents	**N.A. exposure limited**	**15**	**–**	**15**
Group				
As at 30 June 2020				
Other receivables	Lifetime	630	–	630
Other current assets	12-month	247	–	247
Security deposit	N.A. exposure limited	4,386	–	4,386
Cash and cash equivalents	N.A. exposure limited	7,963	–	7,963
Company				
As at 30 June 2020				
Other receivables	Lifetime	1	–	1
Due from subsidiaries	Lifetime	65,080	(65,080)	–
Cash and cash equivalents	N.A. exposure limited	7	–	7

37. Financial risk management objectives and policies (cont'd)

(b) 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/period for the Group and Company except for the following:

	Due from subsidiaries
	$'000
Company	
Balance at 1 April 2019	88,457
Loss allowance measured/(reversed):	
Lifetime ECL	
- Credit impaired	7,070
- Write-off	(30,447)
Balance at 30 June 2020	65,080
Loss allowance measured/(reversed):	
Lifetime ECL	
- Credit impaired	**7,405**
Balance at 30 June 2021	**72,485**

Financial guarantee

The Group and the Company have issued financial guarantees to customers in connection with products purchased by a former subsidiary and 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 guarantees is described in Note 34.

Financial assets that are neither past due nor impaired

Other receivables that are neither past due nor impaired are with creditworthy debtors with good payment record with the Group. Within other receivables, amount due from brokers are placed with credit rated financial institutions. The Group determines these instruments to have low credit risk.

Cash and cash equivalents, and security deposits that are neither past due nor impaired are placed with reputable financial institutions with high credit ratings and no history of default.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 17.

37. Financial risk management objectives and policies (cont'd)

(c) 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 its 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	**Company**	Group	Company
	AUD	**AUD**	AUD	AUD
	2021	**2021**	2020	2020
	$'000	**$'000**	$'000	$'000
Financial assets				
Other receivables	**1**	**1**	1	1
Cash and cash equivalents	**598**	**–**	1,393	3
Due from subsidiary	**3,714**	**3,714**	–	–
	4,313	**3,715**	1,394	4
Financial liabilities				
Due to subsidiaries	**50,614**	**50,614**	45,704	45,704
Currency exposure on net financial liabilities	**(46,301)**	**(46,899)**	(44,310)	(45,700)

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

Sensitivity analysis for foreign currency risk

A 5% (2020: 5%) strengthening and weakening of the relevant functional currencies of the Company and 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	
	2021	2020
	$'000	$'000
Group		
AUD	**(1,921)**	(1,662)
Company		
AUD	**(1,946)**	(1,714)

37. Financial risk management objectives and policies (cont'd)

(d) 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 $13,254,000. 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.

(e) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations 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 maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

37. Financial risk management objectives and policies (cont'd)

(e) Liquidity risk (cont'd)

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and the Company's financial liabilities at the end of the reporting period based on contractual undiscounted repayment obligations.

	Carrying amount	Contractual cash flows	1 year or less	More than 1 year but less than 5 years	More than 5 years
	$'000	$'000	$'000	$'000	$'000
Group					
2021					
Financial liabilities					
Trade and other payables	**16,575**	**16,575**	**16,575**	**–**	**–**
Deferred consideration	**2,762**	**3,038**	**–**	**3,038**	**–**
Borrowings	**4,457**	**4,457**	**4,457**	**–**	**–**
Convertible bonds	**13,254**	**7,000**	**–**	**7,000**	**–**
Lease liabilities	**9,492**	**9,907**	**4,207**	**5,685**	**15**
Total undiscounted financial liabilities	**46,540**	**40,977**	**25,239**	**15,723**	**15**
Financial liabilities					
Trade and other payables	7,339	7,339	7,339	–	–
Deferred consideration	2,611	2,872	–	2,872	–
Borrowings	996	1,000	1,000	–	–
Lease liabilities	4,754	5,075	1,712	3,328	35
Total undiscounted financial liabilities	15,700	16,286	10,051	6,200	35

37. Financial risk management objectives and policies (cont'd)

(e) Liquidity risk (cont'd)

Analysis of financial instruments by remaining contractual maturities (cont'd)

	Carrying amount $'000	Contractual cash flows $'000	1 year or less $'000	More than 1 year but less than 5 years $'000
Company				
2021				
Financial liabilities				
Due to subsidiaries	**50,614**	**50,614**	**50,614**	**–**
Trade and other payables	**795**	**795**	**795**	**–**
Convertible bonds	**13,254**	**7,000**	**–**	**7,000**
Total undiscounted financial liabilities	**64,663**	**58,409**	**51,409**	**7,000**
2020				
Financial liabilities				
Due to subsidiaries	45,704	45,704	45,704	–
Trade and other payables	458	458	458	–
Borrowings	996	1,000	1,000	–
Total undiscounted financial liabilities	47,158	47,162	47,162	–

38. 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.

38. Segment information (cont'd)

(b) Information about major customers

Revenue of $88,721,000 (2020: $93,017,000) is derived from one (2020: one) external customer who individually contributed 10% or more of the Group's revenue and are attributable to the segments as detailed below:

	Attributable segments	Group 2021 $'000	Group 2020 $'000
Customer 1	Gold mining and exploration	**88,721**	93,017

(c) Business segments

	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**	**575**	**664**
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 fair value through profit or loss financial liabilities (redeemable convertible bonds)	–	(6,254)	(6,254)
Segment profit/(loss)	6,046	(25,229)	(19,183)
Loss before taxation			**(19,183)**
Taxation			–
Loss for the year			**(19,183)**
Segment assets	70,279	14,476	84,755
Total assets per statement of financial position			**84,755**

38. Segment information (cont'd)

	Gold mining and exploration $'000	Investment holdings $'000	Consolidated $'000
Expenditures for segment:			
Non-current assets -			
Additions to PPE	**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 statement of financial position			**61,044**
2020 (Restated)			
Total segment revenue	93,017	–	93,017
Revenue from external parties	93,017	–	93,017
Interest income	98	–	98
Miscellaneous income	–	414	414
Total other income	98	414	512
Total revenue and other income	93,115	414	93,529
Depreciation	(3,884)	(91)	(3,975)
Amortisation of mining properties	6,826	–	6,826
Finance expense	(216)	(1,514)	(1,730)
Segment profit/(loss)	8,465	(6,694)	1,771
Profit before taxation			1,771
Taxation			(912)
Profit for the period			859
Segment assets	49,113	5,194	54,307
Total assets per statement of financial position			54,307
Expenditures for segment:			
Non-current assets -			
Additions to PPE	11,345	1,314	12,659
Additions to mining properties	8,127	–	8,127
Exploration and evaluation expenditure	3,746	–	3,746
Segment liabilities	22,423	5,434	27,857
Current income tax liabilities			1,395
Total liabilities per statement of financial position			29,252

39. 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 objectives, policies or processes during the financial year and period ended 30 June 2021 and 2020.

40. Events after the reporting period

(a) 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**").

On 16 August 2021, the Subscriber, opted to exercise its right to convert, and the Company has accordingly cancelled, $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 Subscriber at a conversion price of $0.003 per share. Upon conversion, the converted redeemable convertible bond will be fair valued and reclassified to share capital in its entirety. The fair value determination has not been finalised.

Following the allotment and issue of the Conversion Shares, the aggregate principal amount of Bonds that remains outstanding is $4,000,000, and the issued and paid-up share capital of the Company has increased from $3,270,621 comprising 32,706,206,055 Shares to $6,270,621 comprising 33,706,206,055 Shares.

(b) On 29 March 2021, the Company entered into a sale and purchase agreement with Wadabow Pte. Ltd. and Dr. Jean-Michel Paul, for the purchase of up to 3,550,000 ordinary shares in Real Estate Analytics Pte. Ltd., for a consideration of $8,800,758 and will be satisfied by the issuance and allotment of up to 2,933,585,998 new ordinary shares of the Company, at an issue price of $0.003.

On 30 September 2021, being the cut-off date for the First Closing, certain conditions precedent which are substantive have not been satisfied. Accordingly, the agreement has lapsed.

(c) On 2 September 2021, the indirect wholly-owned subsidiary, Balmaine Gold Pty Ltd ("**Balmaine**"), has received two improvement Notices from WorkSafe Victoria, the state's health and safety regulator and manager of Victoria's workers compensation scheme, issued under section 111 of the Occupational Health and Safety Act 2004.

On 21 October 2021, there was a site visit at Balmaine by WorkSafe Victoria to follow up on the Notices. The Company has fulfilled the conditions in the Notices and remedied the contraventions before the stipulated deadline. As such, in its Entry Report dated 21 October 2021, WorkSafe Victoria confirmed that Balmaine had complied with the Notices.

41. Comparative notes

The financial statements for the financial period from 1 April 2019 to 30 June 2020 covers 15 months as compared to the financial period from 1 July 2020 to 30 June 2021. As a result, the comparative figures are not comparable.

The Group has also restated its profit and loss statement and balance sheet in accordance with SFRS(I) 1-12 and SFRS(I) 16, refer to Note 10 and 12 respectively for further details. This is as a result of the Group performing an adjustment on the tax computation for FY2020 of one of its subsidiaries and the recognition of a lease that commenced in the financial year ended 30 June 2020. There is a net increase in net profit after tax of $754,000.

	As previously stated 2020 $'000	Adjustment $'000	As restated 2020 $'000
Balance Sheet:			
Property, plant and equipment	20,781	1,084	21,865
Lease liabilities (current)	1,194	315	1,509
Lease liabilities (non-current)	2,476	769	3,245
Tax payable	2,149	(754)	1,395
Profit and Loss statement:			
Income tax expense	(1,666)	754	(912)

42. Authorisation of financial statements for issue

The financial statements of the Company and the consolidated financial statements of the Group for the year ended 30 June 2021 were authorised for issue in accordance with a resolution of the Board of Directors on 15 November 2021.

STATISTICS OF SHAREHOLDINGS

Share Capital	:	S$6,270,620.61
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	222	3.09	4,617	0.00
100 - 1,000	445	6.20	247,820	0.00
1,001 - 10,000	1,500	20.88	8,755,893	0.02
10,001 - 1,000,000	4,064	56.58	946,059,276	2.81
1,000,001 & ABOVE	952	13.25	32,751,138,449	97.17
TOTAL	**7,183**	**100.00**	**33,706,206,055**	**100.00**

TOP TWENTY SHAREHOLDERS

	NAME OF SHAREHOLDERS	NO. OF SHARES	%
1	YAOO CAPITAL PTE. LTD.	18,008,044,936	53.43
2	PHILLIP SECURITIES PTE LTD	6,034,407,786	17.90
3	TOMSON PTE LTD	650,000,000	1.93
4	TAN SOO KHOON RAYMOND	420,000,000	1.25
5	DBS NOMINEES PTE LTD	245,637,565	0.73
6	ABN AMRO CLEARING BANK N.V.	232,897,851	0.69
7	NEO YAM CHENG OR LEE KWEE LAN	227,981,400	0.68
8	OCBC SECURITIES PRIVATE LTD	203,412,400	0.60
9	CHONG FON KHIAM	185,000,000	0.55
10	DBS VICKERS SECURITIES (S) PTE LTD	181,060,646	0.54
11	CITIBANK NOMINEES SINGAPORE PTE LTD	163,740,206	0.49
12	IFAST FINANCIAL PTE LTD	144,413,800	0.43
13	RAFFLES NOMINEES (PTE) LIMITED	130,788,056	0.39
14	PHANG CHUNG WAH	130,500,000	0.39
15	CHOO CHIEW WENG @ LLOYD	130,000,000	0.39
16	HO BENG SIANG	101,000,000	0.30
17	HO YENG PEW	94,000,000	0.28
18	IP YUEN KWONG	93,000,000	0.28
19	LAM WING HONG	82,000,000	0.24
20	WEE SIAN TIOK	81,000,000	0.24
	TOTAL	**27,538,884,646**	**81.73**

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 2021

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 29 October 2021, 31.74% of the issued ordinary shares of the Company is held by the public, and therefore, Rule 723 of the Catalist Rules is complied with.

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Company will be held by way of electronic means on Tuesday, 30 November 2021 at 9.00 a.m. (Singapore time), for the purpose of transacting the following businesses:

ORDINARY BUSINESS

1. To receive, consider and adopt the Consolidated Financial Statements for the financial year ended 30 June 2021 and the Directors' Statement and the Auditors' Report thereon. **Resolution 1**

2. To approve the payment of Directors' fees of S$240,000.00 for the financial year ending 30 June 2022, payable quarterly in arrears. (Financial period ended 30 June 2021: S$243,838.71) **Resolution 2**

3. To re-elect Mr Sun Shu, a Director retiring pursuant to Regulation 99 of the Company's Constitution. *(See Explanatory Note)* **Resolution 3**

4. To re-elect Mr Zhan Shu, a Director retiring pursuant to Regulation 99 of the Company's Constitution. *(See Explanatory Note)* **Resolution 4**

5. To re-appoint Messrs Ernst & Young LLP as Auditors and to authorise the Directors to fix their remuneration. **Resolution 5**

SPECIAL BUSINESS

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

6. THAT pursuant to Section 161 of the Companies Act, Chapter 50 of Singapore 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 6**

(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)*

7. THAT the Directors of the Company be and are hereby authorised to: **Resolution 7**

(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, Chapter 50 of Singapore, 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

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

BY ORDER OF THE BOARD

Chew Bee Leng
Company Secretary

Singapore
15 November 2021

Explanatory Notes:

Resolution 3

Mr Sun Shu, Lead Independent Director, Chairman of the Remuneration Committee and the Shen Yao Performance Award Committee, and a member of the Audit Committee, and the Nominating Committee will continue in these capacities upon his re-election as a Director of the Company. Mr Sun Shu is an Independent Director.

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

Resolution 4

Mr Zhan Shu, Chairman of the Nominating Committee, and a member of the Audit 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 Zhan Shu is an Independent Director.

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

Resolution 6

The Ordinary Resolution no. 6, 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 no. 6 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 no. 6 is passed, and (b) any subsequent bonus issue or consolidation or subdivision of shares.

Resolution 7

Ordinary Resolution 7, 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 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 2021 ("**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 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 AGM in advance of the AGM, addressing of substantial and relevant questions prior to the AGM and/or during the AGM and voting by appointing the Chairman of the AGM as proxy at the AGM, are set out below. Any reference to a time of day is made by reference to Singapore time.

(3) Members will be able to observe and/or listen to the AGM proceedings through a live audio-visual webcast or live audio-only stream via their mobile phones, tablets or computers. In order to do so, members must pre-register at the Company's pre-registration website at the URL https://septusasia.com/shenyao-agm2021-registration from now till 5.00 p.m. on 24 November 2021 ("**Registration Deadline**") to enable the Company to verify their status as members of the Company.

Following the verification, authenticated members will receive an email confirming successful registration, shareholders will use the same credentials created during the registration process to access the live audio-visual webcast and live audio-only stream of the AGM proceedings. Members who do not receive such email by 9.00 a.m. on 29 November 2021 but have registered by the deadline of 5.00 p.m. on 24 November 2021 should contact Septus Singapore Pte Ltd by email at webcast@septusasia.com.

(4) Members may also submit 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 order to do so, their questions must be submitted in the following manner by 5.00 p.m. on 22 November 2021:

(a) if submitted by post, be 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 8 Robinson Road, #03-00 ASO Building, Singapore 048544;

(b) if submitted electronically, be submitted via email to webcast@septusasia.com; or

(c) via the pre-registration website at URL https://septusasia.com/shenyao-agm2021-registration

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).

The Company will endeavor to address all substantial and relevant questions submitted in advance of the AGM prior to or during the AGM. The Company will publish the responses to the substantial and relevant questions which the Company is unable to address during the AGM, in its website and on SGXNet prior to the AGM. The Company will publish the minutes of the AGM on its website and on SGXNet.

(5) **As a precautionary measure due to the current Covid-19 situation in Singapore, a member will not be able to attend the AGM in person. A member will also not be able to vote online on the resolutions to be tabled for approval at the AGM**. A member (whether individual or corporate) must appoint the Chairman of the AGM as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM if such member wishes to exercise his/her/its voting rights 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.

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.

(6) 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, be lodged at the registered office of the Company's Share Registrar at 8 Robinson Road, #03-00 ASO Building, Singapore 048544; or

(b) if submitted electronically, by submitted via email to the Company's Share Registrar at main@zicoholdings.com, in either case, not less than seventy-two (72) hours before the time set 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.

In view of the current Covid-19 situation and the related safe distancing measures which may make it difficult for members to submit completed proxy forms by post, members are strongly encouraged to submit completed proxy forms electronically via email.

(7) Persons who hold shares in the Company through relevant intermediaries (as defined in Section 181 of the Companies Act, Chapter 50 of Singapore), other than CPF and SRS investors, and who wish to participate in the AGM by (a) observing and/or listening to the AGM proceedings through live audio-visual webcast or live audio-only stream; (b) submitting questions in advance of the AGM; and/or (c) appointing the Chairman of the Meeting as proxy to attend, speak and vote on their behalf at the AGM, should contact the relevant intermediary through which they hold such shares as soon as possible in order to make the necessary arrangements for them to participate in the AGM.

In addition, 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 9.00 a.m. on 18 November 2021, being 7 working days before the date of the AGM.

(8) The Chairman of the AGM, as proxy, need not be a member of the Company.

(9) The Annual Report for the financial year ended 30 June 2021, this Notice of AGM 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.

(10) 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 webcast and/or the 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 consent 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 webcast and/or the audio-only tele-conferencing (including, but not limited to, verifying your identity and shareholding status, registering an account for you to access the webcast and/or the audio-only tele-conferencing, facilitating and administering the webcast and 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 Annual General Meeting as proxy appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (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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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 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 the Notice of AGM will not be dispatched to members. Instead, the Notice of AGM, the Annual Report of the Company for the financial year ended 30 June 2021 ("**Annual Report**") and this proxy form will be sent to members by electronic means via publication 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 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 AGM in advance of the AGM, addressing of substantial and relevant questions at the AGM and voting by appointing the Chairman of the AGM as proxy at the AGM, are set out in the Notice of AGM.
3. As a precautionary measure due to the current Covid-19 situation in Singapore, a member will not be able to attend the AGM in person. A member (whether individual or corporate) must appoint the Chairman of the AGM as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM if such member wishes to exercise his/her/its voting rights at the AGM.
4. 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 9.00 a.m. on 18 November 2021, being 7 working days before the date of the AGM.

I/We, ______________________________ NRIC/ Passport/ Co. Reg. No. ______________________

of ____ (Address)

being a member/members of SHEN YAO HOLDINGS LIMITED (the "**Company**") hereby appoint the Chairman of the Annual General Meeting ("**AGM**") of the Company as my/our proxy 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 Tuesday, 30 November 2021 at 9.00 a.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 Consolidated Financial Statements for the financial year ended 30 June 2021 and the Directors' Statement and the Auditors' Report thereon.			
2.	To approve the payment of Directors' fees of S$240,000.00 for the financial year ending 30 June 2022, payable quarterly in arrears. (Financial year ended 30 June 2021: S$243,838.71)			
3.	To re-elect Mr Sun Shu retiring pursuant to Regulation 99 of the Company's Constitution.			
4.	To re-elect Mr Zhan Shu retiring pursuant to Regulation 99 of the Company's Constitution.			
5.	To re-appoint Messrs Ernst & Young LLP as Auditors and to authorise the Directors to fix their remuneration.			
	Special Business			
6.	To authorise the Directors to allot/issue new shares in the capital of the Company.			
7.	To authorise the Directors to offer and grant awards in accordance with the provisions of the Shen Yao Performance Share Plan 2021, and to allot/issue new shares pursuant to the vesting of share awards under the Shen Yao Performance Share Plan 2021.			

Dated this ____________ day of ________________ 2021

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 (Chapter 289) 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. As a precautionary measure due to the current Covid-19 situation in Singapore, a member will not be able to attend the AGM in person. A member (whether individual or corporate) must appoint the Chairman of the AGM as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM if such member wishes to exercise his/her/its voting rights 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. 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 9.00 a.m. on 18 November 2021, being 7 working days before the date of the AGM.

5. The Chairman of the AGM, as proxy, need not be a member of the Company.

6. 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, be lodged at the registered office of the Company's Share Registrar at 8 Robinson Road, #03-00 ASO Building, Singapore 048544; or

   (b) if submitted electronically, be submitted via email to the Company's Share Registrar at main@zicoholdings.com,

   in either case, not less than seventy-two (72) hours before the time set for holding the AGM or at any adjournment thereof and in default the instrument of proxy shall not be treated as valid.

7. 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.

8. In view of the current Covid-19 situation and the related safe distancing measures which may make it difficult for members to submit completed proxy forms by post, members are strongly encouraged to submit completed proxy forms electronically via email.

9. 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 15 November 2021.

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