



# SOUTHERN ALLIANCE MINING LTD.

(Company Registration No.: 201931423D)

(Incorporated in the Republic of Singapore on 19 September 2019)

## OUR PEOPLE OUR ENVIRONMENT

ANNUAL REPORT 2020



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Southern Alliance Mining Ltd. (the "**Company**") was listed on Catalist of the Singapore Exchange Securities Trading Limited on 26 June 2020. The initial public offering of the Company was sponsored by PrimePartners Corporate Finance Pte. Ltd. (the "**Sponsor**").

This annual report has been reviewed by the Company's Sponsor. It has not been examined or approved by the Singapore Exchange Securities Trading Limited (the "**Exchange**") and the Exchange assumes no responsibility for the contents of this document, including the correctness of any of the statements or opinions made or reports contained in this document. The Sponsor has also not drawn on any specific technical expertise in its review of this annual report.

The contact person for the Sponsor is Ms. Ng Shi Qing, 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318, sponsorship@ppcf.com.sg.





## VISION & MISSION

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### OUR VISION

We are committed to a long-term business strategy that encourages constant improvement in operational practices in the discovery, development, and conversion of the mining resources. We strive to contribute our part in advocating responsible mining, with a careful and balanced approach in the pursuit of profit, promoting people's welfare, and preserving the planet for sustainable growth.

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### OUR MISSION

We, together with our people and our stakeholders, will give our best effort to realising the value of mining scarce resources responsibly through the industry's best practices, thereby creating value for our stakeholders while keeping in view the welfare of our community and our society.



## CHAIRMAN'S MESSAGE



**Dato' Teh Teck Tee**

Non-Executive Non-Independent Chairman

Dear Shareholders,

It is my great pleasure to present to you Southern Alliance Mining Ltd.'s ("**Southern Alliance Mining**", or "**SAM**", and together with its subsidiaries, the "**Group**") inaugural annual report for the financial year ended 31 July 2020 ("**FY2020**").

On 26 June 2020, SAM completed its initial public offering ("**IPO**") and its shares started trading on the Catalist board of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"). This was a significant milestone and achievement for Southern Alliance Mining.

### OUR EARLY DAYS AND THE CHAAH MINE

The journey of SAM began with the incorporation of our subsidiary, Honest Sam Development Sdn. Bhd. ("**Honest Sam**") on 5 April 2001 by our founder, Dato' Sri Pek Kok Sam, in Malaysia. The principal activities of Honest Sam back then were primarily to undertake sub-contracting works as an operator for limestone mines in the states of Pahang and Perak, Malaysia. Our credible track record paved the way for the next stage of our business evolution.

In 2008, we obtained the right to become the mining operator of the Chaah Mine (the "**Mine**"), an open mine pit located in Johor, Malaysia. The Mine has become our primary mining asset since. The iron ore from the Mine has unique natural characteristics such as high specific gravity and viscosity, which makes it a highly sought-after raw material for pipe coating companies in the oil and gas industry's subsea segment.

After the development of the initial infrastructure within the Mine, we extracted the first iron ore from the Mine and completed the first sale of pipe coating material to Wasco Coatings Malaysia Sdn. Bhd. in the second half of 2008. The production was focused on pipe coating material until 2013, while we gradually established our customer base in the iron ore concentrate market.

In addition to the characteristics of high specific gravity and viscosity, the iron ore from the Chaah Mine contains a low level of impurities, which allows us to produce high-grade iron ore concentrate of up to Fe grade of 65%. In 2013, we reviewed our business strategy and decided to expand our product portfolio to include iron ore concentrates in order to diversify our business risk instead of solely relying on the pipe coating business. We began with a small step by appointing a contractor to process leftover mining produce in 2014 (to keep up with SAM's growth strategy, the contractor has subsequently upgraded their plant in 2016 to produce high-grade iron concentrate as well). In August 2014, our first beneficiation plant was completed with a processing rate of 150 tonnes per hour. By the end of 2014, we had started the sale of our iron ore concentrates to traders for export to the People's Republic of China ("**PRC**"), followed by sales to local steel mills such as Eastern Steel Sdn. Bhd. and Ann Joo Integrated Steel Sdn. Bhd.. In 2019, we achieved another milestone by having Alliance Steel Sdn. Bhd. as our customer.

Capitalising on the unique characteristics of the iron ore from the Chaah Mine, our strategy to produce and sell iron ore concentrate to steel mills has proved to be life-saving for us when the oil and gas market took a sudden downturn in late 2014 and the demand for pipe coating material declined.



## CHAIRMAN'S MESSAGE

## OUR JOURNEY TO THE IPO

As part of our growth strategy to be a more rounded miner, in 2013, Honest Sam commissioned an independent contractor to undertake exploration activities and complete a pre-feasibility study (PFS) to support the estimation of Mineral Resources and Ore Reserves at the Chaah Mine. Our independent contractor estimated Mineral Resources at 11.0 million tonnes (with 52.6% iron content)<sup>1</sup> and Reserves of 8.6 million tonnes at 52.1% iron content at the Mine as of June 2014<sup>2</sup>.

With the rebound of the iron ore price in 2018, the Board of Directors of Honest Sam began to evaluate the option to list on the SGX-ST. With the iron ore price staying healthy in the first half of 2019, Honest Sam appointed relevant professionals to kick start its IPO exercise in the second half of 2019.

Southern Alliance Mining Pte. Ltd. was born on 19 September 2019 as a listing vehicle following a restructuring exercise before the IPO. Despite the challenges from the lockdown amid COVID-19, the restriction in movement, economic uncertainty, and the pessimistic sentiment in the market, we successfully completed our book building and registered our final offer document with the SGX-ST on 16 June 2020. On 26 June 2020, Southern Alliance Mining Ltd became one of the Catalyst-listed companies on SGX-ST.

The IPO marked the beginning of a new chapter for SAM. Being a publicly-listed company in Singapore, SAM operates under high-standard corporate governance and offers our stakeholders great transparency, thereby boosting their confidence in dealing with us. We also expect to benefit from the information, network and resources brought by Singapore's established status as a regional hub for energy and commodity trading. We believe that under the leadership and stewardship of our CEO and with the assistance and support from the members of our Board of Directors, management, staff members, and other stakeholders, SAM's image as a respected and trusted high-grade iron ore producer in Asia will be enhanced.

## OUR COMPETITIVE STRENGTH TODAY

Our Chaah Mine, with two mining leases and covering an aggregate area of 225.7 hectares, is strategically located near road networks connecting ports. Over the past 12 years, we established an efficient supporting infrastructure and facilities system, consisting of four fixed crushing plants, two lines of mobile crushers, and two beneficiation plants both capable of operating on 24-hour shifts. The Group has an approximate monthly production capacity of 60,000 tonnes of iron ore concentrates (not including pipe coating materials). In 2013, Honest Sam was awarded an Excellence Certificate in Surface Mining Operation by the Mineral and Geoscience Department of Johor for demonstrating high commitment in using sound mining practices and carrying out operations in accordance with environmental standards.

While we built up the infrastructure and facilities, we also placed great focus on growing our customer base and fostering a long-term, harmonious relationship with customers. These efforts led to a proven financial and operational track record, with a total 5.3 million tonnes of iron ore products and 0.2 million tonnes of tailings produced and sold from 2008 to 31 July 2020.

Since the first professional assessment of our resources and reserves in 2014, our Chaah mine has reported a positive production reconciliation<sup>3</sup> up to FY2020. This testified the credibility of our Resources and Reserves estimates. As at 31 July 2020, our total insitu probable Ore Reserves for the Chaah Mine was estimated at 5.3 million tonnes at 50.8% iron content<sup>4</sup> at the back of insitu Indicated Mineral Resources of 5.5 million tonnes at 51.7% iron content. This suggests that almost all of our Indicated Resources are economically mineable. The details of our Chaah mine Mineral Resources and Ore Reserves are as per the tables below.

<sup>1</sup> Comprising Indicated and Inferred Resources and reported using a cut-off criterion of 30% Fe. This estimate comprises in situ mineralisation only.

<sup>2</sup> The report is not publicly available

<sup>3</sup> Production reconciliation refers to reconciling between the actual production volume against the prediction of our resources modelling.

<sup>4</sup> With Indicated Mineral Resources of 5.5 million tonnes at 51.7% Fe, or with a conversion rate of 96% of Indicated Mineral Resources to reserves.

## CHAIRMAN'S MESSAGE

Date of report: 13 October 2020

Date of previous report: 6 March 2020

## TOTAL IRON ORE MINERAL RESOURCES OF CHAAH MINE AS AT 31 JULY 2020

Category	Million tonne	Grade				Change in tonne (%)	Comments
		Fe	SiO <sub>2</sub>	Al <sub>2</sub> O <sub>3</sub>	P <sub>2</sub> O <sub>5</sub>		
<b>Gross attributable to license and net attributable to issuer</b>							
Measured	–	–	–	–	–	0%	Changes are shown comparing Mineral Resources from 31 July 2019 (unpublished) to 31 July 2020
Indicated (in situ)	5.5	51.7	16.7	1.9	1.7	-13%	
Indicated (stockpiles)	0.2	48.7	–	–	–	0%	
Indicated (tailings)	0.1	46.4	–	–	–	+100%	
Inferred (in situ)	1.8	44.2	23.8	3.8	1.4	0%	
<b>Total (in situ)</b>	<b>7.3</b>	<b>49.9</b>	<b>18.4</b>	<b>2.4</b>	<b>1.6</b>	<b>-10%</b>	
<b>Total</b>	<b>7.6</b>	<b>49.8</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>-9%</b>	

Notes:

1. *In situ resources reported at a cut-off criterion of 25% Fe.*
2. *Stockpiles reported at a cut-off criterion of 15% Fe.*
3. *Mineral Resources are inclusive of Ore Reserves.*
4. *Totals may not add due to rounding effects.*

Qualified Person for Exploration Results and Mineral Resources: Mark Berry, member of Australian Institute of Geoscientists

## TOTAL IRON ORE RESERVES OF CHAAH MINE AS AT 31 JULY 2020

Category	Million tonne	Grade				Change in tonne (%)	Comments
		Fe	SiO <sub>2</sub>	Al <sub>2</sub> O <sub>3</sub>	P <sub>2</sub> O <sub>5</sub>		
<b>Gross attributable to license and net attributable to issuer</b>							
Proved	–	–	–	–	–	0%	Changes are shown comparing Ore Reserves from 31 July 2019 (unpublished) to 31 July 2020
Probable (in situ)	5.3	50.8	16.2	1.7	1.7	-13%	
Probable (stockpiles)	0.2	50.1	–	–	–	0%	
Probable (tailings)	0.1	46.4	–	–	–	+100%	
<b>Total (in situ)</b>	<b>5.3</b>	<b>50.8</b>	<b>16.2</b>	<b>1.7</b>	<b>1.7</b>	<b>-13%</b>	
<b>Total</b>	<b>5.6</b>	<b>50.6</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>-11%</b>	

Notes:

1. *In situ reserves and stockpiles (excluding tailings) reported at a cut-off criterion of 30% Fe.*
2. *Tailing stockpiles reported at a cut-off criterion of 20% Fe.*
3. *Totals may not add due to rounding effects.*

Qualified Person for Ore Reserves: Will Coverdale, member of Australasian Institute of Mining and Metallurgy

## IN CONCLUSION

FY2020 will be a very unusual year for all of us to remember, with a profound lesson in living in harmony with the environment. At SAM, we are committed to promoting a safe, efficient and quality work environment. While we produce high-grade iron ore and realise the value of mining scarce resources, we hold deep respect for mother nature and make the utmost effort to operate responsibly, thereby creating value for all our stakeholders, our community and our society. This is the attitude and approach we will adopt behind the theme of our inaugural annual report, "Our People, Our Environment."

I would like to thank all our management and employees for their invaluable effort and contribution to the Group throughout the past 12 years, as we wouldn't have been able to achieve what we have today without them. We thank our customers and business associates for their support in our business, especially during the challenging times for the industry. We look forward to furthering and strengthening our partnership in the years to come. Lastly, I wish all our employees, shareholders, customers, business associates and shareholders safe and well as we tackle COVID-19, one of the most severe challenges faced by humankind in history.

**Dato' Teh Teck Tee**

Non-Executive Non-Independent Chairman

## CEO'S MESSAGE



**Dato' Sri Pek Kok Sam**  
CEO and Executive Director

Dear Shareholders,

After 12 years of growing our business as a high-grade iron ore producer in Malaysia, we have successfully completed the Initial Public Offering (“**IPO**”) on the Catalist board of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) and became a publicly-listed company in June 2020. In this statement, I would like to provide you with a more detailed review of our financial and operational performance and discuss the market conditions. I hope these details will help you understand Southern Alliance Mining Ltd. (“**Southern Alliance Mining**”, or “**SAM**”, and together with its subsidiaries, the “**Group**”) and our business better, so that you can gradually build trust in us.

### FINANCIAL REVIEW

The financial year ended 31 July 2020 (“**FY2020**”) has been a great year for the Group. This was attributable to the strong operational foundation that we built up over the past decade and a favorable iron ore market.

The Group's revenue increased 34% year-on-year (“**yoy**”) to RM254.2 million despite the challenges from the temporary suspension of operations during the Movement Control Order imposed by the Malaysian Government due to the COVID-19 pandemic. Sales volume and average selling price both increased.

In FY2020, our iron ore concentrate sales volume increased by 6% to 557,000 dried metric tons (“**DMT**”), coupled with a 3% increase in the average selling price to RM357 per DMT.

Crushed iron ore sales grew four times to approximately 92,000 metric tons (“**MT**”) with a 23% increase in the average selling price to RM410.29 per MT. The Group also recorded fresh sales of 212,000 DMT of iron ore tailings in FY2020.

With a higher level of production activities, cost of sales also increased by 16% yoy to RM147.1 million. This was mainly attributable to the increase in operating costs such as tribute expense, staff cost and subcontractors' wages, a negative inventory movement as well as port charges. However, this was significantly outweighed by the increase in revenue, and as a result, gross profit margin increased by 9.3 percentage points from 32.8% for the financial year ended 31 July 2019 (“**FY2019**”) to 42.1% for FY2020.

The Group's gross profit increased 73% yoy to RM107.1 million, and profit before tax increased 44% yoy to RM87.0 million for FY2020. However, due to the income tax difference between a tax credit of RM27.9 million for FY2019 and a tax expense of RM24.9 million for FY2020, net profit after tax of RM62.1 million for FY2020 was 30% lower than that of FY2019. From financial year ending 31 July 2021 (“**FY2021**”) onwards, we expect less impact from such tax difference on earnings as the distortion to the tax expense only happens when there is a tax loss which will likely be utilized in the following financial year/s. As we are expected to fully utilize the remaining tax credit in the FY2021, and the corporate tax rate of 24% on our taxable profit will apply.



## CEO'S MESSAGE

Our business generated RM111.6 million in net cash flows from operating activities in FY2020, a 203% increase compared to that of FY2019. As at 31 July 2020, we had a robust balance sheet with cash and bank balances of RM149.9 million, contributed by the IPO on the Catalist board of the SGX-ST which raised gross proceeds of RM43.1 million, and borrowings of only RM7.2 million. Net asset value per ordinary share stood at 46.38 Malaysian cents, compared to 33.42 Malaysian cents a year before.

Basic and diluted basis earnings per share was 12.77 Malaysian cents for FY2020, compared to 18.16 Malaysian cents for FY2019. The Board of Directors has proposed a final dividend of 0.6 Singapore cents per share for FY2020, representing a pay-out of approximately 14.65% of the Group's net profit after tax.

## OPERATIONAL REVIEW

The Chaah Mine is a mature site that has been in continuous operation since 2008, and we have mined approximately 5.3 million tonnes of ore from 2008 to 31 July 2020. In FY2020, our mining operations excavated approximately 1.2 million tonnes of ore from the Chaah Mine.

Throughout our operating history, we have experienced both high and low commodity prices, and we cope with the various market conditions by adjusting the production rates and product specifications to match demand. For the benefit of the readers who are not very familiar with the iron ore space, the production process for our two major product categories, crushed iron ore and iron ore concentrate, are different, and their prices are subject to the dynamics of two different markets.



## CEO'S MESSAGE

**One of our core products, 62% – 65% Fe iron ore concentrate** requires a beneficiation process using crushed iron ore. The selling price follows the global iron ore price index closely, which is sensitive to the demand for steel. The demand for steel in turn depends on the overall economic growth and the investment in infrastructure and other relevant sectors.

**Crushed iron ore**, which is our premium product since 2008, on the other hand, requires less processing work compared to iron ore concentrate. Our crushed iron ore products, given its unique characteristics required by the subsea pipe-coating business in the oil and gas sector, is unique by itself and is not widely available compared to iron ore concentrate. Crushed iron ore usually commands a price premium over iron ore concentrate.

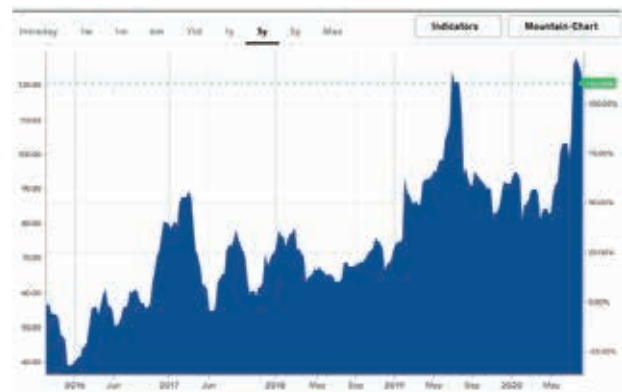
As part of good mining practice, we carry out production reconciliation of our mining operation at the Chaah Mine on a yearly basis. This process compares our actual mining production of ore and waste removed from the open pit with that predicted from our Mineral Resources and Ore Reserves model. When actual and predicted estimates of ore and waste reconciles well, it indicates that our resources and reserves model is providing the Company with a reliable estimate of future ore and waste production from the open pit. Also, we have been undertaking exploration activities at the Chaah Mine since FY2020. While one out of the two extension drillings

which were designed to explore for the extension to the existing ore body, namely drill hole CHADD045, was abandoned at the depth of 140 meter due to the soil condition, another extension drilling hole, CHADD043, had intersected with massive hematite mineralization with the thickness of about 27 meter and 21.4 meter from 206.0 meter to 233.0 meter and from 309 meter to 330.4 meter respectively. This is an encouraging finding as it may suggest that there is an extension to the existing ore body and is a good guide for the drill hole planning. The logging and analysis will be completed during the first half of FY2021 in preparation for a new Mineral Resource estimate, and we will update investors on SGXNet once the new estimate of Mineral Resource is available.

## MARKET REVIEW AND OUTLOOK

While COVID-19 has had a substantial impact on various economies in the world, governments' economic and stimulus policies in response to the disaster pointed more to a dynamic, and mostly positive impact on the iron ore price. As you can see from the chart below, the iron ore price remained in a range between US\$90-100/t in early 2020, before it started a strong bull-run to break US\$100/t, US\$110/t and US\$120/t successively since late May. As of 30 September 2020, the spot price closed at US\$124/t, a five-year high.

Iron Ore Price, 2016 to 2020 (Source: [Business Insider](#)<sup>1</sup>)



The increase in iron ore price was primarily due to the disrupted iron ore supply from Brazil, as the major iron ore producer in the world suffered from widespread COVID-19 cases. On the demand side, both the People's Republic of China ("China") and Malaysia have introduced massive stimulus packages to mitigate the damage caused by the COVID-19 to their economies, and infrastructure development has been an important part of the fiscal spending. For example, following Malaysia's Budget 2020 announcement with billions of direct fiscal injections, the Malaysian government is expected to



## CEO'S MESSAGE

implement and revive several mega-infrastructure projects to spur construction activity, such as the Bandar Malaysia<sup>2</sup> project and the highway projects in Selangor<sup>3</sup> which could lead to significant demand for steel.

According to a recent study<sup>4</sup> in July 2020, the worldwide market for iron ore is expected to grow at a compound annual growth rate (CAGR) of approximately 8.8% from 2020 to 2024. In September 2020, major banks forecasted<sup>5</sup> that although iron ore price could pull back moderately from the current over-five-year high, it will *"likely be range-bound between US\$100/t-US\$120/t for the rest of 2020"*. In addition, leading indicators, such as low port stocks and positive steel margins, remain positive for iron-ore exposure, and Chinese demand for steel remains a key factor in determining the iron ore price.

To tap on the opportunities in a conducive market environment, sufficient financial resources is essential. Our strong financial position, with minimum debt and adequate funding for operational needs, gives us the flexibility to continue to invest in mining equipment and infrastructure for efficiency improvement. In terms of cost management, we are in the midst of building up the infrastructure for the use of the national grid, which we expect to start in the second half of FY2021 and is expected to save millions of ringgit of fuel cost for the Group arising from lower power cost per kilowatt an hour and subsequent savings in repair and maintenance cost for our generator sets currently used and the said infrastructure require lesser maintenance than our generator sets.

## GROWTH STRATEGY

Iron ore is widely known as the lifeblood of the global industrial base. Although the global iron ore market is highly competitive, it is also highly fragmented with many small and large vendors. Our current assets and production, while generating a decent level of revenue and profit, account for only a small fraction of the total iron ore demand in Malaysia. Also, we have enjoyed a stable business relationship for products to be sold to end customers in China. We are confident about the market potential once we can increase the production volume upon the conclusion of the ongoing successful exploration activities.

To grow our mining reserves, we plan to carry out further exploration at the Chaah Mine to define the extensions to the existing mineral resources and ore reserves. We will continue with our exploration work for mineral deposits at our three exploration targets located in Johor, Malaysia. Strategically, we will keep an eye out for expansion through potential acquisitions, joint ventures, strategic alliances and/or development of new mines.

In conclusion, I would like to thank our management team and all our staff for their contribution for years, and thank our customers, suppliers and business associates for their trust and support. I look forward to leading SAM to grow to the next new height, as we create value for all our stakeholders.

### Dato' Sri Pek Kok Sam

CEO and Executive Director of the Group

<sup>1</sup> <https://markets.businessinsider.com/commodities/iron-ore-price>

<sup>2</sup> <https://www.nst.com.my/news/nation/2020/09/624800/development-rm140-billion-bandar-malaysia-begins>

<sup>3</sup> <https://www.malaymail.com/news/malaysia/2020/03/16/pm-all-major-projects-under-budget-2020-will-continue-as-planned-despite-im/1847111>

<sup>4</sup> <https://www.marketwatch.com/press-release/iron-ore-market-continue-to-rise-at-a-significantly-higher-rate-with-its-unique-business-strategies-analysis-and-forecast-to-2024-2020-07-21>

<sup>5</sup> <https://www.fnarena.com/index.php/2020/09/14/iron-ore-soaring-and-roaring/>



## KEY FINANCIAL HIGHLIGHTS



### REVENUE (RM'000)

2018	98,069
2019	189,141
2020	254,245

### EBIT (RM'000)

2018	(17,072)
2019	60,367
2020	85,636

### EBITDA (RM'000)

2018	(129)
2019	75,534
2020	96,528

### PROFIT/(LOSS) BEFORE TAX (RM'000)

2018	(17,209)
2019	60,386
2020	86,970

### PROFIT/(LOSS) AFTER TAX (RM'000)

2018	(17,229)
2019	88,246
2020	62,087

Keys Parameters	FY2020	FY2019
Earning per share (basic and diluted) <sup>(1)</sup> in Malaysian cents	12.77	18.16
Net asset value per ordinary share <sup>(2)</sup> (Malaysian cents)	46.38	33.42
EBITDA (RM'000)	96,528	75,534
EBIT (RM'000)	85,636	60,367

Note (1) Weighted average number of ordinary shares in issue for FY2020 is 486,375,000 units (FY2019: 486,000,000). Lower earning per share in FY2020 was mainly due to the reversal of previously reported income tax benefit of approximately RM27.9 million in FY2019 to income tax expense of RM24.9 million in FY2020 or 10.86 Malaysian cents per share at the weighted average number of ordinary share issue of 486,375,000 units.

Note (2) For comparison purposes, the calculation for the NAV per share for the respective financial years is based on the post-IPO share capital of 489,000,000 shares in issue.

Performance Parameter	FY2020	FY2019
Revenue growth (%)	34%	93%
EBITDA growth <sup>(3)</sup> (%)	28%	58,653%
EBIT growth (%)	42%	454%
GP margin growth (%)	73%	514%
GP margin (%)	42%	33%
EBIT margin (%)	34%	32%

Note (3) Significant increase in EBITDA growth in FY2019 mainly due to increase in EBITDA from loss before interest, tax, depreciation and amortisation of approximately RM0.1 million in FY2018 to EBITDA of approximately RM75.5 million in FY2019.

Liquidity Parameter	FY2020	FY2019
Working capital growth <sup>(4)</sup> (%)	103%	10,060%
Cash and bank balances growth (%)	324%	615%
Gross debt (RM'000) <sup>(5)</sup>	27,628	25,378
Net cash (RM'000)	122,238	9,988

Note (4) Significant increase in working capital growth in FY2019 mainly due turnaround in working capital position from net current liabilities of approximately RM0.8 million in FY2018 to net current assets of approximately RM80.9 million in FY2019.

Note (5) Gross debt consists of trade and other payables and bank borrowings.

Investment Return Ratio	FY2020	FY2019
ROE <sup>(6)</sup> (PAT as base)	27%	54%
ROE <sup>(6)</sup> (PBT as base)	38%	37%
ROA <sup>(6)</sup> (PAT as base)	24%	47%
ROA <sup>(6)</sup> (PBT as base)	34%	32%
Dividend yield <sup>(7)</sup> (%)	2%	N/A*

\*Not applicable

Note (6) These investment return ratios was computed and presented based on two different numerator to better illustrate the impact of recognition of income tax benefit of approximately RM27.9 million in FY2019.

Note (7) Dividend yield was calculated based on price per share of S\$0.30/share, dated 22 October 2020.

Cash Flow Parameter	FY2020 RM'000	FY2019 RM'000
Net cash flow from operating activities	111,621	36,833
Net cash flow used in investing activities	(7,937)	(4,310)
Net cash from/(used in) financing activities	13,058	(995)
Net increase in cash and cash equivalents	116,742	31,528

## ABOUT SAM

### WHO WE ARE

Southern Alliance Mining Ltd (“Southern Alliance Mining”, or “SAM”, and together with its subsidiaries, the “Group”) is listed on the Catalist Board of the Singapore Exchange Securities Trading Limited (“SGX-ST”), under the stock code SGX:QNS.

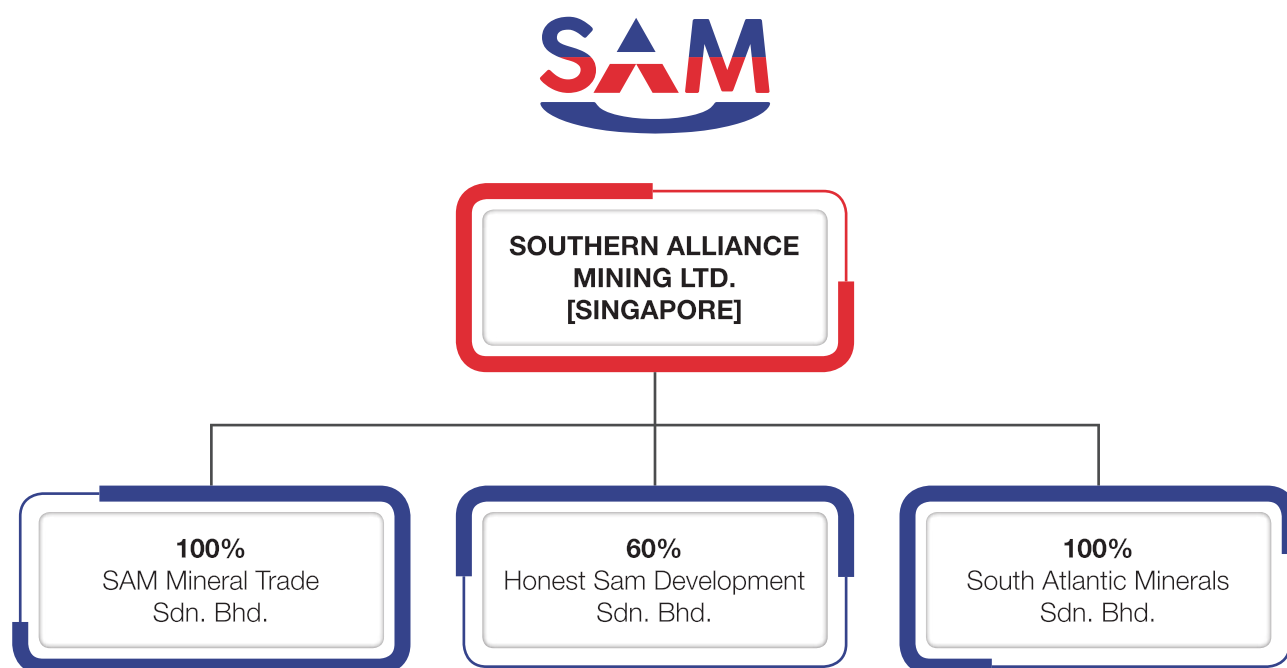
An established high-grade iron ore producer, SAM has a 12-year track record in the exploration, mining, and processing of high-grade iron ore in Malaysia. The Group primarily sells (i) iron ore concentrate of low level of impurities with total Fe grade of between 62% to 65% to steel mills and trading companies mainly located in Malaysia and China; and (ii) pipe coating materials that are crushed iron ore with a natural characteristic of a higher density for subsea pipes.

The Group is headquartered in Pahang, Malaysia. Its primary mining asset, the Chaah Mine (“the Mine”), is an open mine pit consisting of two mining leases and covering an aggregate area of 225.7 hectares. The Mine is strategically located near existing road networks to ports. The Group’s established supporting infrastructure and facilities consist of four fixed crushing plants, two lines of mobile crushers and two beneficiation plants both capable of operating on a 24-hour shift. As at 31 July 2020, the Group has an approximate monthly production capacity of 60,000 tonnes of iron ore concentrates (not including pipe coating materials).

In addition to the Mine, the Group has also been granted the right to carry out exploration and mining operations at three potential iron ore mines located in Johor, Malaysia (“Exploration Assets”).



## GROUP STRUCTURE



Name of Company	Date and country of incorporation	Principal activities	Principal place of business	Proportion of shareholding interest held by our Company	Proportion of voting power held by our Company
Honest Sam Development Sdn. Bhd. ("HSDSB")	5-Apr-2001 Malaysia	Iron ore extractions and trading in mineral ores, rendering mining contract work and transportation services	Malaysia	60.0%	100.0%
SAM Mineral Trade Sdn. Bhd. ("SMTSB")	28-Aug-2020 Malaysia	Trading of iron ore, manganese, ferromanganese, lead, copper and tin	Malaysia	100.0%	100.0%
South Atlantic Minerals Sdn. Bhd. ("SAMSMB")	5-Oct-2020 Malaysia	Mining and quarrying of various minerals and materials	Malaysia	100.0%	100.0%

Refer to Note 15 in the notes to the financial statements for more information on the subsidiary.

Both SMTSB and SAMSMB are incorporated subsequent to the reporting period. Both companies are still dormant as at the reporting date. Please refer to Note 31 in the notes to the financial statements for further details.



## BOARD OF DIRECTORS



**Dato' Teh Teck Tee**  
(“Dato' Teh”)

*Non-Executive, Non-Independent  
Chairman*

**Dato' Teh Teck Tee** is a co-founder of the Group. With more than 13 years of experience in the iron ore exploration and mining industry, Dato' Teh is responsible for all customer relations of the business.

Prior to founding the Group, Dato' Teh worked in the logistics industry as Managing Director of TTS Transport from 1977 to 2011 and in the engineering and fabrication industry as Managing Director of TTS Engineering Sdn. Bhd. from 1985 to 2011. Capitalising on the resources and network Dato' Teh built up during his tenure at TTS Transport and TTS Engineering Sdn. Bhd., SAM expanded its business to selling crushed iron ore to pipe coating customers.

A native of Malaysia, Dato' Teh was conferred the title of “Dato” in 2017 by the Sultan of Pahang for his contribution to the society.



**Dato' Sri Pek Kok Sam**  
(“Dato' Sri Pek”)

*CEO and Executive Director*

**Dato' Sri Pek** has over 18 years of experience in the mining and exploration of iron ore, tin and limestone industry with his early roots in conducting limestone quarrying activities in Malaysia from 1993 to 2005. Dato' Sri Pek Kok Sam is responsible for the Group's business operations, including quality analysis and control, safety and environment, and site management aspects.

Dato' Sri Pek graduated from Sultan Abu Bakar School Kuantan, Malaysia, and obtained a Sijil Pelajaran Malaysia (the Malaysian Certificate of Education) in 1985. Dato' Sri Pek was conferred the title of “Dato” in 2011 and “Dato' Sri” in 2016 by the Sultan of Pahang in recognition of his active support and contribution to the development of football activities as a sport in Pahang.



**Dato' Sri Mohd Jamidan  
Abdullah**

*Lead Independent Director*

**Dato' Sri Mohd Jamidan Abdullah** was appointed to the Board as a lead independent director on 27 April 2020. Prior to this, he was with the Malaysian Anti-Corruption Agency for 35 years till his retirement as an Deputy Commissioner (Management and Professionalism) in 2018.

Dato' Sri Mohd Jamidan Abdullah graduated with a Bachelor's Degree in Economic Development from the University of Science, Malaysia.

## BOARD OF DIRECTORS



**Chin Chee Choon**  
 (“Mr Chin”)  
*Independent Director*

**Mr Chin Chee Choon** was appointed to the Board as an independent director on 27 April 2020. Since September 2007, Mr Chin has been working with Nexia TS Public Accounting Corporation, where he now heads the firm’s Advisory Services Division and holds the position of Assurance Director. Prior to this, Mr Chin was a Senior Manager at PricewaterhouseCoopers LLP from 2005 to 2007. Mr Chin began his career as an auditor with Deloitte Kuala Lumpur and Deloitte Singapore, before moving to internal audit at Computer Sciences Corporation and Murphy Oil Corporation in 2004.

Mr Chin graduated with a Bachelor of Accounting from the University of South Australia in 1997, and subsequently obtained a Post Graduate Diploma in Organisational Leadership from the University of Oxford in 2015. Mr Chin is a Fellow Chartered Accountant of the Institute of Singapore Chartered Accountants and a Certified Internal Auditor of the Institute of Internal Auditors. He is also a member of the Singapore Institute of Directors, the Institute of Singapore Chartered Accountants, and the Institute of Internal Auditors.



**Dato' Gainneos Jacob Goldie**  
 (“Dato' Jacob”)  
*Independent Director*

**Dato' Gainneos Jacob Goldie** was appointed to the Board as an independent director on 27 April 2020. Since 2000, Dato' Jacob has been the Managing Partner of Messrs Jacob Goldie S. S. Chew (JGCSSC), where he also heads the litigation team, specialising in civil and commercial litigation involving debt recovery, construction disputes, arbitration and matters on mining laws. Prior to his career in JGSSC, Dato' Jacob was a legal assistant dealing with civil and commercial litigation at Balendran Chong & Bodi and Yusof Shamsuddin & Partners from 1995 to 2000 and 1994 to 1995 respectively. He was also previously a member of the Pahang State Representative in the Malaysian Bar Council from February 2019 to February 2020.

Dato' Jacob graduated with a Bachelor of Laws (Honours) from the University of London in 1991. He is a Barrister at Law of Middle Temple, England since 1992 and an Advocate and Solicitor of the Malaysia Bar since 1994. Dato' Jacob is currently a member of the Pahang State Bar Committee. Dato' Jacob was conferred the title of “Dato” by the Sultan of Pahang in 2010.



**Sim Chin Hoe (“Mr Sim”)**  
*Independent Director*

**Mr Sim Chin Hoe** was appointed to the Board as an independent director on 27 April 2020. Mr. Sim worked for Shawcor Singapore Pte Ltd (“Shawcor”) and its related companies for more than 30 years, taking on various roles such as General Manager, both in Operations and Commercial, before his retirement in September 2016. He was also seconded to the Malaysian subsidiary of Shawcor, where he was in charge of the operations of Shawcor’s pipe coating facility in Kuantan, Malaysia. Mr. Sim graduated with a Diploma in Marine Engineering from Singapore Polytechnic in 1979.

## KEY MANAGEMENT



**Mr Lim Wei Hung (“Mr Lim”)**  
*Chief Financial Officer*

**Mr Lim Wei Hung** joined the Group in July 2013 as our Group Chief Financial Officer and is responsible for the management of the administrative and financial matters of the Group. Mr Lim has more than 20 years of experience in auditing, accounting, taxation and financial management. From 2005 to 2013, he was the head of finance for Franky Construction Sdn. Bhd. (“Franky Construction”), a civil construction, property development and mining contract group. He had been a group accountant from 2000 to 2003 and the acting manager of the quarry division from 2003 to 2005 at Franky Construction. Mr Lim started his career with PricewaterhouseCoopers (“PwC”) in 1997 as an audit assistant, and subsequently an audit senior before leaving in 2000.

Mr Lim graduated with a Bachelor of Accountancy (Upper Second Class Honours) from the University of Malaya in 1997. In 2000, Mr Lim was admitted to the Malaysian Institute of Accountants as a Public Accountant, and was also certified as a member of the Malaysian Institute of Certified Public Accountants. Mr Lim has been registered as a Certified Financial Planner with Financial Planning Association of Malaysia since 2003.





# CORPORATE INFORMATION

## BOARD OF DIRECTORS

### Dato' Teh Teck Tee

(Non-Executive Non-Independent Chairman)

### Dato' Sri Pek Kok Sam

(Chief Executive Officer ("CEO") and Executive Director)

### Dato' Sri Mohd Jamidan Abdullah

(Lead Independent Director)

### Chin Chee Choon

(Independent Director)

### Sim Chin Hoe

(Independent Director)

### Dato' Gainneos Jacob Goldie

(Independent Director)

## AUDIT COMMITTEE

**Chin Chee Choon** (Chairman)

**Dato' Sri Mohd Jamidan Abdullah**

**Sim Chin Hoe**

**Dato' Gainneos Jacob Goldie**

## REMUNERATION COMMITTEE

**Dato' Gainneos Jacob Goldie** (Chairman)

**Dato' Teh Teck Tee**

**Dato' Sri Mohd Jamidan Abdullah**

**Chin Chee Choon**

**Sim Chin Hoe**

## NOMINATING COMMITTEE

**Dato' Gainneos Jacob Goldie** (Chairman)

**Dato' Sri Pek Kok Sam**

**Dato' Sri Mohd Jamidan Abdullah**

**Chin Chee Choon**

**Sim Chin Hoe**

## JOINT COMPANY SECRETARIES

**Wang Shin Lin, Adeline ("ACIS")**

**Lee Wei Hsiung ("ACIS")**

## REGISTERED OFFICE

80 Robinson Road

#02-00 Singapore 068898

Tel: +65-6236-3333

Fax: +65-6236-4399

Email: info@sg.tricorglobal.com

## PRINCIPAL PLACE OF BUSINESS

Level 8 Menara Zenith

Jalan Putra Square 6

Putra Square

25200 Kuantan

Pahang Malaysia

www.SAMiningLtd.com

## CONTINUING SPONSOR

**PrimePartners Corporate Finance Pte. Ltd.**

16 Collyer Quay

#10-00 Income At Raffles

Singapore 049318

## INDEPENDENT INTERNAL AUDITOR

**IA Essential Pte. Ltd.**

335B Smith Street

#08-51

Singapore 052335

## INDEPENDENT AUDITORS

**Ernst & Young LLP**

One Raffles Quay

Level 18 North Tower

Singapore 048583

**Partner-in-charge: Yeow Hui Cheng**

(a member of the Institute of Singapore Chartered Accountants)

(Appointed since the financial year ended 31 July 2020)

## SHARE REGISTRAR

**Tricor Barbinder Share Registration Services**

(a division of Tricor Singapore Pte. Ltd.)

80 Robinson Road

#02-00

Singapore 068898

## INVESTORS RELATION

**Sino-Lion Communications Pte. Ltd.**

4 Robinson Road

#04-01 The House of Eden

Singapore 048543

## SOLICITORS AND LEGAL ADVISERS

**Bird & Bird ATMD LLP**

2 Shenton Way

#18-01 SGX Centre 1

Singapore 068804

**Jeff Leong, Poon & Wong**

B-11-8 Level 11 Megan Avenue II

Jalan Yap Kwan Seng

50450 Kuala Lumpur Malaysia

## INDEPENDENT QUALIFIED PERSON

**Derisk Geomining Consultants Pty. Ltd.**

PO Box 264

Red Hill Qld 4059

Australia

**Qualified Person for Exploration Results and Mineral Resources: Mark Berry**

(a member of the Australian Institute of Geoscientists)

**Qualified Person for Ore Reserves: William Coverdale**

(a member of the Australasian Mining and Metallurgy)

## RISK GOVERNANCE AND CORPORATE CONSULTANT

**RSM Risk Advisory Pte. Ltd.**

8 Wilkie Road

#03-08 Wilkie Edge

Singapore 228095

## PRINCIPAL BANKERS

**Oversea-Chinese Banking Corporation Limited**

63 Chulia Street

#02-00 OCBC Centre East

Singapore 049514

**OCBC Bank (Malaysia) Berhad**

No. 40 Jalan Teluk Sisek

25000 Kuantan Pahang Malaysia





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## OUR MINE



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## IPO



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## NATIONAL GRID POWER SUPPLY



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## OUR PEOPLE



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## OUR PEOPLE - SAFETY



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## EXPLORATION



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## OUR ENVIRONMENT



# CORPORATE GOVERNANCE REPORT

The Board of Directors (the “**Board**”) of Southern Alliance Mining Ltd. (the “**Company**”, and together with its subsidiaries, the “**Group**”) is committed to ensure that high standards of corporate governance are practiced throughout the Group, as a fundamental part of its responsibilities to protect and enhance shareholders’ value and the financial performance of the Group.

The Company was listed on the Catalist of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) (“**Listing**”) on 26 June 2020 (“**Listing Date**”). This corporate governance report (“**Report**”) outlines the Group’s corporate governance practices that were in place since the Listing Date up to the end of the financial year ended 31 July 2020 (“**FY2020**”) with specific reference made to the Principles of Code of Corporate Governance 2018 (“**Code 2018**”), its related practice guidance issued on 7 February 2020 (“**Practice Guidance**”), the specific guidelines from Code of Corporate Governance 2012 (“**Code 2012**”) which are still in effect as well as the disclosure guide developed by the SGX-ST in January 2015 (the “**Guide**”), which forms part of the continuing obligations of the SGX-ST Listing Manual Section B: Rules of Catalist (“**Catalist Rules**”).

The Group also ensures that all applicable laws, rules and regulations including the Securities and Futures Act (Chapter 289) of Singapore (“**Securities and Futures Act**”) are duly complied with.

Provision	Code Description	Company’s Compliance or Explanation
General	(a) Has the Company complied with all the principles and provisions of the new Code?  If not, please state the specific deviations and alternative corporate governance practices adopted by the Company in lieu of the recommendations in the Code.	The Company has largely complied with the principles and provisions as set out in Code 2018, Code 2012, the Practice Guidance and the Guide, where applicable.  Appropriate explanations have been provided in the relevant sections below where there are deviations from Code 2018, guidelines still effective under the Code 2012, the practice guidance for the Code 2018 and/or the Practice Guidance.
	(b) In what respect do these alternative corporate governance practices achieve the objectives of the principles and conform to the provisions of the Code?	Please refer to the responses set out below in the relevant sections.
<b>BOARD MATTERS</b>		
<b>The Board’s Conduct of Affairs</b>		
<b>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</b>		
1.1	Directors’ duties and responsibilities	All Directors objectively discharge their duties and responsibilities as fiduciaries and make decisions in the best interests of the Group at all times. The Board puts in place a code of conduct and ethics, sets appropriate tone-from-the-top and desired organizational culture and ensures proper accountability within the Group. The Board has clear policies and procedures for dealing with conflicts of interest. Where the Director faces a conflict of interest, he would recuse himself from discussions and decisions involving the issues of conflict.

## CORPORATE GOVERNANCE REPORT

Provision	Code Description	Company's Compliance or Explanation																								
		<p>The Board is entrusted to lead and oversee the Company, with the fundamental principle to act in the best interests of the Company. In addition to its statutory duties, the Board oversees the management staff of the Company (the "<b>Management</b>") and affairs of the Group's business and oversees processes for evaluating the adequacy and effectiveness of the Group's internal controls and risk management systems. It focuses on the strategies and policies, with particular attention paid to growth and financial performance. The Board works with the Management to achieve this and the Management remains accountable to the Board. Each individual Director has objectively discharged his duties and responsibilities at all times as fiduciaries in the interests of the Company.</p> <p>As at the date of this Report, the Board comprises six (6) members as follows:</p> <table border="1"> <thead> <tr> <th colspan="3"><i>Table 1.1 – Composition of the Board</i></th> </tr> <tr> <th>Name of Director</th> <th>Designation</th> <th>Date of Appointment</th> </tr> </thead> <tbody> <tr> <td>Dato' Teh Teck Tee</td> <td>Non-Executive Non-Independent Chairman</td> <td>27 April 2020</td> </tr> <tr> <td>Dato' Sri Pek Kok Sam</td> <td>Chief Executive Officer and Executive Director</td> <td>19 September 2019</td> </tr> <tr> <td>Dato' Sri Mohd Jamidan Abdullah</td> <td>Lead Independent Director</td> <td>27 April 2020</td> </tr> <tr> <td>Dato' Gainneos Jacob Goldie</td> <td>Independent Director</td> <td>27 April 2020</td> </tr> <tr> <td>Mr. Chin Chee Choon</td> <td>Independent Director</td> <td>27 April 2020</td> </tr> <tr> <td>Mr. Sim Chin Hoe</td> <td>Independent Director</td> <td>27 April 2020</td> </tr> </tbody> </table>	<i>Table 1.1 – Composition of the Board</i>			Name of Director	Designation	Date of Appointment	Dato' Teh Teck Tee	Non-Executive Non-Independent Chairman	27 April 2020	Dato' Sri Pek Kok Sam	Chief Executive Officer and Executive Director	19 September 2019	Dato' Sri Mohd Jamidan Abdullah	Lead Independent Director	27 April 2020	Dato' Gainneos Jacob Goldie	Independent Director	27 April 2020	Mr. Chin Chee Choon	Independent Director	27 April 2020	Mr. Sim Chin Hoe	Independent Director	27 April 2020
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1.2	Induction, Training and Development	<p>The Company provides a comprehensive orientation programme to familiarize the new Directors with the Group's businesses, accounting control policies, procedures and internal control policies and procedures, including an overview of the written policies and procedures in relation to the financial, operational and compliance controls; as well as the Group's history, core values, strategic direction and industry-specific knowledge so as to assimilate them into their new roles. All our Directors have, prior to the Listing Date, been provided with the orientation programme. The Company will also arrange for first-time directors to attend the relevant training on the roles and responsibilities of a director of a listed issuer as prescribed by the SGX-ST within one (1) year of their appointment and if necessary, in areas such as accounting, legal and industry specific knowledge as appropriate. The training of Directors will be arranged and funded by the Company.</p>																								

# CORPORATE GOVERNANCE REPORT

Provision	Code Description	Company's Compliance or Explanation																																																						
		<p>Save for Mr. Chin Chee Choon, all the Directors of the Company have no prior experience as directors of public listed companies in Singapore when they were appointed to the Board, before the Listing Date. Each of the Directors has, within a year from the Listing Date completed the following training courses conducted by the Singapore Institute of Directors (“SID”), as prescribed by the SGX-ST pursuant to Practice Note 4D of the Catalyst Rules. Dato’ Teh Teck Tee and Dato’ Sri Pek Kok Sam will attend the respective LED 7 and/or LED 8 courses before the date falling one (1) year from the Listing Date. Each of the Directors and the key management of the Group have also attended a briefing conducted by Bird &amp; Bird ATMD LLP on the roles and responsibilities of a director of a public listed company in Singapore during the preparation of the Company’s Listing.</p> <table border="1"> <caption>Table 1.2 – Listed Entity Director Programme (LED)</caption> <thead> <tr> <th>Name of Director</th> <th>LED 1</th> <th>LED 2</th> <th>LED 3</th> <th>LED 4</th> <th>LED 5</th> <th>LED 6</th> <th>LED 7</th> <th>LED 8</th> </tr> </thead> <tbody> <tr> <td>Dato’ Teh Teck Tee</td> <td>06.10.2020</td> <td>10.10.2019</td> <td>10.10.2019</td> <td>11.10.2019</td> <td>N/A</td> <td>N/A</td> <td>N/A</td> <td>Pending</td> </tr> <tr> <td>Dato’ Sri Pek Kok Sam</td> <td>06.10.2020</td> <td>10.10.2019</td> <td>10.10.2019</td> <td>11.10.2019</td> <td>N/A</td> <td>N/A</td> <td>Pending</td> <td>N/A</td> </tr> <tr> <td>Dato’ Sri Mohd Jamidan Abdullah</td> <td>06.10.2020</td> <td>08.10.2020</td> <td>08.10.2020</td> <td>13.10.2020</td> <td>15.10.2020</td> <td>15.10.2020</td> <td>21.10.2020</td> <td>21.10.2020</td> </tr> <tr> <td>Dato’ Gainneos Jacob Goldie</td> <td>06.10.2020</td> <td>08.10.2020</td> <td>08.10.2020</td> <td>13.10.2020</td> <td>15.10.2020</td> <td>15.10.2020</td> <td>21.10.2020</td> <td>21.10.2020</td> </tr> <tr> <td>Mr. Sim Chin Hoe</td> <td>06.10.2020</td> <td>08.10.2020</td> <td>08.10.2020</td> <td>13.10.2020</td> <td>15.10.2020</td> <td>15.10.2020</td> <td>21.10.2020</td> <td>21.10.2020</td> </tr> </tbody> </table> <p><b>Notes:</b>  LED 1 – Listed Entity Director Essentials  LED 2 – Board Dynamics  LED 3 – Board Performance  LED 4 – Stakeholder Engagement  LED 5 – Audit Committee Essentials  LED 6 – Board Risk Committee Essentials  LED 7 – Nominating Committee Essentials  LED 8 – Remuneration Committee Essentials  N/A – Not applicable</p> <p>There was no new Director appointed after the Listing Date.</p> <p>The Directors are continually and regularly updated on the Group’s businesses and governance practices, including changes in laws and regulations, financial reporting standards and code of corporate governance so as to enable Directors to effectively discharge their duties. New releases issued by the SGX-ST and the Accounting and Corporate Regulatory Authority (“ACRA”) which are relevant to the Group and/or Directors are circulated to the Board. All Directors are also encouraged to be members of SID and for them to receive journal updates and training from SID. At the Board meetings of the Company, the external auditors (“EA”) will brief the Audit Committee and the Board on changes and amendments to the accounting standards.</p>	Name of Director	LED 1	LED 2	LED 3	LED 4	LED 5	LED 6	LED 7	LED 8	Dato’ Teh Teck Tee	06.10.2020	10.10.2019	10.10.2019	11.10.2019	N/A	N/A	N/A	Pending	Dato’ Sri Pek Kok Sam	06.10.2020	10.10.2019	10.10.2019	11.10.2019	N/A	N/A	Pending	N/A	Dato’ Sri Mohd Jamidan Abdullah	06.10.2020	08.10.2020	08.10.2020	13.10.2020	15.10.2020	15.10.2020	21.10.2020	21.10.2020	Dato’ Gainneos Jacob Goldie	06.10.2020	08.10.2020	08.10.2020	13.10.2020	15.10.2020	15.10.2020	21.10.2020	21.10.2020	Mr. Sim Chin Hoe	06.10.2020	08.10.2020	08.10.2020	13.10.2020	15.10.2020	15.10.2020	21.10.2020	21.10.2020
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## CORPORATE GOVERNANCE REPORT

Provision	Code Description	Company's Compliance or Explanation
		<p>The Company Secretary will also inform the Directors of the upcoming conferences and seminars relevant to their roles as Directors of the Company. The Directors are encouraged to attend seminars and training to update themselves to assist in the discharge of Directors' duties and responsibilities, at the expense of the Company. Changes to regulations and accounting standards are monitored closely by the Management. In addition, the Management regularly updates and familiarizes the Directors on the business activities of the Company during Board and Board Committees' meetings. Given the recent Listing of the Company, the Directors have not attended any trainings for FY2020 save for the LED training courses conducted by the SID and attended by Dato' Teh Teck Tee and Dato' Sri Pek Kok Sam as disclosed above.</p> <p>Briefings and updates for the Directors will be conducted on an ongoing basis, including the EA briefing for the Audit Committee and the Board on changes and/or amendments to accounting standards, and the Company Secretary briefing the Board on any regulatory changes, such as changes to the Companies Act, Catalist Rules and the Code 2018.</p>
1.3	<b>Matters reserved for the Board</b>	<p>The Board has put in place internal guidelines for matters reserved for the Board's approval. Specifically, matters and transactions that require the Board's approval include, among others, the following:</p> <ul style="list-style-type: none"> <li>• release of the half year and full year results announcements;</li> <li>• annual report and financial statements;</li> <li>• annual budgets and financial plans of the Company;</li> <li>• business, strategy and capital expenditure budgets;</li> <li>• convening of shareholders' meetings, circulars to shareholders and related announcements to be submitted to the SGX-ST;</li> <li>• overall corporate strategy and changes to the corporate structure;</li> <li>• acquisitions, investments and disposals of assets exceeding a certain threshold;</li> <li>• share issuances;</li> <li>• recommendation/declaration of dividends;</li> <li>• appointment of Directors and key executives, Company Secretary of the Company and terms of reference for the Board Committees;</li> <li>• review of Directors and key executives' performance and remuneration packages;</li> <li>• interested person transactions;</li> <li>• material regulatory matters or litigation; and</li> <li>• compliance matters associated with the Catalist Rules, Securities and Futures Act or other relevant laws and regulations.</li> </ul> <p>The Board decides on matters requiring its approval and clearly communicates this to the Management in writing.</p>

# CORPORATE GOVERNANCE REPORT

Provision	Code Description	Company's Compliance or Explanation																												
1.4 Rule 406(3)(e) of the Catalist Rules	<b>Board Committees</b>	<p>To assist in the execution of its responsibilities, the Board is supported by three board committees, namely the Audit Committee (“<b>AC</b>”), Nominating Committee (“<b>NC</b>”) and the Remuneration Committee (“<b>RC</b>”) (collectively the “<b>Board Committees</b>”). As the Board retains the ultimate responsibility on all decisions made, all matters discussed at the Board Committee meetings are presented and reported to the Board for approval prior to its implementation. The Board Committees function within clearly defined terms of reference and operating procedures, and play an important role in ensuring good corporate governance in the Company and within the Group. The terms of reference of the Board Committees are reviewed by the Board on a regular basis to enhance the effectiveness of these Board Committees. The terms of reference of the respective Board Committees, as well as other relevant information on the Board Committees, can be found in the subsequent sections of this Report.</p> <p>The composition of the Board Committees as at the date of this Report are as follows:</p> <table border="1"> <thead> <tr> <th colspan="4"><b>Table 1.4 – Composition of the Board Committees</b></th> </tr> <tr> <th></th> <th><b>AC<sup>(1)</sup></b></th> <th><b>NC<sup>(2)</sup></b></th> <th><b>RC<sup>(3)</sup></b></th> </tr> </thead> <tbody> <tr> <td>Chairman</td> <td>Mr. Chin Chee Choon</td> <td>Dato' Gainneos Jacob Goldie</td> <td>Dato' Gainneos Jacob Goldie</td> </tr> <tr> <td>Member</td> <td>Dato' Sri Mohd Jamidan Abdullah</td> <td>Dato' Sri Pek Kok Sam</td> <td>Dato' Teh Teck Tee</td> </tr> <tr> <td>Member</td> <td>Dato' Gainneos Jacob Goldie</td> <td>Dato' Sri Mohd Jamidan Abdullah</td> <td>Dato' Sri Mohd Jamidan Abdullah</td> </tr> <tr> <td>Member</td> <td>Mr. Sim Chin Hoe</td> <td>Mr. Sim Chin Hoe</td> <td>Mr. Sim Chin Hoe</td> </tr> <tr> <td>Member</td> <td>–</td> <td>Mr. Chin Chee Choon</td> <td>Mr. Chin Chee Choon</td> </tr> </tbody> </table> <p>Notes:</p> <p>(1) The AC comprised four (4) members, all of whom (including the Chairman) are independent.</p> <p>(2) The NC comprised five (5) members, the majority of whom (including the Chairman) are independent.</p> <p>(3) The RC comprised five (5) members, all non-executive and the majority of whom (including the Chairman) are independent.</p>	<b>Table 1.4 – Composition of the Board Committees</b>					<b>AC<sup>(1)</sup></b>	<b>NC<sup>(2)</sup></b>	<b>RC<sup>(3)</sup></b>	Chairman	Mr. Chin Chee Choon	Dato' Gainneos Jacob Goldie	Dato' Gainneos Jacob Goldie	Member	Dato' Sri Mohd Jamidan Abdullah	Dato' Sri Pek Kok Sam	Dato' Teh Teck Tee	Member	Dato' Gainneos Jacob Goldie	Dato' Sri Mohd Jamidan Abdullah	Dato' Sri Mohd Jamidan Abdullah	Member	Mr. Sim Chin Hoe	Mr. Sim Chin Hoe	Mr. Sim Chin Hoe	Member	–	Mr. Chin Chee Choon	Mr. Chin Chee Choon
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## CORPORATE GOVERNANCE REPORT

Provision	Code Description	Company's Compliance or Explanation																																																
1.5	<b>Board and Board Committees meeting</b>	<p>From FY2021, the Board will meet at least quarterly and on an ad-hoc basis, if required, as deemed appropriate by the Board members, to review and discuss the performance of the Group, to approve the half year and full year results announcements as well as to oversee the business affairs of the Group. The calendar of all the Board and Board Committees meetings are scheduled in advance. The Board is free to seek clarification and information from the Management on all matters within their purview. Ad-hoc meetings are convened as may be necessary to address any specific significant matters that may arise. The Constitution of the Company and terms of reference for each individual Board Committee allow the Directors to participate in Board and Board Committees meetings to be held by means of telephonic, video conferencing or other communication facilities to communicate with each other simultaneously and instantaneously. Important matters concerning the Group are also put to the Board for its decision by way of written resolutions.</p> <p>As the Company was only listed on the Listing Date, during FY2020, the number of Board and Board Committee meetings held and the attendance of each Board member at such meetings are set out below:</p> <table border="1"> <thead> <tr> <th colspan="5"><b>Table 1.5 – Directors' Attendance</b></th> </tr> <tr> <th rowspan="2"></th> <th rowspan="2">Board</th> <th colspan="3">Board Committees</th> </tr> <tr> <th>AC</th> <th>NC</th> <th>RC</th> </tr> </thead> <tbody> <tr> <td>Number of meetings held</td> <td>2</td> <td>2</td> <td>1</td> <td>1</td> </tr> <tr> <td>Dato' Teh Teck Tee</td> <td>2</td> <td>2*</td> <td>1*</td> <td>1</td> </tr> <tr> <td>Dato' Sri Pek Kok Sam</td> <td>2</td> <td>2*</td> <td>1</td> <td>1*</td> </tr> <tr> <td>Dato' Sri Mohd Jamidan Abdullah</td> <td>2</td> <td>2</td> <td>1</td> <td>1</td> </tr> <tr> <td>Dato' Gainneos Jacob Goldie</td> <td>2</td> <td>2</td> <td>1</td> <td>1</td> </tr> <tr> <td>Mr. Chin Chee Choon</td> <td>2</td> <td>2</td> <td>1</td> <td>1</td> </tr> <tr> <td>Mr. Sim Chin Hoe</td> <td>2</td> <td>2</td> <td>1</td> <td>1</td> </tr> </tbody> </table> <p>* By invitation</p> <p>All Directors (including those with multiple board representations) ensure that sufficient time and attention are given to the affairs of the Company.</p>	<b>Table 1.5 – Directors' Attendance</b>						Board	Board Committees			AC	NC	RC	Number of meetings held	2	2	1	1	Dato' Teh Teck Tee	2	2*	1*	1	Dato' Sri Pek Kok Sam	2	2*	1	1*	Dato' Sri Mohd Jamidan Abdullah	2	2	1	1	Dato' Gainneos Jacob Goldie	2	2	1	1	Mr. Chin Chee Choon	2	2	1	1	Mr. Sim Chin Hoe	2	2	1	1
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## CORPORATE GOVERNANCE REPORT

Provision	Code Description	Company's Compliance or Explanation
1.6	<b>Board information</b>	<p>The Management provides the Board with key information that is complete, adequate and in advance to enable the Directors to make timely decisions, effectively discharge their duties and make a balanced and informed assessment of the performance, position and prospects of the Company. Key information comprises, among others, properly organized board papers (with background or explanatory information relating to the matters brought before the Board, where necessary), updates to Group operations and the markets in which the Group operates, budgets and/or forecasts, management accounts, EA reports and reports on on-going or planned corporate actions. All scheduled Board and Board Committee meetings are planned ahead. Management provides Directors with information whenever necessary and board papers are sent to Directors prior to each Board and Board Committee meeting. Such board papers usually include budgets, forecasts and periodic management accounts. In respect of budgets, any material variances between the projections and actual results are disclosed and explained to the Board. Directors are also informed on a regular basis as and when there are any significant developments or events relating to the Group's business operations. Management will also provide any additional material information that is requested by Directors or that is necessary to enable the Board to make a balanced and informed assessment of the Group's performance, position and prospects. Management will also on best endeavour, encrypt documents which bear material price sensitive information when circulating documents electronically.</p>
1.7	<b>Board's access</b>	<p>The Board has separate and independent access to the Chief Financial Officer ("CFO") and other key persons of the Management ("<b>Key Management Personnel</b>") as and when they are appointed, external advisers (where necessary) and the Company Secretary at all times.</p> <p>The Company Secretary and/or her representative(s) attend all Board and Board Committees meetings. The responsibilities of the Company Secretary include advising the Board on governance matters, facilitating the process of appointment of new Directors and assisting the Chairman of the Board in ensuring information flows within the Board and its Board Committees and between the Management and the Directors. The Company Secretary will also provide the Board with updates to regulations and legislations that the Company are required to comply with, as required. The appointment and removal of the Company Secretary is to be decided by the Board as a whole.</p> <p>Where decisions to be taken by the Board require specialised knowledge or expert opinion, the Directors may direct the Company to appoint external advisers to enable the Board and/or the Independent Directors to discharge their responsibilities effectively, the cost of which will be borne by the Company.</p>



# CORPORATE GOVERNANCE REPORT

Provision	Code Description	Company's Compliance or Explanation
<b>Board Composition and Guidance</b>		
<i><b>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</b></i>		
2.1 Rule 1204 (10B) of the Catalist Rules	<b>Board composition – independence and diversity</b>	<p>The Company complies with Guideline 2.1 of Code 2012 as Independent Directors make up at least one-third of the Board. In addition, the Board notes that Provision 2.3 of the Code 2018 requires Non-executive Directors to make up a majority of the Board.</p> <p>As at the date of this Report, the Company is in compliance with both Guideline 2.1 of Code 2012 and Provision 2.3 of Code 2018.</p> <p>The Board comprises six (6) members, out of which one (1) is an Executive Director, four (4) are Independent Directors and one (1) is a Non-Executive Non-Independent Director. Non-Executive Directors make up majority of the Board.</p> <p>Dato' Teh Teck Tee – Non-Executive Non-Independent Chairman Dato' Sri Pek Kok Sam – Chief Executive Officer (“<b>CEO</b>”) and Executive Director Dato' Sri Mohd Jamidan Abdullah – Lead Independent Director Dato' Gainneos Jacob Goldie – Independent Director Mr. Chin Chee Choon – Independent Director Mr. Sim Chin Hoe – Independent Director</p> <p>The Chairman of the Board (the “<b>Chairman</b>”) is a Non-Executive Director and not part of the Management team. The Chairman and the CEO are also not immediate family members.</p> <p>The Board assesses the independence of each Director in accordance with the guidance provided in Code 2018 as well as Rule 406(3)(d) of the Catalist Rules. An Independent Director is one who is independent in conduct, character and judgment and has no relationship with the Company, its related corporations, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of his independent business judgment in the best interests of the Company.</p> <p>On an annual basis, each Independent Director is required to complete a “Confirmation of Independence” form to confirm his independence. The said form was drawn up based on the definitions and guidelines set forth in the Code 2018. The Directors are required to disclose to the Board any such relationship as and when it arises and the Board will state the reasons if it determines that a director is independent notwithstanding the existence of a relationship or circumstances which may appear relevant to the Board's determination.</p>

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Provision	Code Description	Company's Compliance or Explanation
		<p>The NC will also examine the different relationships identified by the Catalist Rules, the Code 2018 and the circumstances set out in the Practice Guidance that might impair each Independent Director's independence and objectivity and conclude whether each Independent Director is able to exercise independent business judgment in the best interests of the Company and its shareholders.</p> <p>The Independent Directors have confirmed their independence in accordance with the Code 2018 and Rule 406(3)(d) of the Catalist Rules.</p> <p>The NC has reviewed the independence of the Independent Directors and is satisfied that Dato' Sri Mohd Jamidan Abdullah, Dato' Gainneos Jacob Goldie, Mr. Chin Chee Choon and Mr. Sim Chin Hoe are independent in accordance with the Provision 2.1 of the Code 2018 and Rule 406(3)(d) of the Catalist Rules.</p> <p>There is no Director who is deemed independent by the Board, notwithstanding the existence of a relationship as stated in the Code 2018 and the Catalist Rules that would otherwise deem him not to be independent. There is currently no Independent Director who has served on the Board for more than nine (9) years since the date of his first appointment.</p>
2.2	<b>Independent Directors</b>	The current Board composition complies with Provision 2.2 of Code 2018 where Independent Directors make up a majority of the Board where the Chairman is not independent.
2.3	<b>Non-Executive Directors</b>	To facilitate a more effective review of Management, the Non-Executive Directors will communicate on an ad-hoc basis without the presence of the Management and Executive Director to discuss the performance of the Management and any matters of concern. The current Board composition complies with Provision 2.3 of Code 2018 where Non-Executive Directors make up a majority of the Board.
2.4	<b>Board size and diversity</b>	<p>The size and composition of the Board is reviewed at least annually to ensure that the Board has the appropriate mix of expertise, skills, knowledge, experience and other aspects of diversity such as gender and age so as to avoid groupthink and foster constructive debate. The Board, in concurrence with the NC, is of the view that the current number of six (6) Directors and the composition are appropriate and effective, taking into consideration the scope and nature of the Company's operations. No individual or small group of individuals dominates the Board's decision-making.</p> <p>The Board is committed to ensuring diversity on the Board including but not limited to appropriate balance and mix of skills, knowledge, experience, gender, age and the core competencies of accounting or finance, legal and regulatory, business or management experience, industry knowledge, and strategic planning to avoid groupthink and foster constructive debate.</p>

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Provision	Code Description	Company's Compliance or Explanation
		<p>The current Board comprises of six (6) male Directors with an age group ranging from 47 to 68 years old. Each director has been appointed based on the strength of his calibre, experience, grasp of corporate strategy and potential to contribute to the Company and its businesses. The Board provides diversity of expertise and knowledge in areas such as accounting, finance, strategic planning, investment, business management and administration, industry knowledge, engineering technology and economics. This diversity facilitates constructive debate on the business activities of the Company and enables Management to benefit from a diverse and objective set of perspectives on issues that are brought before the Board. The Board, in concurrence of the NC, is of the view that the current Directors possess the necessary competencies to provide the Management with a diverse and objective perspective on issues so as to lead and govern the Company effectively.</p> <p>The Board's policy in identifying directors is primarily to have an appropriate mix of members with complementary skills, core competencies and experience that could effectively contribute to the Group, regardless of gender.</p> <p>The Board takes the following steps to maintain or enhance its balance and diversity:</p> <ul style="list-style-type: none"> <li>• annual review by the NC to assess if the existing attributes and core competencies of the Board are complementary and enhance the efficacy of the Board; and</li> <li>• annual evaluation by the Directors of the skill sets the other Directors possess, with a view to understand the range of expertise which is lacking by the Board.</li> </ul> <p>The NC will consider the results of these exercises in its recommendation for the appointment of new directors and/or the re-appointment of incumbent directors.</p> <p>The key information of the Directors, including their appointment dates, academic and professional qualifications, Board Committees served on, principal commitment(s) and directorships in other listed company(ies) are set out on pages 56 to 83 of this Annual Report.</p>
2.5	<p><b>Regular meetings for Independent and Non-Executive Directors</b></p>	<p>Where appropriate, the Independent and Non-Executive Directors meet periodically without the presence of the Executive Director and Non-Executive Director to discuss concerns or matters such as the effectiveness of the Management and the Chairman of such meeting provides feedback to the Board and/or Chairman of the Board, as appropriate, after such meetings.</p> <p>During the FY2020, the Independent Directors met once in the absence of Key Management Personnel.</p>

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Provision	Code Description	Company's Compliance or Explanation
		Independent Directors fulfil a pivotal role in corporate accountability. Their presence is particularly important as they provide unbiased and independent views, advice and judgment to take care of the interests, not only of the Company but also of the shareholders, employees, customers, suppliers and the many communities with which the Company conducts business.
<b>Chairman and Chief Executive Officer</b>		
<b><i>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</i></b>		
3.1 3.2 3.3	<b>The Chairman and CEO separate persons</b>	<p>Dato' Teh Teck Tee is the Chairman of the Board ("<b>Chairman</b>"), Dato' Sri Pek Kok Sam is the CEO of the Company, and Dato' Sri Mohd Jamidan Abdullah is the Lead Independent Director.</p> <p>None of our Directors are related to each other nor do they have any business relationship between them.</p> <p>The roles of the Chairman and the CEO are separate and distinct, each having their own areas of responsibilities. The distinctive separation of responsibilities between the Chairman and the CEO had ensured an appropriate balance of power, increased accountability and greater capacity for the Board to exercise independent decision-making. There is a clear division of responsibilities, as set out in writing and agreed by the Board, between the leadership of the Board and the executives responsible for managing the Company's business.</p> <p>The Chairman is responsible for ensuring the effectiveness and integrity of the governance process. He exercises control over the quality, quantity and timeliness of information flow between the Board and the Management and effective communication with the shareholders. His responsibilities in respect of the Board proceedings include:</p> <ul style="list-style-type: none"> <li>(a) in consultation with the CEO, setting the agenda (with the assistance of the Company Secretary) and ensuring that adequate time is available for discussion of all agenda items;</li> <li>(b) ensuring that all agenda items are adequately and openly debated at the Board meetings;</li> <li>(c) ensuring that all Directors receive complete, adequate and timely information; and</li> <li>(d) assisting in ensuring that the Group complies with Code 2018 and maintains high standards of corporate governance.</li> </ul> <p>The CEO is responsible for the overall management, operations, strategic planning and business expansion of the Group. He oversees the execution of the Group's corporate and business strategies and the day-to-day operations of the Group. His performance and appointment to the Board will be reviewed periodically by the NC and his remuneration package is reviewed by the RC.</p>



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Provision	Code Description	Company's Compliance or Explanation
		<p>The Board is of the view that there is a clear division of responsibilities between the Chairman and the CEO in order to ensure that there is an appropriate balance of power, increased accountability and sufficient capacity of the Board for independent decision making.</p> <p>Dato' Sri Mohd Jamidan Abdullah is the Company's Lead Independent Director and he provides leadership in situations where the Chairman, CEO and key management are conflicted. He is available to shareholders where they have concerns and for which contact through the normal channels of communication with the Chairman or Management are inappropriate or inadequate, at the following email address: <a href="mailto:LeadID@SAMiningLtd.com">LeadID@SAMiningLtd.com</a>, which is also published on our website at <a href="http://www.SAMiningLtd.com">www.SAMiningLtd.com</a>.</p> <p>The Lead Independent Director may also chair Board meetings in the absence of the Chairman, work with the Chairman in leading the Board, and provides a channel to Non-Executive Directors to resolve conflicts of interests as and when necessary. He will also, as the member of and together with the NC, conduct annual performance evaluation and develop succession plans for the Chairman and CEO and help the RC design and assess the Chairman's remuneration.</p>
<p><b>Board Membership</b></p> <p><b><i>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</i></b></p>		
4.1	<b>Nominating Committee role</b>	<p>The NC is guided by key terms of reference as follows:</p> <ul style="list-style-type: none"> <li>(a) reviewing and recommending the appointment of new directors and executive officers and re-nomination of the Directors having regard to each Director's contribution, performance and ability to commit sufficient time, resources and attention to the affairs of the Group, and each Director's respective commitments outside the Group including his principal occupation and board representations on other companies, if any;</li> <li>(b) determining annually, and as and when circumstances require, whether or not a Director is independent, in accordance with the Code 2018 and any other salient factors;</li> <li>(c) deciding whether or not a Director is able to and has been adequately carrying out his duties as a Director;</li> <li>(d) developing a process for evaluating the performance of the Board as a whole and its Board Committees, and for assessing the contribution of each Director to the effectiveness of the Directors;</li> <li>(e) reviewing the composition of the Board to ensure that the committees comprise an appropriate mix of skills, experience, core competencies and knowledge of the Group that the Directors require to function competently and efficiently;</li> <li>(f) reviewing succession plans for the Executive Director and key management;</li> </ul>

# CORPORATE GOVERNANCE REPORT

Provision	Code Description	Company's Compliance or Explanation
		<p>(g) reviewing the training and professional development programs for the Board and its Directors;</p> <p>(h) determining and recommending to the Directors the maximum number of listed company board representations which any Director may hold and disclosing this in the annual report;</p> <p>(i) reviewing and approving the employment of persons related to the Directors, CEO or Substantial Shareholder and the proposed terms of their employment;</p> <p>(j) following any processes implemented by the Board for assessing effectiveness of the Directors as a whole, and for assessing the contribution of each individual Director to the effectiveness of the Board of Directors; and</p> <p>(k) deciding how the Directors' performance is to be evaluated and will propose objective performance criteria, subject to the approval of the Directors, which address how the Directors have enhanced long-term Shareholders' value.</p>
4.2	<b>Nominating Committee composition</b>	<p>The Board has established the NC that comprises four (4) Independent Directors and one (1) Executive Director who have been tasked with the authority and responsibility to devise an appropriate process to review and evaluate the performance of the Board as a whole and each of the Board Committees. The Chairman of the NC is Dato' Gainneos Jacob Goldie, who is an Independent Director. The Lead Independent Director is a member of the NC.</p> <p>The composition of the NC is as follows:</p> <p>Dato' Gainneos Jacob Goldie – Chairman  Dato' Sri Pek Kok Sam – Member  Dato' Sri Mohd Jamidan Abdullah – Member  Mr. Sim Chin Hoe – Member  Mr. Chin Chee Choon – Member</p>
4.3 4.4 Rule 720(4) of the Catalist Rules	<b>Director appointment and re-appointment</b>	<p>The NC conducts an annual review of the balance, diversity and size of the Board to determine whether any changes are required in relation to the Board composition. Where new directors are required, the NC will identify the key attributes that an incoming director should have, which is based on a matrix of the attributes of the existing Board and the prevailing requirements of the Group.</p> <p>After the Board has endorsed the key attributes, the NC taps on the resources of the Directors' contacts and/or engage external consultants to source for potential candidates. The NC will review and shortlist candidates and provide a recommendation for Board approval.</p> <p>The NC also conducts an annual review of the independence of a director having regard to the circumstances set forth in Provision 2.1 of the Code 2018, Rule 406(3)(d) of the Catalist Rules and the Practice Guidance. Sufficient information will accompany all resolutions for the Directors' appointments and re-appointments to enable the Board to make informed decisions.</p>

## CORPORATE GOVERNANCE REPORT

Provision	Code Description	Company's Compliance or Explanation
		<p>Pursuant to Rule 720(4) of the Catalist Rules, all Directors must submit themselves for re-nomination and re-appointment at least once every three (3) years. Pursuant to Regulations 96 and 97 of the Company's Constitution, at each annual general meeting of the Company ("<b>AGM</b>"), at least one-third of the Directors for the time being, or if their number is not three or a multiple of three, the number nearest to one-third but not less than one-third shall retire by rotation and that all Directors shall retire at least once every three (3) years and such retiring Director shall be eligible for re-election.</p> <p>Pursuant to Regulation 100 of the Company's Constitution, all newly appointed Directors ("<b>Retiring Directors</b>") shall retire and be eligible for re-election at the forthcoming AGM. The Retiring Directors have offered themselves for re-election at the forthcoming AGM. The NC has considered their contributions and performances and recommended to the Board to nominate their re-election at the forthcoming AGM.</p> <p>The Board had accepted the NC's recommendation and had tabled for shareholders' approval at the forthcoming AGM, the Retiring Directors nominated for re-election as Directors of the Company. Please refer to the Notice of AGM for the resolutions put forth in relation to the respective re-elections and details of the Retiring Directors including the information required under Appendix 7F of the Catalist Rules disclosed in pages 56 to 83 of this Annual Report.</p> <p>Dato' Sri Pek Kok Sam will, upon re-election as a Director, remain as the Chief Executive Officer and Executive Director of the Company, and member of the NC.</p> <p>Dato' Teh Teck Tee will, upon re-election as a Director, remain as Non-Executive Non-Independent Chairman of the Company, and member of the RC.</p> <p>Dato' Sri Mohd Jamidan Bin Abdullah will, upon re-election as a Director, remain as Lead Independent Director of the Company, and member of the RC, AC and NC. The Board, with the concurrence of the NC, considers Dato' Sri Mohd Jamidan Bin Abdullah to be independent for the purposes of Rule 704(7) of the Catalist Rules.</p> <p>Dato' Gainneos Jacob Goldie will, upon re-election as a Director, remain as an Independent Director of the Company, Chairman of the RC and NC and member of the AC. The Board, with the concurrence of the NC, considers Dato' Gainneos Jacob Goldie to be independent for the purposes of Rule 704(7) of the Catalist Rules.</p>

## CORPORATE GOVERNANCE REPORT

Provision	Code Description	Company's Compliance or Explanation
		<p>Mr. Chin Chee Choon will, upon re-election as a Director, remain as an Independent Director of the Company, Chairman of the AC and member of the RC and NC. The Board, with the concurrence of the NC, considers Mr. Chin Chee Choon to be independent for the purposes of Rule 704(7) of the Catalist Rules.</p> <p>Mr. Sim Chin Hoe will, upon re-election as a Director, remain as an Independent Director of the Company, and member of the RC, AC and NC. The Board, with the concurrence of the NC, considers Mr. Sim Chin Hoe to be independent for the purposes of Rule 704(7) of the Catalist Rules.</p> <p>Dato' Gainneos Jacob Goldie, Dato' Sri Pek Kok Sam, Dato' Sri Mohd Jamidan Bin Abdullah, Dato' Gainneos Jacob Goldie, Mr. Sim Chin Hoe and Mr. Chin Chee Choon being members of the NC, have abstained from making any recommendation and/or participating in any deliberation of the NC in respect of the assessment of his own contributions, performance and/or re-election as a Director.</p>
4.5	<b>Multiple Directorships</b>	<p>The NC is responsible for reviewing the ability of Directors to devote sufficient time and attention to the affairs of the Company and in particular to take into account multiple directorships and significant principal commitments held by the Directors.</p> <p>The NC requires each Director to declare any new additional directorships or significant principal commitments during the financial year to enable the ongoing monitoring of the time commitment, attendance and contributions of the Directors to the Company. The Board has not imposed any limit as it is of the view that the number of directorships and principal commitments that an individual may hold should be considered on a case-by-case basis, as a person's available time and attention may be affected by many different factors. The NC also does not wish to omit from considering outstanding individuals who, despite the demands on their time, have the capacity to participate and contribute as members of the Board. Directors with multiple Board representations would ensure that sufficient time and attention are given to the affairs of the Company.</p> <p>In FY2020, one (1) of the Directors hold more than two (2) but not more than four (4) independent directorships in other listed companies.</p> <p>Based on its assessment, the NC and the Board concluded that the nature of the organisations in which the Directors with multiple directorships hold appointments in and the Board Committees on which they serve are of different complexities. Accordingly, each Director would personally determine the demands of his competing directorships and obligations and assess the number of listed directorships they could hold and serve effectively.</p>



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		<p>During FY2020, the Directors and Board Committee members had also attended all Board and Board Committees meetings respectively. In addition to the meetings, they have also dedicated sufficient time and attention and also discharged their responsibilities towards the affairs of the Company particularly by participating in various discussions via the Company's internal correspondence channel.</p> <p>The NC is satisfied that the other directorships and principal commitments of the Directors did not impede their respective performance nor hindered them from carrying out their duties as Directors of the Company and each of them is able to and has diligently and adequately carried out his duties as a Director of the Company since their appointments. In coming to such conclusion, the NC had reviewed the declarations by each Director of their other principal commitments and listed company directorships, and the confirmations made by each Director annually on his ability to devote sufficient time and attention to the Company's affairs, having regard to his other commitments, and also taking into consideration their attendance record at the relevant Board and Board Committee meetings, and the results of the Board assessment questionnaire described under section 5 below.</p> <p>The key information of the Directors, including their appointment dates, academic and professional qualifications, Board Committees served on, principal commitment(s) and directorships in other listed company(ies) is set out on pages 56 to 83 of this Annual Report.</p>
	<b>Alternate Directors</b>	The Company does not have any alternate Directors.
<b>Board Performance</b>		
<b><i>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</i></b>		
5.1	<b>Performance criteria and process for evaluation of the effectiveness of the Board</b>	The NC has implemented a self-assessment process that requires each Director to assess the performance and effectiveness of the Board as a whole, and each of the Board Committees and for assessing the contribution by the Chairman and each individual Director to the effectiveness of the Board, for each financial year.
5.2	<b>Disclosure of assessment of the Board, Board Committees and each Director</b>	<p>The Board assessment questionnaire has been developed for the Board to implement a formal annual process for assessing the effectiveness of the Board as a whole and the contribution of each of the Board Committees and each individual Director to the effectiveness of the Board.</p> <p>The Company Secretary will collate the results and the summary of the assessment will be presented to the Chairman of the Board and the NC for review and collective discussion with other Board members to address or recommend any areas for improvement and follow-up actions. The appraisal process focuses on a set of performance criteria for the Board, Board Committees and individual Directors' assessment which includes the evaluation of the size and composition of the Board, the Board's access to information, the Board processes and accountability, Board performance in relation to discharging its principal responsibilities, communication with Key Management Personnel and the Directors' standards of conduct.</p>

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Provision	Code Description	Company's Compliance or Explanation
		<p>The NC would review the questionnaire periodically to ensure that the questionnaire is able to provide an accurate and effective performance assessment taking into consideration industry standards and the economic climate with the objective to enhance long term shareholders value, thereafter propose amendments if any, to the Board for approval.</p> <p>NC makes recommendations to the Board aimed at helping the Board to discharge its duties effectively. The Chairman of the Board acts on the results of the performance evaluation and the recommendation of the NC, and where appropriate, in consultation with the NC, new members may be appointed or resignation of directors may be sought. The NC has full authority to engage external facilitator to assist the NC to carry out the evaluation process, if the need arises.</p> <p>The NC has reviewed the overall performance of the Board, Board Committees and each individual Director for FY2020 and is satisfied that the Board as a whole and Board Committees have met the performance evaluation criteria and objectives and each Director has contributed effectively and demonstrated commitment to their respective roles, including commitment of time for the Board and Board Committee meetings and any other duties in FY2020.</p> <p>The Board has not considered the use of external facilitators as it is of the view that there was no need to engage an external facilitator for FY2020 as the NC has a sufficient level of objectivity in its evaluation process.</p>
<b>REMUNERATION MATTERS</b>		
<b>Procedures for developing remuneration policies</b>		
<p><b><i>Principle 6: There should be 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 or her own remuneration</i></b></p>		
6.1	<b>Remuneration Committee role</b>	<p>The RC is established for the purposes of ensuring that there is a formal and transparent process for fixing the remuneration packages of individual Directors and key executives and makes recommendations to the Board on all remuneration matters. The RC has a formal set of terms of reference approved by the Board. A summary of the RC's key responsibilities includes recommending to the Directors a framework of remuneration for the Directors, CEO and executive officers, and determine specific remuneration packages for each executive Director. All aspects of remuneration, including but not limited to Directors' fees, salaries, allowances, bonuses, options and benefits-in-kind shall be reviewed by the RC.</p>

## CORPORATE GOVERNANCE REPORT

Provision	Code Description	Company's Compliance or Explanation
		<p>The RC is guided by key terms of reference as follows:</p> <ul style="list-style-type: none"> <li>(a) recommending to the Directors a framework of remuneration for the Directors, CEO and executive officers, and determine specific remuneration packages for each Executive Director. The recommendations of the RC will be submitted for endorsement by the Directors. All aspects of remuneration, including but not limited to Directors' fees, salaries, allowances, bonuses, options and benefits-in-kind shall be reviewed by the RC;</li> <li>(b) administering the Southern Alliance Mining Performance Share Plan;</li> <li>(c) reviewing the remuneration of employees who are related to the Directors, CEO or Substantial Shareholder who hold managerial positions annually to ensure that their remuneration package are in line with our staff remuneration guidelines and commensurate with their respective job scopes and level of responsibilities;</li> <li>(d) reviewing and approving any bonuses, pay increments and/or promotions for related employees who hold managerial positions; and</li> <li>(e) reviewing and approving the employment and proposed term of employment of related staff. In the event that a member of the RC is related to the staff under review, he will abstain from the review.</li> </ul>
6.2	<b>Remuneration Committee composition</b>	<p>The Board has established the RC that comprises four (4) Independent Directors and one (1) Non-Executive Director who have been tasked with the authority and responsibility to devise an appropriate process and policy in directors and key management personnel remuneration packages.</p> <p>The Chairman of the RC is Dato' Gainneos Jacob Goldie, who is an Independent Director.</p> <p>The composition of the RC is as follows:</p> <ul style="list-style-type: none"> <li>Dato' Gainneos Jacob Goldie – Chairman</li> <li>Dato' Teh Teck Tee – Member</li> <li>Dato' Sri Mohd Jamidan Abdullah – Member</li> <li>Mr. Sim Chin Hoe – Member</li> <li>Mr. Chin Chee Choon – Member</li> </ul>
6.3	<b>Termination clauses</b>	<p>The RC reviews and considers all aspects of remuneration including termination terms, to ensure they are fair and not overly generous.</p> <p>Termination clauses are included in the service agreements for Directors and Key Management Personnel. The RC has reviewed and recommended to the Board and the Board concurred that the termination clauses are fair and reasonable, and are not overly generous. There was no termination of any Directors and Key Management Personnel during FY2020.</p>
6.4	<b>Remuneration experts</b>	<p>The RC has access to expert professional advice on human resource matters whenever there is a need to consult externally. In its deliberations, the RC takes into consideration industry practices and norms in compensation, in addition to the Group's relative performance to the industry and the performance of the individual Directors. The Company has not engaged any remuneration consultants for FY2020 and will continue to monitor the need to engage external remuneration consultants going forward and where applicable, will review the independence of the external firm before any engagement.</p>

# CORPORATE GOVERNANCE REPORT

Provision	Code Description	Company's Compliance or Explanation
<b>Level and Mix of Remuneration</b>		
<p><b>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</b></p>		
7.1 7.3	<b>Remuneration framework</b>	<p>The Company advocates a performance-based remuneration system for Executive Directors and Key Management Personnel that is flexible and responsive to the market, comprising a base salary and other fixed allowances, as well as variable performance bonus structured so as to link rewards to the sustainable performance and value creation of the Company.</p> <p>Our CEO and Executive Director, Dato' Sri Pek Kok Sam, is entitled to receive an annual incentive bonus of a sum calculated based on the consolidated profit before income tax (before non-recurring exceptional items and minority interests for the relevant financial year) of the Group, subject to the terms and conditions in his Service Agreement. Key Management Personnel are entitled to a variable performance bonus subject to their performance and to be given at the discretion of our Directors. Please refer to the offer document dated 16 June 2020 issued by the Company in connection with the Listing ("<b>Offer Document</b>") for more details on the service agreements entered into by the Company and its Directors and/or Key Management Personnel.</p> <p>Save for the above, there are no bonus or profit sharing plans or any other profit-linked agreements or arrangements between the Company and any of the Directors or Key Management Personnel.</p> <p>In determining such remuneration packages, the RC will ensure that they are adequate by considering, in consultation with the Chairman of the Board, the respective individual's responsibilities, skills, expertise and contribution to the Company's performance, and whether they are competitive and sufficient to ensure that the Company is able to attract and retain the best available executive talent, without being excessively generous and be able to motivate the Directors to provide good stewardship of the Company and Key Management Personnel to successfully manage the Company for the long term.</p>
<b>Long-term incentives</b>		
<p>The Company has also adopted the Southern Alliance Mining Performance Share Plan ("<b>Plan</b>"). The Plan had been approved by the Shareholders pursuant to the written resolutions passed on 27 April 2020. The objectives of the Plan include fostering an ownership culture within the Group which aligns the interests of participants with the interests of Shareholders, motivating participants to achieve key financial and operational goals of the Company and/or their respective business divisions and encourage greater dedication and loyalty to the Group.</p> <p>The focus of the Plan is to target selected management in key positions who are able to drive the growth of the Company through creativity, firm leadership and excellent performance. Under the rules of the Plan, full time employees of the Group and Group Directors who have attained the age of 21 years on or before any grant of award under the Plan shall be eligible to participate in the Plan. Employees who are a Controlling Shareholder or associates of a Controlling Shareholder, and who are also Group Executives shall be eligible to participate in the Plan subject to, inter alia, their participation and the terms of each grant of award under the Plan and actual number of shares having been approved by independent shareholders at a general meeting of the Company. The eligibility of any participation in the Plan shall be at the absolute discretion of the Remuneration Committee. Shareholders, including Controlling Shareholders and their associates who are eligible to participate in the Plan are required to abstain from voting on any Shareholders' resolution relating to the Plan.</p>		



## CORPORATE GOVERNANCE REPORT

Provision	Code Description	Company's Compliance or Explanation
	<b>Long-term incentives</b>	<p>Under the Plan, the aggregate number of shares over which options or awards are granted under any share option schemes or share schemes of our Company shall not exceed 15.0% of the total issued share capital (excluding treasury shares and subsidiary holdings) and will be in force for a maximum period of ten (10) years.</p> <p>The aggregate number of shares which may be issued or transferred pursuant to awards under the Plan to:</p> <ol style="list-style-type: none"> <li>1. participants who are Controlling Shareholders and their Associates (including adjustments made in accordance with Rule 9 of the Plan);</li> <li>2. each participant who is a Controlling Shareholder or his Associate (including adjustments made in accordance with Rule 9 of the Plan);</li> <li>3. participant who is a non-executive Director</li> </ol> <p>shall not exceed 25.0%, 10.0% or 10.0% of the total number of shares available under the Plan respectively.</p> <p>The selection of a participant and the number of shares to be granted in accordance to the Plan is determined in the absolute discretion of the RC, taking into consideration criteria such as his/her rank, job performance during the performance period, potential for future development, his/her future contribution to the success and development of the Group and the extent of effort to achieve the performance target(s) within the performance period. Details of the Plan are available in the Offer Document.</p> <p>No awards or award shares have been granted pursuant to the Plan since its adoption and as at the date of issuance of this Annual Report.</p>
7.2	<b>Non-Executive Director remuneration</b>	<p>The RC has adopted a framework which consists of a base fee to remunerate Independent Directors and Non-Executive Non Independent Directors, based on their appointments and roles in the respective Board Committees, taking into account the level of contribution and factors such as effort, time spent and responsibilities and the fees paid by comparable companies.</p> <p>Directors' fees to be paid to the Non-Independent and Non-Executive Director and Independent Non-Executive Directors will be tabled for shareholders' approval at the AGM. The Directors' fees are reviewed annually to ensure that the Independent Directors and Non-Executive Director are not overcompensated to the extent that their independence may be compromised.</p>
	<b>Contractual provisions to reclaim incentives</b>	<p>The Company does not have and is of the view that there is presently no urgent need to initiate any contractual provisions in the terms of employment that allow for the reclaiming of incentive components from the Executive Director and Key Management Personnel in the exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the Group. The Executive Director and Key Management Personnel owe fiduciary duties to the Company.</p> <p>Furthermore, the Company believes that there are alternative legal avenues to these specific contractual provisions that will enable the Company to recover financial losses arising from such exceptional events from the Executive Director and Key Management Personnel.</p>

# CORPORATE GOVERNANCE REPORT

Provision	Code Description	Company's Compliance or Explanation
<b>Disclosure on Remuneration</b>		
<b><i>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</i></b>		
8.1	<b>Company's remuneration policy and criteria for setting remuneration</b>	<p>The Group's remuneration policy (which covers all aspects of remuneration, including directors' fees, salaries, allowances and bonuses, grant of share options, and benefits-in-kind) is to ensure that the remuneration offered is competitive and sufficient to attract, retain and motivate Directors and Key Management Personnel of the required experience and expertise. The policy articulates to staff the link that total compensation has to be the achievement of organizational and individual performance objectives, and benchmarked against relevant and comparative compensation in the market or the industry.</p> <p>The remuneration package of Key Management Personnel comprises a base fixed cash component, including the base salary and compulsory employer contribution to the Key Management Personnel's employee pension funds account, and a variable cash component. The variable cash component is dependent on a Key Management Personnel's ability to achieve the performance targets, both personal and that of the Group. This aligns the compensation of Key Management Personnel with that of the shareholders in terms of value creation. Key performance indicators for Key Management Personnel are aligned to the interests and value creation to all stakeholders.</p> <p>The following key performance indicators were chosen to align the compensation of Key Management Personnel such as variable bonus with the value creation and interests of all stakeholders:</p> <p>A. Quantitative performance criteria:</p> <ol style="list-style-type: none"> <li>1. Consolidated profit before income tax (before non-recurring exceptional items and minority interests for the relevant financial year) of the Group</li> </ol> <p>B. Qualitative performance criteria:</p> <ol style="list-style-type: none"> <li>1. Macro-economic factors;</li> <li>2. Current market and industry practices;</li> <li>3. Leadership; and</li> <li>4. Teamwork and commitments</li> </ol> <p>The long term incentive including the Plan is to encourage the Board and the Management to develop more robust business development plan and investment in the mines that will not only create but also to enhance the value of the Group which will benefit all the stakeholders.</p> <p>Though the Plan is in place, the Company had not granted any awards or award shares to any employees and Directors under the Plan since its adoption.</p> <p>The Board believes that the current remuneration framework allows the Company to attract sufficiently qualified talent.</p>

## CORPORATE GOVERNANCE REPORT

Provision	Code Description	Company's Compliance or Explanation																																																												
		<p>Dato' Sri Pek Kok Sam, the CEO and Executive Director of the Company, has a service agreement with the Company for an initial period of three (3) years upon Listing ("<b>Service Agreement</b>"). The variable component of Dato' Sri Pek Kok Sam's remuneration is tied solely to the consolidated profit before income tax (before non-recurring exceptional items and minority interests for the relevant financial year) of the Group ("<b>Consolidated PBT</b>") and does not take into account of any qualitative performance criteria. For further information on the remuneration of Dato' Sri Pek Kok Sam, please refer to the section entitled "Directors, Management and Staff – Service Agreement and Appointment" of the Offer Document.</p> <p>The NC is of the view that the CEO and Executive Director and the Company's Key Management Personnel have each met their performance criteria.</p> <p>The Executive Director do not receive Directors' fees. Aggregate Directors' fees for the Independent Directors and Non-Executive and Non Independent Directors of S\$156,000 for FY2020 and S\$208,000 for FY2021 have been recommended by the Board and will be tabled for approval by Shareholders at the forthcoming AGM.</p>																																																												
8.1(a) and 8.3	<b>A breakdown showing the level and mix of each Director's and Key Management Personnel's remuneration</b>	<p>A breakdown, showing the level and mix of each individual Director's remuneration for FY2020 is as follows:</p> <table border="1"> <thead> <tr> <th colspan="6"><b>Table 8.1 (a) – Remuneration of Directors</b></th> </tr> <tr> <th><b>Name</b></th> <th><b>Base/ Fixed Salary and statutory (%)</b></th> <th><b>Bonus/ variable performance bonus (%)</b></th> <th><b>Directors Fees (%)</b></th> <th><b>Benefits- in-kind (%)</b></th> <th><b>Total (%)</b></th> </tr> </thead> <tbody> <tr> <td colspan="6"><b>Remuneration Band (From S\$2,500,000 to S\$2,750,000)</b></td> </tr> <tr> <td>Dato' Sri Pek Kok Sam</td> <td>23</td> <td>77</td> <td>–</td> <td>–</td> <td>100</td> </tr> <tr> <td colspan="6"><b>Remuneration Band (Less than S\$250,000)</b></td> </tr> <tr> <td>Dato' Teh Teck Tee</td> <td>–</td> <td>–</td> <td>100</td> <td>–</td> <td>100</td> </tr> <tr> <td>Dato' Sri Mohd Jamidan Abdullah</td> <td>–</td> <td>–</td> <td>100</td> <td>–</td> <td>100</td> </tr> <tr> <td>Dato' Gainneos Jacob Goldie</td> <td>–</td> <td>–</td> <td>100</td> <td>–</td> <td>100</td> </tr> <tr> <td>Mr. Chin Chee Choon</td> <td>–</td> <td>–</td> <td>100</td> <td>–</td> <td>100</td> </tr> <tr> <td>Mr. Sim Chin Hoe</td> <td>–</td> <td>–</td> <td>100</td> <td>–</td> <td>100</td> </tr> </tbody> </table> <p>The bonus for Dato' Sri Pek Kok Sam was calculated in accordance with his Service Agreement, pursuant to which he is entitled to receive an annual incentive bonus of a sum calculated based on the Consolidated PBT. As the Consolidated PBT for FY2020 is more than S\$16.0 million, Dato' Sri Pek Kok Sam received 6.0% of such profits.</p>	<b>Table 8.1 (a) – Remuneration of Directors</b>						<b>Name</b>	<b>Base/ Fixed Salary and statutory (%)</b>	<b>Bonus/ variable performance bonus (%)</b>	<b>Directors Fees (%)</b>	<b>Benefits- in-kind (%)</b>	<b>Total (%)</b>	<b>Remuneration Band (From S\$2,500,000 to S\$2,750,000)</b>						Dato' Sri Pek Kok Sam	23	77	–	–	100	<b>Remuneration Band (Less than S\$250,000)</b>						Dato' Teh Teck Tee	–	–	100	–	100	Dato' Sri Mohd Jamidan Abdullah	–	–	100	–	100	Dato' Gainneos Jacob Goldie	–	–	100	–	100	Mr. Chin Chee Choon	–	–	100	–	100	Mr. Sim Chin Hoe	–	–	100	–	100
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## CORPORATE GOVERNANCE REPORT

Provision	Code Description	Company's Compliance or Explanation																				
		<p>The NC recommends Directors' fees for the Board's endorsement and approval by shareholders at the Company's AGM and the fees are determined having regard to the scope and extent of the responsibilities and obligation to the Company. Directors' fees will be paid after approval is obtained from shareholders at the forthcoming AGM.</p> <p>No Director is involved in deciding his own remuneration. Each RC member has abstained from participating in the deliberations of and voting on any resolution in respect of his remuneration package or that of employees related to him.</p> <p>There were no termination, post-employment and retirement benefits granted to the Directors in FY2020.</p>																				
8.1(b) and 8.3	<b>Remuneration of top 5 key management personnel (who are not directors or CEO)</b>	<p>As at the date of this Report, the Company has only one (1) Key Management Personnel i.e. the CFO. The disclosure for the remuneration of the Company's Key Management Personnel (who are not Directors or the CEO) for FY2020 is as follows:</p> <table border="1"> <thead> <tr> <th colspan="5"><b>Table 8.1 (b) – Remuneration of Key Management Personnel</b></th> </tr> <tr> <th><b>Name</b></th> <th><b>Base/Fixed Salary and Statutory Contributions (%)</b></th> <th><b>Variable or Performance Related Income/Bonuses (%)</b></th> <th><b>Benefits in-Kind (%)</b></th> <th><b>Total (%)</b></th> </tr> </thead> <tbody> <tr> <td colspan="5"><b>Remuneration Band below S\$250,000</b></td> </tr> <tr> <td>Mr. Lim Wei Hung</td> <td>56</td> <td>44<sup>(1)</sup></td> <td>–</td> <td>100</td> </tr> </tbody> </table> <p><b>Note:</b></p> <p>(1) Pursuant to the appointment agreement entered into between Mr. Lim Wei Hung and the Company, he is entitled to a fixed bonus equivalent to three (3) month's basic salary annually.</p> <p>The Company believes that it should not disclose the remuneration paid to each of the Directors and Key Management Personnel in absolute amount due to the highly competitive market and in the interest of maintaining good morale and team work within the Group.</p> <p>For the same reason above, as there is only one (1) Key Management Personnel, the aggregate total remuneration paid to the Key Management Personnel for FY2020 will not be disclosed.</p> <p>There were no termination and retirement and post-employment benefits granted to Directors and Key Management Personnel during FY2020.</p>	<b>Table 8.1 (b) – Remuneration of Key Management Personnel</b>					<b>Name</b>	<b>Base/Fixed Salary and Statutory Contributions (%)</b>	<b>Variable or Performance Related Income/Bonuses (%)</b>	<b>Benefits in-Kind (%)</b>	<b>Total (%)</b>	<b>Remuneration Band below S\$250,000</b>					Mr. Lim Wei Hung	56	44 <sup>(1)</sup>	–	100
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## CORPORATE GOVERNANCE REPORT

Provision	Code Description	Company's Compliance or Explanation												
8.2	<b>Remuneration of employees who are substantial shareholders, immediate family members of Director, CEO or substantial shareholder</b>	<p>Ms. Pek Siew Mei, the sister of Dato' Sri Pek Kok Sam, is a manager in the sales department.</p> <p>Mr. Pek Kok Hing, the brother of Dato' Sri Pek Kok Sam, is a manager in charge of human resources.</p> <p>Mr. Pek Kok Hua, the brother of Dato' Sri Pek Kok Sam, is a manager in the purchasing department.</p> <p>The remuneration of the aforementioned related employees are as follows:</p> <table border="1"> <thead> <tr> <th colspan="2"><b>Table 8.2 – Remuneration of Related Employees</b></th> </tr> <tr> <th><b>Name</b></th> <th><b>Relationship</b></th> </tr> </thead> <tbody> <tr> <td colspan="2"><b>Remuneration Band between S\$50,000 to S\$100,000</b></td> </tr> <tr> <td>Ms. Pek Siew Mei</td> <td>Sister of Dato' Sri Pek Kok Sam, the CEO and Executive Director</td> </tr> <tr> <td>Mr. Pek Kok Hing</td> <td>Brother of Dato' Sri Pek Kok Sam, the CEO and Executive Director</td> </tr> <tr> <td>Mr. Pek Kok Hua</td> <td>Brother of Dato' Sri Pek Kok Sam, the CEO and Executive Director</td> </tr> </tbody> </table> <p>Save as disclosed, there is no employee of the Group who is a substantial shareholder, an immediate family member of a Director, CEO or substantial shareholder, who was paid more than S\$100,000 during FY2020.</p>	<b>Table 8.2 – Remuneration of Related Employees</b>		<b>Name</b>	<b>Relationship</b>	<b>Remuneration Band between S\$50,000 to S\$100,000</b>		Ms. Pek Siew Mei	Sister of Dato' Sri Pek Kok Sam, the CEO and Executive Director	Mr. Pek Kok Hing	Brother of Dato' Sri Pek Kok Sam, the CEO and Executive Director	Mr. Pek Kok Hua	Brother of Dato' Sri Pek Kok Sam, the CEO and Executive Director
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Mr. Pek Kok Hua	Brother of Dato' Sri Pek Kok Sam, the CEO and Executive Director													
8.3	<b>Other payments and benefits and details of the employee share scheme(s).</b>	<p>Please refer to tables 8.1(a) and 8.1(b) disclosing the breakdown of all forms of remuneration and other payments and benefits of Directors and Key Management Personnel.</p> <p>Information on the Plan is set out under section 7.3 and on pages 35 and 36 of this Annual Report and further information can be found in the Offer Document.</p>												

# CORPORATE GOVERNANCE REPORT

Provision	Code Description	Company's Compliance or Explanation
<b>ACCOUNTABILITY AND AUDIT</b>		
<b>Risk Management and Internal Controls</b>		
<b>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</b>		
9.1	<b>Risk governance</b>	The Company does not have a Board Risk Committee. The Board, with the support of the AC, is responsible for the overall governance of the risk management of the Company, establishing risk management policies and tolerance strategies that set the direction for the Group and overseeing the implementation of risk management framework to ensure that risks are identified and managed.
	<b>Annual review</b>	<p>The Board with the support of the AC, oversees the design, implementation and monitoring of the risk management and internal control systems.</p> <p>The Group has engaged RSM Risk Advisory Pte. Ltd. as the consultant and an Enterprise Risk Management framework has been developed to help the Board formally identify, assess and treat the Group's enterprise risks and to establish risk register and risk map covering financial, operational, compliance and information technology risks. These risks will be prioritized based on risk appetite and risk tolerance levels that the Board adopts. Key risks will be escalated to, and discussed at the Board level while all the other risks are handled at Management level and reported to the Board on an exceptional basis. This Enterprise Risk Management framework has been reviewed by the AC and approved by the Board. The AC and the Board are satisfied that our internal controls are adequate and all future internal audit reviews conducted by the internal auditor, IA Essential Pte. Ltd. ("<b>IA Essential</b>") will be conducted in accordance with the Enterprise Risk Management framework, which will be reviewed by the AC and the Board every half yearly.</p> <p>The Management and IA Essential, conduct reviews and audits on a regular basis that involve testing the adequacy and effectiveness of material internal controls on key risks. Any material noncompliance or lapses in internal controls and its corresponding mitigating actions will be reported to the AC. At least annually, the Board, with the assistance from the AC, will review the adequacy and effectiveness of the Company's risk management and internal control systems, including financial, operational, compliance and information technology risks.</p>

## CORPORATE GOVERNANCE REPORT

Provision	Code Description	Company's Compliance or Explanation
9.2(a) 9.2(b)	<b>CEO and CFO assurance</b>	<p>For FY2020, the Board has also received assurance from the CEO and the CFO:</p> <p>(a) that 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</p> <p>(b) on the adequacy and the effectiveness of the Group's risk management systems and internal control systems, including financial, operational, compliance and information technology controls.</p>
	<b>Board conclusion</b>	<p>The Board has received assurance from the CEO and the CFO (a) that the financial records have been properly maintained and the financial statements for FY2020 give a true and fair view of the Group's operations and finances; and (b) the Group's risk management and internal controls system have been adequate and effective.</p> <p>In addition, the external auditors will also highlight internal control weaknesses which have come to their attention in the course of their statutory audit. All external and internal audit findings and recommendations will be reported to the AC and discussions were held between the AC and auditors in the absence of the key management personnel to review and address any potential concerns. The Board noted there were no major adverse findings on risk management and internal control systems relating to the internal audit conducted for FY2020.</p> <p>Based on the assurance from the CEO and the CFO referred to in the preceding paragraph, the internal controls established and maintained by the Group, the review performed by the Management and the AC, the work performed by the internal auditors, the review undertaken by the external auditors as part of their statutory audit, and the Enterprise Risk Management framework that has been developed, the Board, with the concurrence of the AC, is of the opinion that the Group's internal controls, including financial, operational, compliance and information technology controls, and risk management systems, were adequate and effective as at FY2020.</p>

# CORPORATE GOVERNANCE REPORT

Provision	Code Description	Company's Compliance or Explanation
<b>Audit Committee</b>		
<b>Principle 10: The Board has an Audit Committee ("AC") which discharges its duties objectively</b>		
10.1	<b>Duties of the AC</b>	<p>In performing its functions in accordance with a set of terms of reference, the AC's principal responsibilities include, amongst others the following:</p> <ul style="list-style-type: none"> <li>(a) review, with the internal and external auditors, the audit plans, scope of work, their evaluation of our system of internal controls, audit reports, their management letters and our management's response, and the results of audits compiled by our internal and external auditors, and will review at regular intervals with the management the implementation by our Group of the internal control recommendations made by our internal and external auditors;</li> <li>(b) review the periodic consolidated financial statements and any formal announcements relating to the Group's financial performance before submission to the Directors for approval, focusing in particular on changes in accounting policies and practices, major risk areas, significant adjustments arising from the audit, compliance with accounting standards, compliance with the Catalist Rules and any other statutory and regulatory requirements, concerns and issues arising from their audits including any matters which the auditors may wish to discuss in the absence of the Management, where necessary, before submission to the Directors for approval;</li> <li>(c) review and report to the Directors, at least annually, the effectiveness and adequacy of our internal control procedures addressing financial, operational, information technology and compliance risks and discuss issues and concerns, if any, arising from the internal audits;</li> <li>(d) review and discuss with our independent and internal auditors, any suspected fraud, irregularity or infringement of any relevant laws, rules and regulations, which has or is likely to have a material impact on the Group's results of operation, financial performance or financial position and our management's response;</li> <li>(e) review our key financial risk areas, with a view to providing an independent oversight on our Group's financial reporting, the outcome of such review to be disclosed in the annual reports or if the findings are material, to be immediately announced via SGXNET;</li> <li>(f) review and approve any interested person transactions falling within the scope of Chapter 9 of the Catalist Rules and review procedures thereof, including the general mandate adopted by the Company in relation to ongoing and recurrent interested person transactions;</li> <li>(g) review our Company's Corruption Preventive Policy Framework, which include the Anti-Bribery Guidelines and Whistleblowing Policy and Procedures set out in Appendix M of the Offer Document by which employees of our Group may, in confidence, report to the chairman of our AC, possible improprieties in matters of financial reporting or other matters and ensure that there are arrangements in place for independent investigation and follow-up actions thereto;</li> </ul>



## CORPORATE GOVERNANCE REPORT

Provision	Code Description	Company's Compliance or Explanation
		<p>(h) review transactions falling within the scope of Chapter 10 of the Catalist Rules, if any;</p> <p>(i) review the adequacy, effectiveness, independence, scope and results of the external audit and our Group's internal audit function;</p> <p>(j) review the effectiveness and adequacy of our Group's administrative, operating, internal accounting and financial control procedures; and</p> <p>(k) undertake generally such other functions and duties as may be required by law or the Catalist Rules, and by such amendments made thereto from time to time.</p> <p>The AC has authority to investigate any matter within its term of reference and have been given full access to the Management and reasonable resources to enable it to discharge its functions properly. The AC has full discretion to invite any Director or Key Management Personnel to attend its meetings.</p>
10.2 10.3	<b>AC composition</b>	<p>All members of the AC are Independent Directors who do not have any management and business relationships with the Company or any substantial shareholder of the Company. None of the AC members were previously partners or directors of the Company's external audit firm within a period of two (2) years commencing on the date of him ceasing to be a partner or director of the external audit firm or hold any financial interest in the external audit firm.</p> <p>The composition of the AC is as follows:</p> <p>Mr. Chin Chee Choon – Chairman  Dato' Sri Mohd Jamidan Abdullah – Member  Dato' Gainneos Jacob Goldie – Member  Mr. Sim Chin Hoe – Member</p> <p>Our AC does not comprise at least two (2) members who have recent and relevant accounting or related financial management expertise or experience. Notwithstanding this, the Board of Directors is of the view that our AC is able to discharge its duties sufficiently as our AC Chairman, Mr. Chin Chee Choon, has relevant accounting and related financial management background and experience. Further, Dato' Gainneos Jacob Goldie has extensive contract and mining law knowledge which are important for the AC to tap on. In addition, Dato' Sri Mohd Jamidan Abdullah and Mr. Sim Chin Hoe both have extensive management and operational experience (which, as part of their managerial experience in their various capacities during their employment history, including their financial management experience) to provide the necessary insights as members of the AC.</p>

## CORPORATE GOVERNANCE REPORT

Provision	Code Description	Company's Compliance or Explanation
		<p>The AC assesses the independence of the external auditors annually. The aggregate amount of fees paid/payable to the external auditors for audit services rendered for the audit of the financial statements of the Group for FY2020 is RM474,000 (27%). The non-audit fees paid/payable to the external auditors for the FY2020 is RM1,305,000 (73%) which includes an amount of RM1,159,000 (65%) fees paid in relation to the Listing of the Company.</p> <p>The AC has reviewed the non-audit services provided by the external auditors for FY2020 and is satisfied that the nature and extent of such services would not prejudice the independence and objectivity of the external auditors as these services were provided in majority in connection with the Company's Listing. Such fees are one off and non-recurring.</p> <p>Having reviewed, amongst other, the scope and quality of the audit and independence of the external auditor, the AC has recommended and the Board has approved the nomination for re-appointment of Ernst &amp; Young LLP as the external auditors of the Company at the forthcoming AGM.</p>
10.4	<b>Internal Audit function</b>	<p>The Group has engaged IA Essential as the internal auditors who reports directly to the AC and administratively to the CFO. The AC has approved the engagement, evaluation, and compensation of IA Essential as the internal auditors of the Company. The role of IA Essential is to provide independent assurance to the AC that the Group maintains adequate and effective risk management and internal control systems.</p> <p>The AC reviews and approves the internal audit plan to ensure the adequacy of the scope of audit. The internal audit plan complements that of the external auditors and together forms a robust risk-based audit approach to facilitate the AC's review of the adequacy and effectiveness of the Group's risk management and internal control systems.</p> <p>For FY2020, the AC is satisfied that IA Essential had been able to discharge its duties effectively as the internal auditor. IA Essential has unfettered access to all documents, records, properties and personnel, including access to the AC. IA Essential has adequate resources to perform its functions effectively and it is independent from the activities that it audits and has appropriate standing within the Group. In assessing the engagement of IA Essential for the internal audit function, the Board and the AC ensured that the internal audit function is sufficiently resourced and internal audits are to be performed by competent professional staff with the relevant qualifications and experience.</p> <p>The Enterprise Risk Management framework will be used as a guide to determine the scope of the internal audit. The scope also covers key aspects of the Group's internal controls established to address financial, operational, compliance and information technology risks. In addition, the internal auditor's activities are also guided by IA Essential's global internal auditing methodology which is in line with the Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors. For FY2020, after having reviewed the internal audit reports and remedial actions implemented by the Management, the AC was satisfied that the Company's internal audit function is independent, effective and adequately resourced.</p>

## CORPORATE GOVERNANCE REPORT

Provision	Code Description	Company's Compliance or Explanation
10.5	<b>Independent Session with the EA &amp; IA</b>	The AC meets with the internal and external auditors at least once annually to discuss audit findings and recommendations, without the presence of the Management. For FY2020, the AC has met with the IA and EA once without the presence of the Management.
Rules 712 and 715 of the Catalist Rules	<b>Auditors</b>	The Group has complied with Rules 712 and 715 of the Catalist Rules in relation to the appointment of external auditors.
	<b>Whistleblowing</b>	<p>The AC has reviewed the whistleblowing policy that the Group has established, a copy of which is annexed to this Annual Report. The whistleblowing policy provides mechanisms which ensure a secure and confidential channel that allows employees and external parties to report possible improprieties and disclose any wrongdoings such as fraud, misconduct, breach of any laws or any other illegal acts directly to the AC Chairman or the Lead Independent Director. Reports can be lodged via email to <a href="mailto:honestsam@whistleblower.com.my">honestsam@whistleblower.com.my</a> which is administered by the IA. In addition, there are policies and reporting mechanisms for employees and customers to raise concerns to the Management, who will escalate significant issues to the Board as required. Employees making the report in good faith and without malice are protected from reprisals or victimization.</p> <p>The AC is satisfied that arrangements are in place to ensure independent investigation of such matters and for appropriate follow-up actions to be taken.</p> <p>For FY2020, there were no complaints, concerns of issues, and whistleblowing reports received by the AC.</p>
	<b>Summary of Audit and Risk Management Committee activities</b>	<p>The AC has reviewed the annual financial statements of the Group, the quality and reliability of information for inclusion in financial reports, policies and practices put in place by the Management, reviewed all interested person transactions, nominated and recommended the reappointment of the external auditors and reviewed the adequacy, effectiveness and independence of the internal and external auditors. The AC has assisted the Board in reviewing the adequacy and effectiveness of the risk management and internal control systems, addressing financial, operational, compliance and information technology risks of the Group.</p> <p>Changes to the accounting standards and issues that have direct impact on financial statements were reported to and discussed with the AC by the external auditors, in order for the AC members to keep abreast of changes to such accounting standards and issues.</p> <p>In the review of the Group's financial statements, the AC had discussed with the Management on the accounting principles that were applied and considered the clarity of key disclosures in the financial statements. The AC had also reviewed and discussed the key audit matter ("KAM") for FY2020 with Management and the external auditors. In assessing the KAM, the AC took into consideration the approach, accounting treatment, methodology and key assumptions applied. The AC concurred with the basis and conclusions included in the FY2020 Independent Auditors' Report with respect to the KAM.</p>

# CORPORATE GOVERNANCE REPORT

Provision	Code Description	Company's Compliance or Explanation
<b>SHAREHOLDER RIGHTS AND ENGAGEMENT</b>		
<b>Shareholder Rights and Conduct of General Meetings</b>		
<i>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</i>		
11.1	<b>Shareholder rights</b>	All Shareholders are treated fairly and equitably, and the Group strives to disclose information on all major developments that could materially impact the Group in a timely manner. Shareholders are entitled to attend the general meetings of shareholders and are afforded the opportunity to participate effectively in and vote at general meetings of shareholders.
11.2	<b>Resolutions</b>	Each distinct issue is proposed as a separate resolution at general meetings. All resolutions proposed at general meetings shall be put to vote by way of a poll pursuant to Rule 730A(2) of the Catalyst Rules. All votes cast, for or against or abstain, and the respective percentages, in respect of each resolution are tallied and disclosed at the meeting and an announcement with the detailed results showing the numbers of votes cast for and against for each resolution and the respective percentage will be released via SGXNET after the general meetings.
11.3	<b>Attendance at general meetings</b>	All Directors, in particular the Chairman of the Board, the respective Chairman of the AC, NC and RC, will be present and available to address shareholders' queries at the general meetings. The external auditor will also be present to address queries regarding the conduct of the audit and the preparation and content of the auditor's report.
11.4	<b>Voting procedures</b>	At general meetings, all shareholders are encouraged to attend, participate effectively and vote in person or by proxy. The Company's Constitution provides for a shareholder or a depositor to appoint not more than two (2) proxies to attend and vote at the general meetings of the Company. Where the member is a Central Depository (Pte) Ltd (or its nominee as notified in writing to the Company), it can appoint more than two (2) proxies. Proxies need not be a shareholder of the Company. Shareholders are informed of such meetings through the annual report or circulars sent to all shareholders, notices published in the newspapers and announcements released via SGXNET. Shareholders will be briefed on the rules governing such meetings and voting procedures of the general meetings. An independent polling agent is appointed by the Company for general meetings who will explain the voting procedures that govern the general meetings of shareholders. Results of voting are announced on a timely manner via SGXNET.

## CORPORATE GOVERNANCE REPORT

Provision	Code Description	Company's Compliance or Explanation
		<p>Voting in absentia by email, mail or fax is currently not provided in the Company's Constitution due to authentication and other security related concerns.</p> <p>In view of the current COVID-19 situation, the forthcoming AGM to be held in respect of FY2020 can be convened and 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 ("<b>Order</b>") regardless what the issuers' constitutive documents stipulate. The Order provides that the alternative arrangements apply to meetings held during the period commencing from 27 March 2020 to 30 September 2020.</p> <p>The latest extension of the application duration of the Order has been extended till 30 June 2021 which provides the listed entities with the option to conduct general meetings by electronic means even where they are permitted under the COVID-19 safe distancing regulations to hold physical meetings, to help minimize physical interactions and COVID-19 transmission risks.</p> <p>Alternative arrangements relating to attendance at the AGM via electronic means i.e. 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 (if any) and appointing the Chairman of the AGM as the proxy at the AGM, will be put in place.</p>
11.5	<b>Minutes of general meetings</b>	<p>Minutes of general meetings recording the substantial and relevant comments and queries relating to the agendas of the general meetings raised by shareholders, together with responses from the Board and Management, are prepared by the Company Secretary. The Company does not deem it necessary for the minutes to be published on its website and shareholders who are interested to receive a copy of these minutes can make a request and such minutes will be made available to interested shareholders as soon as practicable upon receipt of their requests.</p> <p>For FY2020, in complying with the requirements stipulated in the First Schedule of the COVID-19 (Temporary Measures) Act 2020 passed by Parliament on 7 April 2020 and the Order, the Company will publish the minutes of the AGM to be held on 27 November 2020 on SGXNET and the Company's website at <a href="https://www.SAMiningLtd.com">https://www.SAMiningLtd.com</a> within one month after the AGM. For FY2020, in accordance with the COVID-19 (Temporary Measures) Act 2020 and the Order, the Company will apply and adopt the alternative arrangements for the convening, holding and conducting of the AGM, as set out in the second column of the First Schedule of the Order.</p>



# CORPORATE GOVERNANCE REPORT

Provision	Code Description	Company's Compliance or Explanation
11.6	<b>Dividend Policy</b>	<p>The Company does not have a fixed dividend policy. The form, frequency and amount of future dividends on the Company's shares will depend on the Group's earnings, general financial condition, results of operations, capital requirements, cash flow, general business condition, development plans and other factors as the Directors may, in their absolute discretion, deem appropriate ("<b>Dividend Factors</b>"). Therefore, there is no assurance that dividends will be paid in the future or of the amount or timing of any future dividends. The Company may declare an annual dividend subject to the approval of the shareholders in a general meeting but the amount of such dividend shall not exceed the amount recommended by our Directors. The Directors may also declare an interim dividend without the approval of our shareholders.</p> <p>As disclosed in page 82 of the Offer Document, our Directors intended to recommend and distribute dividends of not less than 10% of the Group's net profit after tax ("<b>NPAT</b>") for FY2020 subject to, inter-alia, the Company's earnings, general financial condition, results of operations, capital requirements, cash flow, general business condition, our development plans and other factors as our Directors may, in their absolute discretion, deem appropriate ("<b>Dividend Factors</b>").</p> <p>The Board is pleased to recommend a final one-tier tax exempt dividend of 0.6 Singapore cents per share for FY2020 ("<b>Final Dividend</b>"). The final dividend amounting to S\$2.934 million is subject to shareholders' approval at the forthcoming AGM to be held on 27 November 2020.</p> <p>The Final Dividend represents a payout ratio of 14.65% against FY2020 net profit after tax.</p>
<p><b>Engagement with Shareholders</b></p> <p><i><b>Principle 12: The Company communicates regularly with its shareholders and facilitates the participation of shareholders during general meetings and other dialogues to allow shareholders to communicate their views on various matters affecting the Company</b></i></p>		
12.1	<b>Communication</b>	<p>The Company believes in high standards of transparent corporate disclosure and is committed to disclose to its shareholders, the information in a timely and fair manner via SGXNET and the Company's website. Where there is inadvertent disclosure made to a selected group, the Company would make the same disclosure publicly to all stakeholders as soon as practicable. Communication is made through:</p> <ul style="list-style-type: none"> <li>(a) Annual Report prepared and issued to all shareholders. The Board ensures that the annual report includes all relevant information of the Company and the Group, including future developments, if any, and other disclosures required by the Companies Act, Chapter 50 of Singapore and Singapore Financial Reporting Standards and the Catalist Rules;</li> <li>(b) Half-yearly announcements containing a summary of the financial information and affairs of the Group for the reported period;</li> <li>(c) Press releases on major developments of the Group; and</li> <li>(d) Analysts briefings and roadshow.</li> </ul>

## CORPORATE GOVERNANCE REPORT

Provision	Code Description	Company's Compliance or Explanation
		<p>Subject to the prevailing laws, the notices of AGM and EGM are also advertised in a national newspaper. All shareholders of the Company will receive the Annual Report with an accompanying notice of AGM by post. The notice of AGM is also published in the newspaper within the mandatory period, the AGM of which is to be held within four (4) months after the end of the financial year.</p> <p>For FY2020, the Company will be relying on the Order. The Annual Report, notice of AGM and proxy form ("<b>AGM documents</b>") will be available to shareholders through electronic means via publication on the company's website and on the SGX-ST website at <a href="https://www.sgx.com/securities/company-announcements">https://www.sgx.com/securities/company-announcements</a>. Printed copies of the AGM documents will not be sent to shareholders.</p> <p>The shareholders can access the financial information, corporation announcements, press releases, annual reports and profile of the Group on the Company's website at <a href="https://www.SAMiningLtd.com/">https://www.SAMiningLtd.com/</a>.</p>
	<b>Conduct of Shareholder meeting</b>	At general meetings, shareholders are given opportunities to voice their views and direct their questions to the Directors or the Management regarding the Company. The Chairman of the Board, members of the AC, NC and RC are present and available to address questions at general meetings. The external auditors of the Company are also present.
12.2	<b>Investor Relations Policy</b>	<p>The Company solicits feedback from and addresses the concerns of shareholders (including institutional and retail investors) via investors/analyst briefings and the corporate email address on its website. The Company held one (1) investor briefing in FY2020 to meet with its institutional and retail investors prior to our Listing.</p> <p>The Group will provide shareholders and prospective investors with pertinent information necessary to make well-informed investment decisions. By providing shareholders with reliable and timely information, the Company is able to strengthen the relationship with its shareholders based on trust and accessibility. The Company's investor relations (IR) team is led by the CFO who is responsible for integrating finance, accounting, corporate communications and legal compliance to enable effective communication between the Company and the investors.</p>
12.3	<b>Investor engagement</b>	The Company conducts briefings to present its financial results to the media and analysts. Outside of the financial result announcement periods, when necessary and appropriate, the IR team will meet investors and analysts who wish to seek a better understanding of the Group's business and operations. This effort enables the Company to solicit feedback from the investment community on a range of strategic and topical issues which provide valuable insights to the Company from investors' views. Shareholders may raise questions to the Company through the Company's website of which the Company may respond to such questions.

# CORPORATE GOVERNANCE REPORT

Provision	Code Description	Company's Compliance or Explanation
<b>MANAGING STAKEHOLDERS RELATIONSHIPS</b>		
<b>Engagement with Stakeholders</b>		
<b><i>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</i></b>		
13.1, 13.2 and 13.3	–	<p>The Board considers the Company's obligations to its shareholders and also the interests of its material stakeholders as the relationships with material stakeholders may have an impact on the Company's long-term sustainability. Stakeholders are parties who may be affected by the Company's activities or whose actions can affect the ability of the Company to conduct its activities. The Board has identified its stakeholders as customers, employees, suppliers, landlords, investors, media, government institutions and the communities. The Company maintains its Company's website to communicate and engage with the stakeholders. In addition, the Group will be issuing its first sustainability report for financial year ending 31 July 2021 by 31 July 2022 to keep stakeholders informed on the commitment made by the Company in fostering the creation of long-term value for the stakeholders and sustainable development of the global economy.</p> <p>Communication with shareholders is managed by the Executive Director and CFO, assisted by the IR team. All announcements are released via SGXNET, including the half-year and full-year financial results, distribution of notices, press releases, analyst briefings, presentations, and announcement on acquisitions, corporate development and other material developments. The Company does not practise selective disclosure and price sensitive information is publicly released on an immediate basis where required under the Catalist Rules. In addition, all shareholders will receive the Company's annual reports together with the notices of AGM, which are also accessible through SGXNET. The notice of AGM is also advertised in the newspapers.</p> <p>Apart from the SGXNET announcements and its annual report, the Company will also conduct media interviews as and when appropriate to give shareholders and the public deeper insights of the Group's business and strategies when opportunities present themselves. Further, the Company may, if it considers necessary and appropriate, release press releases or organise media/analyst briefings to keep shareholders informed of its corporate development.</p> <p>The Company maintains a corporate website where shareholders can access financial information, corporation announcements, press releases, annual reports and profile of the Group at <a href="https://www.SAMiningLtd.com">https://www.SAMiningLtd.com</a>.</p>

## CORPORATE GOVERNANCE REPORT

<b>COMPLIANCE WITH APPLICABLE CATALIST RULES</b>		
712, 715, or 716	<b>Appointment of Auditors</b>	The Company confirms its compliance with Catalist Rules 712 and 715.
1204(8)	<b>Material Contracts</b>	There were no material contracts entered into by the Group involving the interest of the CEO, any Director, or controlling shareholder, which are either still subsisting at the end of FY2020 or if not then subsisting, entered into since the end of the previous financial year. Please refer to the section entitled “Interested Person Transactions – Present and On-going Interested Person Transactions” of the Offer Document for all contracts entered into by the Group involving the interest of the CEO, any Director, or controlling shareholder, which are either still subsisting at the end of FY2020 or if not then subsisting, entered into since the end of the previous financial year.
1204(10)	<b>Confirmation of adequacy of internal controls</b>	The Board, with the concurrence of the AC, is of the opinion that the Group’s internal controls, including financial, operational, compliance and information technology controls, and risk management systems, were adequate and effective as at FY2020 based on the assurance from the CEO and the CFO set out in page 42 of this Annual Report, the internal controls established and maintained by the Group, the review performed by the Management and the AC, the work performed by the internal auditors and no internal controls matters were raised by the external auditors during the course of the statutory audit.
1204(17)	<b>Interested Persons Transaction (“IPT”)</b>	<p>The Company has established procedures to ensure that all transactions with interested persons are reported in a timely manner to the AC and that the transactions are conducted at arm’s length basis and on normal commercial terms and will not be prejudicial to the interests of the Company and its minority shareholders.</p> <p>The Group has obtained a general mandate from shareholders for the following IPTs including:</p> <ul style="list-style-type: none"> <li>(a) The sale of pipe coating materials by our Group to Aras Kuasa for onward sale to only our End Customer’s Competitor;</li> <li>(b) The procurement of hiring and transportation services by our Group from Multiline Trading;</li> <li>(c) The purchase of lubricants by our Group from HChem Marketing;</li> <li>(d) The procurement of spare parts and equipment by our Group from Multiline Trading; and</li> <li>(e) The procurement of Shared Services by our Group from Aras Kuasa pursuant to the Shared Services Agreement.</li> </ul>

## CORPORATE GOVERNANCE REPORT

	<p>Save as disclosed in the table below, there were no interested person transactions of S\$100,000 and above during FY2020.</p> <table border="1"> <thead> <tr> <th style="text-align: center;">Name of interested person</th> <th style="text-align: center;">Nature of relationship</th> <th style="text-align: center;">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)</th> <th style="text-align: center;">Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)</th> </tr> <tr> <td></td> <td></td> <th style="text-align: center;">RM'000</th> <th style="text-align: center;">RM'000</th> </tr> </thead> <tbody> <tr> <td>Aras Kuasa Sdn Bhd</td> <td>Related party Entity of executive director and Chief Executive Officer, Dato' Sri Pek Kok Sam and non-executive director Dato' Teh Teck Tee</td> <td style="text-align: center;">-</td> <td style="text-align: center;">13,999</td> </tr> <tr> <td>Multiline Trading Sdn Bhd</td> <td>Related party Entity of executive director and Chief Executive Officer, Dato' Sri Pek Kok Sam</td> <td style="text-align: center;">-</td> <td style="text-align: center;">19,757</td> </tr> <tr> <td>Hchem Marketing (M) Sdn Bhd</td> <td>Related party Entity of executive director and Chief Executive Officer, Dato' Sri Pek Kok Sam</td> <td style="text-align: center;">-</td> <td style="text-align: center;">648</td> </tr> <tr> <td colspan="4" style="text-align: center;"><b>Other interested person transaction prior to the Listing</b></td> </tr> <tr> <td>Multi Zillion Properties Sdn Bhd</td> <td>Related party Entity of executive director and Chief Executive Officer, Dato' Sri Pek Kok Sam</td> <td style="text-align: center;">329</td> <td style="text-align: center;">-</td> </tr> </tbody> </table>	Name of interested person	Nature of relationship	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)			RM'000	RM'000	Aras Kuasa Sdn Bhd	Related party Entity of executive director and Chief Executive Officer, Dato' Sri Pek Kok Sam and non-executive director Dato' Teh Teck Tee	-	13,999	Multiline Trading Sdn Bhd	Related party Entity of executive director and Chief Executive Officer, Dato' Sri Pek Kok Sam	-	19,757	Hchem Marketing (M) Sdn Bhd	Related party Entity of executive director and Chief Executive Officer, Dato' Sri Pek Kok Sam	-	648	<b>Other interested person transaction prior to the Listing</b>				Multi Zillion Properties Sdn Bhd	Related party Entity of executive director and Chief Executive Officer, Dato' Sri Pek Kok Sam	329	-
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	<p>The Company will prepare relevant information to assist the AC in its review and will keep a register recording all interested person transactions. The register shall also record the basis for entry into the transactions, including the quotations and other evidence obtained to support such basis. The AC will include the review of interested person transactions as part of its procedures while examining the adequacy of our internal controls. Further, if during these periodic reviews, the AC believes that the guidelines and procedures as stated above are not sufficient to ensure that the interests of minority Shareholders are not prejudiced, the Company will adopt new guidelines and procedures. The AC may request for an independent financial adviser's opinion if it deems fit.</p>																												



## CORPORATE GOVERNANCE REPORT

		The AC shall review all IPTs at least on a quarterly basis to ensure that they are carried out on normal commercial terms and in accordance with the procedures and to ensure that the prevailing rules and regulations in particular, Chapter 9 of the Catalist Rules are complied with.																								
1204(19)	<b>Dealing in Securities</b>	<p>The Company has adopted an internal compliance code of conduct to guide and advise Directors and all executives of the Company with regard to dealings in the Company's securities in compliance with Rule 1204(19) of the Catalist Rules. The Company, Directors and executives shall not deal in the Company's shares on short-term considerations or if they are in possession of price sensitive information and during the period commencing one (1) month prior to release of the full-year financial results announcement and its interim financial results announcements and ending on the date of the announcement of the results. Directors and senior management are also expected to observe insider-trading laws at all times even when dealing in securities within permitted trading periods while in possession or price-sensitive information.</p> <p>In general, the Group's policy encourages Directors, officers and employees of the Group to not deal in Company's securities on short term considerations. The policy is to ensure that the Company's Directors, officers, employees of the Group are aware of their legal obligations towards the dealing of securities of the Company. Persons who are in possession of unpublished material price sensitive information and use such information for their own material gain are committing an offence of insider trading.</p>																								
	<b>Use of Proceeds</b>	<p>On 26 June 2020, our Company received S\$11.9 million as Listing net proceeds.</p> <p>As at the date of this Report, the status on the use of the Listing net proceeds is as follows:</p> <table border="1"> <thead> <tr> <th>Use of net Listing proceeds</th> <th>Allocated S\$'000</th> <th>Utilised S\$'000</th> <th>Balance S\$'000</th> </tr> </thead> <tbody> <tr> <td>Further exploration activities</td> <td>4,000</td> <td>–</td> <td>4,000</td> </tr> <tr> <td>Investment into mining equipment and infrastructure</td> <td>2,000</td> <td>(1,047)<sup>(1)(3)</sup></td> <td>953</td> </tr> <tr> <td>Acquisitions, joint ventures, strategic alliances and/or development of new mines</td> <td>2,000</td> <td>–</td> <td>2,000</td> </tr> <tr> <td>General working capital purposes</td> <td>3,937</td> <td>(326)<sup>(2)</sup></td> <td>3,611</td> </tr> <tr> <td>Total</td> <td>11,937</td> <td>1,373</td> <td>10,564</td> </tr> </tbody> </table>	Use of net Listing proceeds	Allocated S\$'000	Utilised S\$'000	Balance S\$'000	Further exploration activities	4,000	–	4,000	Investment into mining equipment and infrastructure	2,000	(1,047) <sup>(1)(3)</sup>	953	Acquisitions, joint ventures, strategic alliances and/or development of new mines	2,000	–	2,000	General working capital purposes	3,937	(326) <sup>(2)</sup>	3,611	Total	11,937	1,373	10,564
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Total	11,937	1,373	10,564																							

## CORPORATE GOVERNANCE REPORT

		<p><b>Notes:</b></p> <p>(1) RM1,996,000 which is equivalent to S\$655,287 was utilised for the purchase of two (2) units of Volvo EC 480DL excavators on 09 September 2020 and RM1,197,000 which is equivalent to S\$392,137, was utilised for the installation of four (4) units of 4000A Main Switch Board for the purpose of receiving and distributing of power from national grid supply to various plants at our Chaah site and the purchase of one (1) unit of Toyota 8FN50N Forklift Truck on 19 October 2020.</p> <p>(2) S\$326,000 was utilised as working capital of the Company to pay its ongoing professional expenses, directors' training fees and bank charges.</p> <p>(3) S\$655,287 is based on the exchange rate of RM100.00:S\$32.83 as at 08 September 2020 and S\$392,137 is based on the exchange rate of RM100.00:S\$32.76 as at 16 October 2020 extracted from information published by the Monetary Authority of Singapore.</p> <p>The above utilisation of the Listing proceeds is in accordance with the intended use as stated in the Offer Document.</p> <p>At the appropriate juncture, our Group will deploy the remaining Listing proceeds as the Group intends to acquire, enter into joint venture and/or develop new mines as and when the opportunity arises. Pending such deployment, funds have been placed in interest bearing deposits with licenced banks in Singapore.</p> <p>The Company will make periodic announcements on the utilisation of the proceeds from the Listing as and when the proceeds are materially disbursed and provide a status report on such use in its annual report and its half year and full year financial statements.</p>
711A	<b>Sustainability Report</b>	The Group will be issuing its first sustainability report for the financial year ending 31 July 2021 by 31 July 2022 to keep stakeholders informed on the commitment made by the Company in fostering the creation of long-term value for the stakeholders and sustainable development of the global economy.
1204(21)	<b>Non-sponsor fees</b>	There were no non-sponsor fees paid/payable to the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. during FY2020.

## ADDITIONAL INFORMATION

The dates of initial appointment of each director are set out as follows:

<b>Name of Directors</b>	<b>Dato' Teh Teck Tee</b>	<b>Dato' Sri Pek Kok Sam</b>	<b>Dato' Sri Mohd Jamidan Abdullah</b>	<b>Chin Chee Choon</b>	<b>Sim Chin Hoe</b>	<b>Dato' Gainneos Jacob Goldie</b>
Appointment	Non-Executive Non-Independent Chairman	CEO and Executive Director	Lead Independent Director	Independent Director	Independent Director	Independent Director
Date of initial appointment	27 April 2020	19 September 2019	27 April 2020	27 April 2020	27 April 2020	27 April 2020
Date of last re-election	N/A	N/A	N/A	N/A	N/A	N/A
Directorship in other listed companies – Present	N/A	N/A	N/A	Allied Technologies Ltd. Versalink Holdings Ltd.	N/A	N/A
Directorship in other listed companies and/or other principal commitments – Past (in the last three preceding years)	Please refer to the “Principal Commitments” as set out in the table for Dato' Teh's reelection as set out in the table disclosing the	Please refer to the “Principal Commitments” as set out in the table for Dato' Sri Pek's reelection as set out in the table disclosing the	N/A	Choo Chiang Holdings Attain Analytics Pte. Ltd.	N/A	N/A
Present principal commitments	requirements of Appendix 7F of the Catalist Rules below.	requirements of Appendix 7F of the Catalist Rules below.	Indodeluxe Sdn. Bhd.	Access Global Pte. Ltd. NTS Asia Advisory Sdn. Bhd.	N/A	CJ&J Property Trading Limited Jacob Goldie S.S. Chew Advocates & Solicitors (“JGSSC”)

## ADDITIONAL INFORMATION

Please refer to the table below for additional information on Directors to be re-elected at the forthcoming AGM:

	<b>Dato' Teh Teck Tee</b>
Date of Appointment	27 April 2020
Age	68
Country of principal residence	Malaysia
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The Board of Directors of the Company has considered, among others, the recommendation of the NC and assessed the qualifications and experience and suitability of Dato' Teh Teck Tee for re-appointment as a Director and member of the RC of the Company. The Board have reviewed and concluded that Dato' Teh Teck Tee possess the requisite experience, knowledge and capabilities to assume the duties and responsibilities as a Director of the Company.
Whether appointment is executive, and if so, the area of responsibility	No
Job Title	Non-Executive Non-Independent Chairman
Professional qualifications	N/A
Working experience and occupation(s) during the past 10 years	Dato' Teh Teck Tee has approximately 13 years of experience in the mining and exploration of iron ore. Prior to establishing our Group, he was the managing director of TTS Transport, a company in the logistics industry from 1977 to 2011 and the managing director of TTS Engineering Sdn. Bhd., a company in the engineering and fabrication industry from 1985 to 2011.
Shareholding interest in the listed issuer and its subsidiaries	30,100,000 shares
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	No
Conflict of interest (including any competing business)	No, except for the Company's principal subsidiary's former holding Company, Aras Kuasa Sdn. Bhd.. However, the Company have entered into a Non-Compete Undertakings with the Director. The Non-Compete Undertakings shall be effective immediately upon the admission of the Company to the Catalist of the SGX-ST.  Refer to the Company's offer document dated 16 June 2020 under 'Potential Conflict of Interest'.
Undertaking (in the format set out in Appendix 7H) under Rule 720(1) has been submitted to the listed issuer	Yes

## ADDITIONAL INFORMATION

Other Principal Commitments (for the last 5 years)	<p>Akar Sinarmas Sdn. Bhd.          BIMM Venture Pte. Ltd          Daratan Galian Sdn. Bhd.          Equal Greens Sdn. Bhd.          Gubahan Embun Sdn. Bhd.          Hundred Gold Properties Sdn. Bhd.          Lakaran Samudera Sdn. Bhd.          One World Mining Sdn. Bhd.          Pembalakan L &amp; P          Rigid Topland Sdn. Bhd.          Serta Cemerlang Sdn. Bhd.          Sunpride Resources Sdn. Bhd.</p>
Present	<p>AK Guilin Geology &amp; Mining Sdn. Bhd.          AK Timber Sdn. Bhd.          Aras Kuasa Geological Sdn. Bhd.          Aras Kuasa Resources (Terengganu) Sdn. Bhd.          Aras Kuasa Sdn. Bhd.          Bimm Venture Sdn. Bhd.          Citra Kaya Sdn. Bhd.          Goldfield Paradise Sdn. Bhd.          Infra Daya Sdn. Bhd.          Jalur Eureka Sdn. Bhd.          Jalur Galian Sdn. Bhd.          Junjung Bumi Sdn. Bhd.          Lebar Jasa Sdn. Bhd.          Memori Bintang Sdn. Bhd.          Mutiara Galian Sdn. Bhd.          Paramount Synergy Sdn. Bhd.          Quality Town Sdn. Bhd.          Rigid Global Sdn. Bhd.          Rigid Paragon City Sdn. Bhd.          Saba Citra Sdn. Bhd.          Sri Raya Auto Sdn. Bhd.          Sunbay Ferror Alloy Manganese Sdn. Bhd.          Supercoin Properties Sdn. Bhd.          Tanjung Tunggal Sdn. Bhd.          Teras Megajaya Sdn. Bhd.          Tulus Mentari Holdings Sdn. Bhd.          Tunas Mestika Sdn. Bhd.          World Megalink Sdn. Bhd.          Xinmal Mining Sdn. Bhd.</p>



## ADDITIONAL INFORMATION

**Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is “yes”, full details must be given.**

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
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
c) Whether there is any unsatisfied judgment against him?	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
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

## ADDITIONAL INFORMATION

<p>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?</p>	No
<p>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?</p>	No
<p>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?</p>	No
<p>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?</p>	No
<p>j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:</p> <ul style="list-style-type: none"> <li>i. any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or</li> <li>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</li> </ul>	No

## ADDITIONAL INFORMATION

<p>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</p> <p>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,</p> <p>in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?</p>	
<p>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?</p>	No
<p><b>Disclosure applicable to the appointment of Director only</b></p>	
<p>Any prior experience as a director of an issuer listed on the Exchange?</p> <p>If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange.</p> <p>If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange.</p> <p>Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable).</p>	N/A. This is a re-election of director.

## ADDITIONAL INFORMATION

	<b>Dato' Sri Pek Kok Sam</b>
Date of Appointment	19 September 2019
Age	53
Country of principal residence	Malaysia
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The Board of Directors of the Company has considered, among others, the recommendation of the NC and assessed the qualifications and experience and suitability of Dato' Sri Pek Kok Sam for re-appointment as a Director and member of the NC of the Company. The Board have reviewed and concluded that Dato' Sri Pek Kok Sam possess the requisite experience, knowledge and capabilities to assume the duties and responsibilities as a Director of the Company.
Whether appointment is executive, and if so, the area of responsibility	Dato' Sri Pek Kok Sam, as the Group's CEO and Executive Director, will be responsible to overseeing the operational aspects of our business including quality analysis and control, safety and environmental, maintenance and mine/site management aspects of our business. He is also responsible for the overall management, operations, strategic planning and business expansion of the Group. He oversees the execution of the Group's corporate and business strategies and the day-to-day operations of the Group.
Job Title	CEO and Executive Director
Professional qualifications	N/A
Working experience and occupation(s) during the past 10 years	Dato' Sri Pek Kok Sam has over 18 years of experience in the mining and exploration of iron ore, tin and limestone. Prior to establishing our Group, Dato' Sri Pek Kok Sam conducted limestone quarrying activities in Malaysia from 1993 to 2005.
Shareholding interest in the listed issuer and its subsidiaries	343,780,000 shares
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	Dato' Sri Pek Kok Sam is one of the Director for Honest Sam Development Sdn. Bhd., a principal subsidiary of the Company.
Conflict of interest (including any competing business)	No, except for the Company's principal subsidiary's former holding Company, Aras Kuasa Sdn. Bhd.. However, the Company have entered into a Non-Compete Undertakings with the Director. The Non-Compete Undertakings shall be effective immediately upon the admission of the Company to the Catalist of the SGX-ST.  Refer to the Company's offer document dated 16 June 2020 under 'Potential Conflict of Interest'.
Undertaking (in the format set out in Appendix 7H) under Rule 720(1) has been submitted to the listed issuer	Yes

## ADDITIONAL INFORMATION

Other Principal Commitments (for the last 5 years)	<p>AK Trading Co. Ltd.  Cocopalms Beach Resorts Sdn. Bhd.  Daratan Galian Sdn. Bhd.  Equal Greens Sdn. Bhd.  Gempower Resources Sdn. Bhd.  Grandwood Paradise Sdn. Bhd.  Green Illuminar Sdn. Bhd.  Gubahan Embun Sdn. Bhd.  Hundred Gold Properties Sdn. Bhd.  Lakaran Samudera Sdn. Bhd.  One World Mining Sdn. Bhd.  Pembalakan L &amp; P  Perkayuan Rimba Murni Sdn. Bhd.  Rigid Topland Sdn. Bhd.  Sam World Development Sdn. Bhd.  Serta Cemerlang Sdn. Bhd.  Starlife Tech Sdn. Bhd.  Tenang Setia Sdn. Bhd.</p>
Present	<p>Honest Sam Development Sdn. Bhd.  Acara Realty Sdn. Bhd.  AK Guilin Geology &amp; Mining Sdn. Bhd.  AK Timber Sdn. Bhd.  Aras Kuasa Geological Sdn. Bhd.  Aras Kuasa Resources (Terengganu) Sdn. Bhd.  Aras Kuasa Sdn. Bhd.  Bold Paradise Development Sdn. Bhd.  Eight Super Land Sdn. Bhd.  Fajar Mahawangsa Sdn. Bhd.  Geo Fleet Sdn. Bhd.  Goldfield Paradise Sdn. Bhd.  Hchem Marketing (M) Sdn. Bhd.  Infra Daya Sdn. Bhd.  Jalur Eureka Sdn. Bhd.  Jalur Galian Sdn. Bhd.  Junjung Bumi Sdn. Bhd.  Lebar Jasa Sdn. Bhd.  MCRE Resources Sdn. Bhd.  Memori Bintang Sdn. Bhd.  Multi Zillion Properties Sdn. Bhd.  Multiline Trading Sdn. Bhd.  Mutiara Galian Sdn. Bhd.  My Suncity Sdn. Bhd.  Nadi Mesra Sdn. Bhd.  Optimis Unggul Sdn. Bhd.  Paramount Synergy Sdn. Bhd.  Remparan Sdn. Bhd.  Rigid Global Sdn. Bhd.</p>



## ADDITIONAL INFORMATION

	<p>Rigid Paragon City Sdn. Bhd.  Ritz Atlantic Sdn. Bhd.  Royar Creative Wood Sdn. Bhd.  Saba Citra Sdn. Bhd.  Sam World Land Sdn. Bhd.  Setia Alam Mentari Sdn. Bhd.  Sin Agro Murni Sdn. Bhd.  South Atlantic Minerals Sdn. Bhd.  Super Maxlink Sdn. Bhd.  Super Smartlink Sdn. Bhd.  Supercoin Properties Sdn. Bhd.  Tanjung Tunggul Sdn. Bhd.  Tegas Serimas Sdn. Bhd.  Teras Megajaya Sdn. Bhd.  Terrific Mining Sdn. Bhd.  Tulus Mentari Holdings Sdn. Bhd.  World Megalink Sdn. Bhd.</p>
<p><b>Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is “yes”, full details must be given.</b></p>	
<p>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?</p>	No
<p>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?</p>	No
<p>c) Whether there is any unsatisfied judgment against him?</p>	No

## ADDITIONAL INFORMATION

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
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
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
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
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
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

## ADDITIONAL INFORMATION

<p>j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:</p> <p>i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or</p> <p>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</p> <p>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</p> <p>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,</p> <p>in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?</p>	No
<p>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?</p>	No

## ADDITIONAL INFORMATION

<b>Disclosure applicable to the appointment of Director only</b>	
<p>Any prior experience as a director of an issuer listed on the Exchange?</p> <p>If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange.</p> <p>If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange.</p> <p>Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable).</p>	<p>N/A. This is a re-election of director.</p>

## ADDITIONAL INFORMATION

	<b>Dato' Sri Mohd Jamidan Abdullah</b>
Date of Appointment	27 April 2020
Age	62
Country of principal residence	Malaysia
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The Board of Directors of the Company has considered, among others, the recommendation of the NC and assessed the qualifications and experience and suitability of Dato' Sri Mohd Jamidan Abdullah for re-appointment as a Director, member of the AC, RC and NC of the Company. The Board have reviewed and concluded that Dato' Sri Mohd Jamidan Abdullah possess the requisite experience, knowledge and capabilities to assume the duties and responsibilities as a Director of the Company.
Whether appointment is executive, and if so, the area of responsibility	No
Job Title	Lead Independent Director
Professional qualifications	N/A
Working experience and occupation(s) during the past 10 years	Dato' Sri Mohd Jamidan has worked for the Malaysian Anti-Corruption Agency from 1983 up until his retirement in January 2018, rising from an Officer to the Deputy Commissioner (Management and Professionalism), a post he held from 2015 to 2018.
Shareholding interest in the listed issuer and its subsidiaries	Nil
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	No
Conflict of interest (including any competing business)	No
Undertaking (in the format set out in Appendix 7H) under Rule 720(1) has been submitted to the listed issuer	Yes
Other Principal Commitments (for the last 5 years)	N/A
Present	Indodeluxe Sdn. Bhd.

## ADDITIONAL INFORMATION

<b>Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is “yes”, full details must be given.</b>	
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
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
c) Whether there is any unsatisfied judgment against him?	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
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



## ADDITIONAL INFORMATION

<p>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?</p>	No
<p>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?</p>	No
<p>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?</p>	No
<p>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?</p>	No
<p>j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:</p> <ul style="list-style-type: none"> <li>i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or</li> <li>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</li> </ul>	No

## ADDITIONAL INFORMATION

<p>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</p> <p>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,</p> <p>in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?</p>	
<p>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?</p>	No
<p><b>Disclosure applicable to the appointment of Director only</b></p>	
<p>Any prior experience as a director of an issuer listed on the Exchange?</p> <p>If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange.</p> <p>If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange.</p> <p>Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable).</p>	N/A. This is a re-election of director.

## ADDITIONAL INFORMATION

	<b>Mr. Chin Chee Choon</b>
Date of Appointment	27 April 2020
Age	47
Country of principal residence	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The Board of Directors of the Company has considered, among others, the recommendation of the NC and assessed the qualifications and experience and suitability of Mr. Chin Chee Choon for re-appointment as a Director, Chairman of the AC and member of the NC and RC of the Company. The Board have reviewed and concluded that Mr. Chin Chee Choon possess the requisite experience, knowledge and capabilities to assume the duties and responsibilities as a Director of the Company.
Whether appointment is executive, and if so, the area of responsibility	No
Job Title	Independent Director
Professional qualifications	Mr. Chin Chee Choon is a Public Accountant and a Chartered Accountant of Singapore, a Certified Internal Auditor of the Institute of Internal Auditors and a Fellow Chartered Accountant of the Institute of Singapore Chartered Accountants. He has also been a member of the Singapore Institute of Directors since 2010, a member of the Institute of Singapore Chartered Accountants and a member of the Institute of Internal Auditors.
Working experience and occupation(s) during the past 10 years	Mr. Chin Chee Choon has been with Nexia TS Public Accounting Corporation since September 2007 where he currently heads the firm's Advisory Services Division and is also an Assurance Director.
Shareholding interest in the listed issuer and its subsidiaries	Nil
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	No
Conflict of interest (including any competing business)	No
Undertaking (in the format set out in Appendix 7H) under Rule 720(1) has been submitted to the listed issuer	Yes
Other Principal Commitments (for the last 5 years)	Choo Chiang Holdings Attain Analytics Pte. Ltd.
Present	Allied Technologies Ltd. Access Global Pte. Ltd. NTS Asia Advisory Sdn. Bhd. Versalink Holdings Ltd.

## ADDITIONAL INFORMATION

<b>Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is “yes”, full details must be given.</b>	
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
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
c) Whether there is any unsatisfied judgment against him?	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
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

## ADDITIONAL INFORMATION

<p>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?</p>	No
<p>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?</p>	No
<p>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?</p>	No
<p>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?</p>	No
<p>j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:</p> <ul style="list-style-type: none"> <li>i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or</li> <li>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</li> </ul>	No

## ADDITIONAL INFORMATION

<p>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</p> <p>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,</p> <p>in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?</p>	
<p>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?</p>	No
<p><b>Disclosure applicable to the appointment of Director only</b></p>	
<p>Any prior experience as a director of an issuer listed on the Exchange?</p> <p>If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange.</p> <p>If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange.</p> <p>Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable).</p>	N/A. This is a re-election of director.



## ADDITIONAL INFORMATION

	<b>Mr. Sim Chin Hoe</b>
Date of Appointment	27 April 2020
Age	62
Country of principal residence	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The Board of Directors of the Company has considered, among others, the recommendation of the NC and assessed the qualifications and experience and suitability of Mr. Sim Chin Hoe for re-appointment as a Director, member of the AC, NC and RC of the Company. The Board have reviewed and concluded that Mr. Sim Chin Hoe possess the requisite experience, knowledge and capabilities to assume the duties and responsibilities as a Director of the Company.
Whether appointment is executive, and if so, the area of responsibility	No
Job Title	Independent Director
Professional qualifications	N/A
Working experience and occupation(s) during the past 10 years	Mr. Sim Chin Hoe worked for Shawcor Singapore Pte. Ltd. ("Shawcor") and its related companies for more than 30 years, taking on various roles such as General Manager, Operations and General Manager, Commercial.
Shareholding interest in the listed issuer and its subsidiaries	Nil
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	No
Conflict of interest (including any competing business)	No
Undertaking (in the format set out in Appendix 7H) under Rule 720(1) has been submitted to the listed issuer	Yes
Other Principal Commitments (for the last 5 years)	N/A
Present	N/A

## ADDITIONAL INFORMATION

<b>Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is “yes”, full details must be given.</b>	
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
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
c) Whether there is any unsatisfied judgment against him?	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
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

## ADDITIONAL INFORMATION

<p>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?</p>	No
<p>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?</p>	No
<p>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?</p>	No
<p>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?</p>	No
<p>j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:</p> <ul style="list-style-type: none"> <li>i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or</li> <li>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</li> </ul>	No

## ADDITIONAL INFORMATION

<p>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</p> <p>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,</p> <p>in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?</p>	
<p>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?</p>	No
<p><b>Disclosure applicable to the appointment of Director only</b></p>	
<p>Any prior experience as a director of an issuer listed on the Exchange?</p> <p>If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange.</p> <p>If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange.</p> <p>Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable).</p>	N/A. This is a re-election of director.

## ADDITIONAL INFORMATION

	<b>Dato' Gainneos Jacob Goldie</b>
Date of Appointment	27 April 2020
Age	54
Country of principal residence	Malaysia
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The Board of Directors of the Company has considered, among others, the recommendation of the NC and assessed the qualifications and experience and suitability of Dato' Gainneos Jacob Goldie for re-appointment as a Director, Chairman of the NC and RC, and member of the AC of the Company. The Board have reviewed and concluded that Dato' Gainneos Jacob Goldie possess the requisite experience, knowledge and capabilities to assume the duties and responsibilities as a Director of the Company.
Whether appointment is executive, and if so, the area of responsibility	No
Job Title	Independent Director
Professional qualifications	Dato' Gainneos Jacob Goldie is a member of the Pahang State Bar Committee.
Working experience and occupation(s) during the past 10 years	Dato' Gainneos Jacob Goldie has been the managing partner of JGSSC since 2000 and is the head of litigation, specialising in civil and commercial litigation involving debt recovery, construction disputes, arbitration and matters pertaining to mining laws.
Shareholding interest in the listed issuer and its subsidiaries	Nil
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	No
Conflict of interest (including any competing business)	No
Undertaking (in the format set out in Appendix 7H) under Rule 720(1) has been submitted to the listed issuer	Yes
Other Principal Commitments (for the last 5 years)	N/A
Present	CJ&J Property Trading Limited Jacob Goldie S.S. Chew Advocates & Solicitors

## ADDITIONAL INFORMATION

**Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is “yes”, full details must be given.**

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
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
c) Whether there is any unsatisfied judgment against him?	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
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



## ADDITIONAL INFORMATION

<p>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?</p>	No
<p>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?</p>	No
<p>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?</p>	No
<p>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?</p>	No
<p>j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:</p> <ul style="list-style-type: none"> <li>i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or</li> <li>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</li> </ul>	No

## ADDITIONAL INFORMATION

<p>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</p> <p>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,</p> <p>in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?</p>	
<p>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?</p>	No
<p><b>Disclosure applicable to the appointment of Director only</b></p>	
<p>Any prior experience as a director of an issuer listed on the Exchange?</p> <p>If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange.</p> <p>If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange.</p> <p>Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable).</p>	N/A. This is a re-election of director.

# ANTI-BRIBERY POLICY AND FRAMEWORK

## CORRUPTION PREVENTIVE POLICY AND FRAMEWORK

### I. INTRODUCTION

The Group adopts a ZERO TOLERANCE approach towards bribery and corruption. It is our policy that the Group shall conduct its business honestly and ethically. The Group is committed to act professionally, fairly and with integrity in all our business dealings and relationships. In achieving this, the Group aims to implement, operate and enforce an effective system and framework to counter bribery and corruption.

Any engagement of bribery and corrupt practices can have severe repercussions and consequences which include dismissal, fines and imprisonment for our board of directors (the "Board") and/or employees while the Group may suffer damage to reputation, financial loss and disbarment from business. Therefore, we do not tolerate any forms of corruption, practices or actions, whether directly or indirectly.

In order to establish adequate structure and procedures to prevent corrupt practices in the Group, we have developed this Corruption Preventive Policy and Framework ("CPPF") based on the principles outlined in the Guidelines on Adequate Procedures ("GAP") issued by the Prime Minister Department of Malaysia.

The CPPF comprises six (6) main sections below:

- i. Policy Matters and Communication;
- ii. Whistleblowing;
- iii. Risk Assessment and Internal Control;
- iv. On-Boarding Screening Process;
- v. Awareness and Training; and
- vi. Review and Monitoring.

The objectives and the respective Board's and Management's responsibilities of each section is elaborated in the following pages.

Though the CPPF is intended to apply to every director, senior management and employees of the Group (including temporary and part-time employees), joint-venture companies in which the Company has a non-controlling interest and associated companies are encouraged to adopt the CPPF as well.

Similarly, the Group also expect that contractors, sub-contractors, consultants, agents, representatives and others performing work or services for or on behalf of the Group will comply with the relevant sections of the CPPF when performing their work or services.

If you have any queries about the CPPF, please contact our representatives in the Corporate Liability Working Group ("CLWG").

	Name	Designation	Email	Contact Number
1	Mr. Lim Wei Hung	Chief Financial Officer	<a href="mailto:whlim@honestsam.com.my">whlim@honestsam.com.my</a>	09 – 548 8883
2	Mr. Pek Kok Hing	Human Resources Manager	<a href="mailto:PatrickPek@honestsam.com.my">PatrickPek@honestsam.com.my</a>	09 – 548 8888
3	Ms. Chong Yee Ching	Accounts Manager	<a href="mailto:ycchong@honestsam.com.my">ycchong@honestsam.com.my</a>	09 – 548 8970
4	Ms. Theresa Lai	Human Resources Executive	<a href="mailto:hr_dept@honestsam.com.my">hr_dept@honestsam.com.my</a>	09 – 548 8836

Each of the representatives of the CLWG has direct access and a direct reporting line to the Audit Committee and Board of Director. The roles of the CLWG are to assist in addressing questions or clarifications from employees regarding the ABG. Their roles are not intended to administer any reporting of any whistleblowing reports made by employees of the Group. Employees may refer to our Whistleblowing Policy and Procedure for our whistleblowing channel.

# ANTI-BRIBERY POLICY AND FRAMEWORK

## II. POLICY MATTERS AND COMMUNICATION

### a) Objective

The corruption preventive policy matter is a Board's matter.

The Board has towards this end defined and laid down its CPPF, Code of Conduct and Ethics ("CCE") and Anti-Bribery Guide ("ABG") setting the "tone from the top" and core principles and guidance to deal with corruptions. The issues and procedures on how to prevent improper solicitation, bribery as well as the Board's and Management's responsibilities are set out therein.

As a matter of policy, the Board expects all its contractors, subcontractors, consultants, agents, representatives and others performing work or services for or on behalf of the Group to understand and comply with the relevant parts of the CCE and ABG when performing their work or services. Similarly, the Board strongly encourages all joint ventures and associated companies of the Group to adopt similar or higher standards of principles on corruption prevention.

### b) Audit Committee ("AC") and Board's Responsibility

The AC and Board are primarily responsible for:

- i. Establishing, maintaining, and periodically reviewing the effectiveness and adequacy of its anti-corruption compliance policies and programme comprising primarily the CPPF and ABG to address corruption risks;
- ii. Practising the highest level of integrity and ethics by promoting professionalism in everything they do;
- iii. Keeping abreast and ensuring full compliance with the applicable laws and regulatory requirements on anti-corruption;
- iv. Ensuring management effectiveness in executing the anti-corruption compliance policies and programme;

- v. Ensuring that the authority and independence of the oversight function on anti-corruption compliance policies and programme are appropriate; and

- vi. Ensuring the Group's anti-bribery policies are made publicly available, and appropriately communicated to all personnel and business associates.

### c) Management's Responsibility

The Management is responsible for ensuring, enhancing and implementing, inter alia:

- i. Anti-corruption compliance policies and programme that adequately address corruption risks;
- ii. Financial controls, such as separation of duties and approval limit of transactions;
- iii. Organisational controls on segregation of duties and tender and quotation procedures;
- iv. Record keeping and documentation related to anti-corruption initiatives and activities; and
- v. Communicate the Group's policies and commitments on anti-corruption to both internal and external parties.

### d) Communication

When planning strategies for communicating the Group's position on anti-corruption, management should take into account the key points that should be communicated; to whom they should be communicated; how they will be communicated\*; the timeframe for conducting the communication plan; and what languages the materials will be communicated in.

#### \*Note:

The communication may be conducted in a variety of formats and mediums including but not limited to:

- i. Messages on the organisation's intranet or website;
- ii. Emails, newsletters, posters;
- iii. Code of business conduct and employee's handbooks;
- iv. Video seminars or messages; and
- v. Town-hall sessions.

# ANTI-BRIBERY POLICY AND FRAMEWORK

## III. WHISTLEBLOWING

### a) Objective

The Group's whistleblowing policy (which is published on the corporate website at <https://www.SAMiningLtd.com/>) aims to provide guidance and comfort to whistleblowers for reporting wrongdoings and violation of the CCE and ABG.

### b) AC and Board's Responsibility

The AC and Board are responsible for:

- i. Ensuring the establishment of an accessible and trusted whistleblowing channel, which may be used anonymously, for internal and external parties to raise concerns in relation to real or suspected corruption incidents;
- ii. Establishing a secure information management system to ensure the confidentiality of the whistleblower's identity and the information reported in order to avoid retaliation against those making reports in good faith;
- iii. Determining appropriate methods for conducting an investigation; and
- iv. Initiating appropriate disciplinary and legal actions against the wrongdoers.

### c) Management's Responsibility

Member of management who is being identified by the AC and/or Board to conduct investigation shall ensure the confidentiality of and no repercussions to the whistleblower. Member of the management shall also report solely to the AC and/or Board and should not inform or notify any individual that is the subject of the investigation.

## IV. ON-BOARDING SCREENING AND REVIEW PROCESS

### a) Objective

The objective of on-boarding screening is to monitor the Group's corruption risk exposure in relation or prior to its dealing with those high-risk business associates such as government authorities, purchasers, contractors and suppliers in the course of business.

### b) AC and Board's Responsibility

The AC and Board should ensure the establishment of adequate on-boarding screening procedures for the Group's business associates and manage on-going monitoring of transactions with those high-risk individuals.

### c) Management's Responsibility

Management should establish, implement and enhance the on-boarding screening process. On-boarding screening should be used before making any decision to sell, purchase or engage a service provider, or to appoint a commercial agent or distributor. If it becomes clear or appears likely during the course of the relationship that these parties are engaging in inappropriate or illicit practices, management should decide if they should stop their relationship with these parties immediately.

## V. TRAINING AND AWARENESS

### a) Objective

The objective of training and awareness is to educate employees and business associates about the Group's anti-corruption position and to create consciousness of refraining from engaging in bribery and corrupt activities in them.

In this respect, all directors, senior management, employees and business associates shall at minimum be familiarised with the Group's structure, procedures and objectives of the CPPF which include the ABG, whistleblowing policy and on-board screening process ("the minimum training").

### b) AC and Board's Responsibility

The AC and Board should:

- i. Ensure that all Board members and key stakeholders of the Group receive the minimum training on a regular basis; and
- ii. Evaluate and ensure the appointment of a competent and qualified trainer or members of management to conduct such minimum training to its employees and business associates.

# ANTI-BRIBERY POLICY AND FRAMEWORK

## c) Management's Responsibility

Management is required to:

- i. Implement "Train-The-Trainer" session to identify suitable trainer for conducting the minimum training;
- ii. Schedule annual training session and identify the trainers and participants;
- iii. Incorporate the minimum training into Group's induction trainings and briefings to all new employees; and
- iv. Perform training need analysis and recommend the types of training enhancement and format\* needed for the approval of the Board.

**\*Note:**

The training may be conducted in a variety of formats, including but not limited to:

- i. Induction programs featuring anti-corruption elements;
- ii. Role-specific training, which is tailored to corruption risks the position is exposed to;
- iii. Corporate training programs, seminars, videos and in-house courses;
- iv. Intranet or web-based programs;
- v. Town hall sessions;
- vi. Retreats; and
- vii. Out-reach programs.

- ii. Ensure the establishment of effective internal control procedures on:
  - Tender and quotation;
  - Related party transaction;
  - On-boarding screening; and
  - Payment approval.

- iii. Seek assurance that CPPF is functioning effectively in managing corruption risks from its Audit Committee or Risk Management Committee.

## c) Management's Responsibility

Management has the overall responsibility to establish, maintain and enhance the effectiveness of the Group's system of internal controls to counter bribery. This system of internal controls shall not be limited to financial and organisational checks and balances over the Group's accounting and recordkeeping practices and other business processes, but also secure the confidentiality of whistleblowers and the information provided, accuracy and completeness of the information used in the on-boarding assessment as well as the information published on the website concerning the Group's anti-corruption policies.

## VI. RISK ASSESSMENT AND INTERNAL CONTROL

### a) Objective

The objective of corruption risk assessment is to identify corruption risk exposure to and gap for improvement in the Group's CPPF and systems of internal control to prevent and detect bribery and corrupt activities.

### b) AC and Board's Responsibility

In order to mitigate the corruption risks exposure of the Group, the AC and Board should:

- i. Review the Group corruption risk exposures periodically or when there is change in law, circumstance of the business and the profile of the business associates. The result of this review should also be used to enhance the Group's CPPF continuously.

## VII. REVIEW, MONITORING AND ASSESSMENT

### a) Objective

Review, monitoring and assessment should form the basis of Board and management efforts to improve and enhance the existing anti-corruption framework or CPPF in place.

### b) AC and Board's Responsibility

The AC and Board should ensure that the Group establishes a monitoring plan covering the scope, frequency, and methods for review and the appointment of a competent team to assess the organisation's anti-corruption framework.



# ANTI-BRIBERY POLICY AND FRAMEWORK

As part of these reviews and monitoring processes, the Board shall assess the performance of management and employees in relation to the anti-corruption policies and procedures to ensure their understanding and compliance with the organisation's stance in their respective roles and functions.

The Board may perform its function on review, monitoring and assessment of the CPPF by delegating this function to the Audit Committee or Risk Management Committee.

## c) Management's Responsibility

Management should:

- i. Identify and appoint key gatekeepers with the Group overseeing the CPPF on a day-to-day basis;
- ii. Document, maintain and make available for inspection of records of all financial transactions and activities that took place in implementing the CPPF;
- iii. Regularly review and assess its performance, efficiency and effectiveness in relation to the anti-corruption framework and enforcement thereof;
- iv. Ensure that the results of any reviews of CPPF, counter measures and recommendations are reported to the Board and acted upon; and
- v. Update the AC and Board about its new enhancement initiatives and status on CPPF.

## ANTI-BRIBERY GUIDELINES

### I. PREAMBLE

The Group's reputation and good standing in the society are substantially dependent on its employees whom should and must act and behave responsibly.

Therefore, each and every employee of the Group undertakes and declares to abide to the statutory regulations and requirements governing the anti-bribery offences in Singapore, Malaysia and/or any countries that the Group might be operating in. This Anti-Bribery Guideline ("ABG") provides details regarding ethical business conducts as well as compliance with the relevant laws and regulations.

All employees should adhere to this ABG and also educate our business associates in the adherence of the ABG. At the same time, employees and business associates shall report or whistleblow any violations of the ABG in accordance with the Group's prescribed whistleblowing reporting channel and procedures.

If you have any doubt about the application of this ABG, please contact our representatives in the Corporate Liability Working Group ("CLWG").

Name	Designation	Email	Contact Number
1 Mr. Lim Wei Hung	Chief Financial Officer	<a href="mailto:whlim@honestsam.com.my">whlim@honestsam.com.my</a>	09 – 548 8883
2 Mr. Pek Kok Hing	Human Resources Manager	<a href="mailto:PatrickPek@honestsam.com.my">PatrickPek@honestsam.com.my</a>	09 – 548 8888
3 Ms. Chong Yee Ching	Accounts Manager	<a href="mailto:yochong@honestsam.com.my">yochong@honestsam.com.my</a>	09 – 548 8970
4 Ms. Theresa Lai	Human Resources Executive	<a href="mailto:hr_dept@honestsam.com.my">hr_dept@honestsam.com.my</a>	09 – 548 8836

Each of the representatives of the CLWG has direct access and direct reporting to the Audit Committee and Board of Director. The roles of the CLWG are to assist in addressing questions or clarifications from employees regarding the ABG. Their roles are not intended to administer any reporting of any whistleblowing reports made by employees of the Group. Employees may refer to our Whistleblowing Policy and Procedure for our whistleblowing channel.

### II. PURPOSE

The purpose of this ABG is to establish controls to ensure compliance with all applicable anti-bribery and anti-corruption regulations in Singapore, Malaysia and/or any countries that the Group might be operating in and to ensure that the Group's business is conducted in a morally and legally responsible manner.

### III. POLICY STATEMENT

It is our policy that the Group shall conduct its business honestly and ethically. The Group does not tolerate any bribery and corruption and is committed to act professionally, fairly and with integrity in all our business dealings and relationships. In achieving this, the Group has implemented, operated and enforced effective systems to counter bribery and corruption in accordance with the practices defined in the ABG.

# ANTI-BRIBERY POLICY AND FRAMEWORK

## IV. SCOPE

This ABG defines the Group's practices on receiving and offering gift, hospitality and entertainment, referral, facilitation, sponsorship, and donation. These Guidelines apply to all members of the Group which include the Directors, management, officers and employees (whether permanent or temporary).

### a. GIFT POLICY

A gift may include, but not limited to, cash or cash equivalents, vouchers, watches, art paintings, souvenir, decorative items, electronic items and etc. The Group adopts a "No Gift" policy. This policy arises to avoid actual and appearance of conflict of interest which may affect the objectivity when making a decision. Accordingly, Directors, employees and their immediate family members shall not solicit, request, or receive gifts from or offer gifts to their business associates and public officials. Nonetheless, there are few exceptions whereby gift-giving and receiving may be allowed in the following situations:

- i. Gifts value not more than RM200;
- ii. Exchange of gifts of equivalent value or as part of a public presentation/ceremony;
- iii. Gift-giving or receiving during official functions, events and celebrations such as door gift, lucky draw gift of not more than RM500; or
- iv. Items bearing a company's logo.

In a situation where a third party insists to offer gifts with value more than RM200 to Directors and employees or the family members of the Directors and employees, the Directors and employees are obligated to record the activity or details relating to gifts in 'Gift Receiving Approval Form' for CEO's and CFO's approval. (Please refer to Appendix A on the Gift Receiving Approval Form).

If approval is obtained, the gift must be shared among all employees in the department.

However, if approval is not given, then, the gift must be:

- i. Politely returned with a note of explanation about the Group's Gift Policy; or
- ii. Donate the gift to charity.

### b. HOSPITALITY & ENTERTAINMENT

Often, hospitality and entertainment activities provided by the company may include hosting meals, and providing accommodation for customers, business partners and/or government officials. Employees of the Group may also receive hospitality and entertainment benefits from business partners as part of the ordinary course of business.

As a guide, hospitality and entertainment with value more than RM300 per person should not be provided or received. When providing or receiving hospitality and entertainment treatment of more than the prescribed amount, pre-approval should be obtained with reasons and justifications by both the CEO and CFO. If approval could not be given, the respective heads are obligated to refuse politely with an explanation.

However, this hospitality and entertainment policy does not apply to any travel by employees for operational or business purposes which shall be subject to the procedures and approval for reimbursable expenses.

### c. REFERRAL

A referral can be a fee or benefit given to a party as a gratitude for referring a job, project, customer and employee.

#### C1) Government Officials

The Group has "zero referral fee payment" policy for all government officials and individuals representing any regulatory authorities.

#### C2) Private Entity

The commercial payment of referral fee to private entities or individuals shall subject to approval by both the CEO and CFO. Upon approval, an agreement must be prepared which clearly discloses the amount of referral fee or commission or benefit to be paid or the methods or approach in deriving such fee, commission and/or benefit. No employees shall request or receive any referral fee, commission or benefit from our business associates on a personal capacity.

Thereafter, all referral fees shall be recorded and documented. A summary of all referral fee, commission or benefit should be compiled for review by the Audit Committee on a periodic basis.

## ANTI-BRIBERY POLICY AND FRAMEWORK

### d. FACILITATION

A facilitation payment is a payment made for some actions or process to be made expeditiously to benefit the Group such as during licence or permit application processes. Our Group does not tolerate any form of facilitation payment nor accept facilitation payments directly or indirectly from any person.

In situations where employees are forced to make facilitation payments, employees, Directors, or agents acting on behalf of the company should first try to excuse themselves as best as they could. However, if such payments were provided under force, duress and/or threats, employees, Directors, or agents acting on behalf of the company must subsequently make an immediate report or whistleblow the incident accordingly such that the Company's management, Board of Directors and/or Audit Committee can take the necessary actions.

### e. SPONSORSHIP

Sponsorship is an arrangement to support an event or activity by contributing money or benefit in kind as part of the Group's corporate social responsibility. Examples of sponsorship are sponsoring for annual dinners, sport competition, venue, and any other events or activities.

Donations must be documented in the 'Sponsorship and Donation Requisition Form'. (Kindly refer to Appendix B for the Sponsorship and Donation Requisition Form). All sponsorship activities must be legitimate. Sponsorship above RM1,000 but below RM10,000 must be approved by both CEO and CFO. Whereas sponsorship above RM10,000 shall be subjected to CEO, CFO and the Board's approval collectively to ensure such sponsorship contributed or received are reasonable and appropriate to safeguard the reputation of the Group from any allegations of bribery. All sponsorship should be compiled and reviewed by the Audit Committee on a periodic basis.

In order to promote transparency, all sponsorship should be recorded, documented and disclosed in the Annual Report. In addition, the Company should also request for a formal documentation or receipt to certify/endorse the sponsorship provided by the Group.

### f. DONATION

Donations are contribution in the form of monetary benefits or equivalent, equipment, or other benefits to a fund, charity causes as part of our Group's corporate social responsibilities. All donations made or received should not be used as a camouflage for bribery or used to circumvent bribe or money laundering, or use to disguise illegal payments such as facilitation payments and not funding for illegal and terrorism activities.

Nonetheless, the Group would not make donations or political contributions to any politically-related parties or individuals such as government officials, regulatory bodies, authorities, and any related parties thereof.

Donations must be documented in the 'Sponsorship and Donation Requisition Form'. (Kindly refer to Appendix B for the Sponsorship and Donation Requisition Form). Donations above RM1,000 but less than RM10,000 must be pre-approved by both CEO and CFO. Donation above RM10,000 should be approved by CEO, CFO and the Board. If approved, donations received by the recipient should be recorded, documented and disclosed with reasons and amount in the Annual Report for transparency and traceability purposes. If donation received is not approved, the HOD or CEO is obligated to refuse politely with an explanation or re-donate the donation to other charitable courses. All donation should be compiled and reviewed by the Audit Committee on a periodic basis.

# ANTI-BRIBERY POLICY AND FRAMEWORK

## Appendix A Gift Receiving Approval Form

### Gift Receiving Approval Form

[This form is only applicable for gift above RM200]

Request date:

Contact name:

Contact number:

Email:

Department:

Beneficiary:

Nature of gift:

Gift amount/equivalent amount:

Reasons for receiving gift:

Signature of requestor:

Approved by:

\_\_\_\_\_  
CEO

\_\_\_\_\_  
CFO

# ANTI-BRIBERY POLICY AND FRAMEWORK

## Appendix B Sponsorship and Donation Requisition Form

### Sponsorship and Donation Requisition Form

Request date:

Contact name:

Contact number:

Email:

Department:

Beneficiary:

Sponsorship/Donation amount:

Reasons for

Sponsorship/Donation:

Signature of requestor:

Approved by:

\_\_\_\_\_  
CEO

\_\_\_\_\_  
CFO

\_\_\_\_\_  
Board

(Only applicable if amount is >RM10k)

# WHISTLEBLOWING POLICY AND PROCEDURES

## 1.0 INTRODUCTION

Southern Alliance Mining Ltd. and its subsidiaries (the “Group”) are committed to maintaining and achieving a high standard of compliance with accounting, financial reporting, internal controls, corporate governance and auditing requirements, and any legislation relating thereto to uphold the Group’s corporate integrity and to conduct its affairs responsibly and ethically.

In order to achieve the above, the Board has developed measures, including this whistleblowing policy and procedure (the “Policy”). This Policy is meant to guide all employees and stakeholders to report any wrongdoings and improper conduct and to provide protection to them accordingly. In addition, this Policy aims to offer reassurance that employees and external parties will be protected from reprisals or victimisation for whistleblowing in good faith.

This Policy is intended to conform to the guidance set out in the Singapore Code of Corporate Governance as well as other applicable rules and regulations in Malaysia (or where the Group might be operating in), which encourages employees to raise concerns, in confidence, about possible irregularities.

## 2.0 APPLICATION

This Policy is applied to the reporting of, but not limited to the following:

- Concerns about the Group’s accounting, internal controls or auditing matters;
- Breach of failure to implement or comply with the Group’s policies or code of conduct;
- Impropriety, corruption, acts of fraud, theft and/misuse of the Group’s properties, assets or resources;
- Conduct which is an offence or breach of law;
- Abuse of power or authority;
- Serious conflict of interest without disclosure;
- International provision of incorrect information to public bodies;

- Any other serious improper matters which may cause financial or non-financial loss to the Group, or damage to the Group’s reputation;
- Fraud against investors, or the making of fraudulent statements to the Singapore Exchange Securities Trading Limited, members of the investing public and government or state authorities;
- Acts to mislead, deceive, manipulate, coerce or fraudulently influence any internal or external accountant or auditor in connection with the preparation examination, audit or review of any financial statements or records of the Group; and
- Concealing information about any malpractice or misconduct.

The above list is intended to give an indication of the kind of conduct which might be considered as “wrong-doing”. In cases of doubt, the whistleblower should seek to speak to his or her immediate superior or follow the procedure for reporting under this Policy.

This Policy does not override the existing Group Human Resource Grievance Procedure and the Disciplinary Action Procedures. Instead, this Policy aims to provide more avenues for employees and stakeholders to report any improper conduct committed or to be committed. The Group expects the whistleblower to provide his/her concern in good faith and to show to the appropriate officer that there are sufficient grounds for his/her concerns.

## 3.0 WHISTLEBLOWING CHANNEL

All employees and stakeholders who knows of, or suspects a violation of the Code may report the incidence to the Audit Committee Chairman or the Lead Independent Director by emailing to [honestsam@whistleblower.com.my](mailto:honestsam@whistleblower.com.my) or posting to PO Box #911, L2-08, Level 2, Cheras Leisure Mall, Jalan Manis 6, Taman Segar, 56100 Kuala Lumpur. Employees and stakeholders may use the report form which is appended to this Policy. These channels of reporting are maintained by an independent service provider which is currently our internal auditor, IA Essential Pte. Ltd. to ensure the integrity of the reporting channel.

# WHISTLEBLOWING POLICY AND PROCEDURES

## 4.0 WHISTLEBLOWER REPORTING PROCEDURES

The general principles governing this whistleblowing are as follows:–

- The whistleblower may identify himself or herself or remain anonymous when reporting suspected and/or known misconduct and wrongdoings;
- The identity of the whistleblower and all concerns raised would be treated as private and confidential in order to protect the whistleblower from harassment resulting from the reporting. However, the whistleblower may be required to come forward as a witness in accordance with any applicable laws and regulations; and
- The Whistleblower and any persons related or associated with the whistleblower are protected against any detrimental action in reprisal for reporting improper conducts. However, this protection would not be extended to someone who maliciously raises matter he/she knows is untrue. Employees who are found making false, frivolous and/or malicious allegations shall be subjected to disciplinary actions by the Company.

## 5.0 INVESTIGATION AND OUTCOMES

All complaints shall be acknowledged within five (5) working days upon receipt and the Audit Committee will discuss and assess on the action and investigation on the complaints received based on, inter alia, the severity of the issue raised, the credibility of the concern or information and likelihood of confirming the concern or information from an attributable source. Upon assessment, the Audit Committee shall decide the appointment of suitable investigator/professional party from within or outside the Group to review each complaint and pursue it to the extent that the information and evidence received allows.

Upon completion of an investigation, the Audit Committee Chairman or the Lead Independent Director shall decide the appropriate actions for:

- a. Informing the whistleblowers the status of the findings;
- b. Initiating disciplinary action against any persons who have committed improper conducts;
- c. Making a police report where the improper conduct constitutes a criminal offence; and d. Recommending steps to prevent a similar situation from repeating in the future.

## 6.0 FURTHER CLARIFICATION

Employees and stakeholders who require clarification on the Policy may contact our representatives in the Corporate Liability Working Group or email his/her queries to [honestsam@whistleblower.com.my](mailto:honestsam@whistleblower.com.my)

## 7.0 UPDATES AND AMENDMENTS

The Group reserves the right to amend this Policy from time to time.



# FINANCIAL CONTENTS

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# DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 JULY 2020

The directors are pleased to present their statement to the members together with the audited consolidated financial statements of Southern Alliance Mining Ltd. (the "Company") and its subsidiary (collectively, the "Group") and the statement of financial position and statement of changes in equity of the Company for the financial year ended 31 July 2020.

## 1. Opinion of the directors

In the opinion of the directors,

- (i) the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity 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 31 July 2020 and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the year ended on that date; and
- (ii) at the date of this statement there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

## 2. Directors

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

Dato' Sri Pek Kok Sam	(appointed on 19 September 2019)
Dato' Teh Teck Tee	(appointed on 27 April 2020)
Dato' Sri Mohd Jamidan Abdullah	(appointed on 27 April 2020)
Dato' Gainneos Jacob Goldie	(appointed on 27 April 2020)
Chin Chee Choon	(appointed on 27 April 2020)
Sim Chin Hoe	(appointed on 27 April 2020)

## 3. Arrangements to enable directors to acquire shares or debentures

Except as described in paragraph five below, 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' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 JULY 2020

## 4. 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 of the Company and related corporations (other than wholly-owned subsidiary) as stated below:

Name of director	At the date of incorporation or date of appointment	At the end of financial year	At 21 August 2020
<b>Ordinary shares of the Company</b>			
Dato' Sri Pek Kok Sam	1	343,780,000	343,780,000
Dato' Teh Teck Tee	–	30,100,000	30,100,000

By virtue of Section 7 of the Singapore Companies Act, Chapter 50, Dato' Sri Pek Kok Sam and Dato' Teh Teck Tee is deemed to have an interest in the shares of the subsidiary to the extent held by the Company.

Except as disclosed in this report, 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 date of appointment if later, or at the end of the financial year.

## 5. Options and Performance share plan

### Southern Alliance Mining Performance Share Plan ("Southern Alliance Mining PSP")

The Group operates a Performance Share Plan, the Southern Alliance Mining PSP, which was approved pursuant to a written resolution passed by the shareholders on 27 April 2020.

The Southern Alliance Mining PSP is administered by the Remuneration Committee (the "RC"), whose members are:

- Dato' Gainneos Jacob Goldie (Chairman)
- Chin Chee Choon
- Dato' Teh Teck Tee
- Dato' Sri Mohd Jamidan Abdullah
- Sim Chin Hoe

Subject to the absolute discretion of the RC, awards may be granted to full-time employees of our Group and Group Directors who have attained the age of 21 years on or before the date of the grant of the Award and hold such rank as may be designated by the RC from time to time.

The maximum number of shares issuable or to be transferred by the Company under the Southern Alliance Mining PSP, when aggregated with the aggregate number of shares over which options or awards granted under any other share option schemes or schemes of the Company, will be 15% of the Company's total number of issued shares (excluding treasury shares) from time to time.

Since the commencement of the Southern Alliance Mining PSP till the date of the end of the financial year, there has been no grant of share awards.

During the financial year, no option to take up unissued shares of the Company was granted.

During the financial year, there were no shares issued by virtue of the exercise of options to take up unissued shares of the Company.

At the end of the financial year, there were no unissued shares of the Company under option.

# DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 JULY 2020

## 6. Audit committee

The audit committee (the "AC") carried out its functions in accordance with Section 201B (5) of the Singapore Companies Act, Chapter 50, including the following:

- Reviewed the audit plans of the internal and external auditors of the Group and the Company, and reviewed the internal auditor's evaluation of the adequacy of the Company's system of internal accounting controls and the assistance given by the Group and the Company's management to the external and internal auditors
- Reviewed the annual financial statements and the independent auditor's report on the annual financial statements of the Group and the Company before their submission to the board of directors
- Reviewed effectiveness of the Group and the Company's material internal controls, including financial, operational and compliance controls and risk management via reviews carried out by the internal auditor
- Met with the external auditor, other committees, and management in separate executive sessions to discuss any matters that these groups believe should be discussed privately with the AC
- Reviewed legal and regulatory matters that may have a material impact on the financial statements, related compliance policies and programmes and any reports received from regulators
- Reviewed the cost effectiveness and the independence and objectivity of the external auditor
- Reviewed the nature and extent of non-audit services provided by the external auditor
- Recommended to the board of directors the external auditor to be nominated, approved the compensation of the external auditor, and reviewed the scope and results of the audit
- Reported actions and minutes of the AC to the board of directors with such recommendations as the AC considered appropriate
- Reviewed interested person transactions in accordance with the requirements of the Singapore Exchange Securities Trading Limited's Listing Manual

The AC, having reviewed all non-audit services provided by the external auditor to the Group, is satisfied that the nature and extent of such services would not affect the independence of the external auditor. The AC has also conducted a review of interested person transactions.

The AC convened two meetings during the year with full attendance from all members. The AC has also met with internal and external auditors, without the presence of the Company's management, at least once a year. Further details regarding the AC are disclosed in the Report on Corporate Governance.

# DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 JULY 2020

## 7. Auditor

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

On behalf of the board of directors,

Dato' Sri Pek Kok Sam  
Director

Dato' Teh Teck Tee  
Director

Singapore

28 October 2020

# INDEPENDENT AUDITOR'S REPORT

FOR THE FINANCIAL YEAR ENDED 31 JULY 2020

## Independent auditor's report to the members of Southern Alliance Mining Ltd.

### Report on the audit of the financial statements

#### Opinion

We have audited the financial statements of Southern Alliance Mining Ltd. (the "Company") and its subsidiary (collectively, the "Group"), which comprise the statements of financial position of the Group and the Company as at 31 July 2020, the statements of changes in equity of the Group and the Company and the consolidated statement of comprehensive income and consolidated statement of cash flows of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group, the statement of financial position and the statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 July 2020 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and changes in equity of the Company for the year ended on that date.

#### Basis for opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For the matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

# INDEPENDENT AUDITOR'S REPORT

FOR THE FINANCIAL YEAR ENDED 31 JULY 2020

## Key audit matters (Continued)

### Impairment assessment of property, plant and equipment and mine properties ("mining assets")

As at 31 July 2020, the Group has property, plant and equipment and mine properties of RM37,138,000 and RM26,059,000 respectively. These mining assets are used in the Group's cash generating unit ("CGU"), being the producing open pit mine in Chaah, state of Johor Malaysia, and represented 25% and 94% of the Group's total and non-current assets, respectively.

The Group assesses whether there is any indicator of impairment of the CGU at each reporting date based on both internal and external sources of information. Based on this assessment, the Group has concluded that there is no indicator of impairment for the CGU that would have required a detailed estimate of the CGU's recoverable amount as at 31 July 2020. This assessment involved significant judgement and is subject to heightened uncertainty due to the volatile market condition and challenges brought on by the COVID-19 pandemic, which have also momentarily affected the mining operations of the CGU during the financial year. Considering these factors and the significance of the mining assets, we have determined the assessment of impairment indicators of the Group's mining assets to be a key audit matter.

As part of our audit procedures, we discussed with management to understand and obtain the relevant external and internal sources of information taken into account by the Group when identifying indicators of impairment. Such information includes but is not limited to the following:

- Estimates of mineral reserves and resources, forecasted production and selling costs, future iron ore prices and related geological, metallurgical, mine planning and technological information provided by internal and external mine geologists;
- Historical and forecasted financial and operating performance of the CGU;
- Movement in market interest rates and share price of the Group;
- Observations of any actual or anticipated changes to or government-imposed restrictions to the CGU's mining operations, premature retirement or damage to any assets; and
- Headroom between the recoverable amount and carrying amount of the CGU indicated by the detailed calculation made in the preceding financial period.

We reviewed the appropriateness and adequacy of these information considered by management and corroborated them with available market and industry data, letters from authorities relating mining tributes, royalties and rehabilitation costs and our physical observations of the CGU's mining site. We assessed the objectivity and competency of the external mine geologist assisting the management in developing estimates of mineral reserves and resources. We also evaluated the sensitivity of the aforementioned headroom to any contradictory evidence obtained and reviewed the adequacy of the Group's disclosures made in Notes 11, 12 and 13 to the financial statements.

## Other information

Management is responsible for other information. The other information comprises the information included in the annual report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



# INDEPENDENT AUDITOR'S REPORT

FOR THE FINANCIAL YEAR ENDED 31 JULY 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 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 objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

# INDEPENDENT AUDITOR'S REPORT

FOR THE FINANCIAL YEAR ENDED 31 JULY 2020

## Auditor's responsibilities for the audit of the financial statements (Continued)

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## Report on other legal and regulatory requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by the subsidiary corporation incorporated in Singapore of which we are the auditors have 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 Yeow Hui Cheng.

Ernst & Young LLP  
Public Accountants and  
Chartered Accountants  
Singapore

28 October 2020

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 JULY 2020

	Note	2020 RM'000	2019 RM'000
<b>Revenue</b>	4	<b>254,245</b>	189,141
Cost of sales		<b>(147,135)</b>	(127,172)
<b>Gross profit</b>		<b>107,110</b>	61,969
Other income	5	<b>2,893</b>	2,505
Other operating expenses		<b>(448)</b>	(372)
General and administrative expenses		<b>(22,245)</b>	(3,306)
Finance costs	6	<b>(340)</b>	(256)
Share of results of joint venture		-	(154)
<b>Profit before tax</b>	7	<b>86,970</b>	60,386
Income tax	9	<b>(24,883)</b>	27,860
<b>Profit for the year, representing total comprehensive income for the year, attributable to owners of the Company</b>		<b>62,087</b>	88,246
<b>Earnings per share</b>			
Basic and diluted	10	<b>12.77</b>	18.16

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

# STATEMENTS OF FINANCIAL POSITION

AS AT 31 JULY 2020

	Note	Group		Company
		2020 RM'000	2019 RM'000	2020 RM'000
<b>Non-current assets</b>				
Property, plant and equipment	11	37,138	26,298	-
Exploration and evaluation assets	14	440	-	-
Mine properties	13	26,059	30,518	-
Investment in subsidiary	15	-	-	173,380
Deferred tax asset	9	3,464	27,946	-
Investment securities		39	82	-
		<b>67,140</b>	<b>84,844</b>	<b>173,380</b>
<b>Current assets</b>				
Inventories	17	8,847	13,439	-
Trade and other receivables	18	21,973	19,977	-
Contract assets	4	4,248	15,525	-
Prepayments		1,519	1,567	93
Cash and bank balances	19	149,866	35,366	37,072
Income tax recoverable		1,548	1,602	-
Assets held for distribution	1.2(d)	-	17,215	-
		<b>188,001</b>	<b>104,691</b>	<b>37,165</b>
<b>Total assets</b>		<b>255,141</b>	<b>189,535</b>	<b>210,545</b>
<b>Current liabilities</b>				
Loans and borrowings	20	3,307	1,399	-
Trade and other payables	21	20,399	22,420	1,559
		<b>23,706</b>	<b>23,819</b>	<b>1,559</b>
<b>Net current assets</b>		<b>164,295</b>	<b>80,872</b>	<b>35,606</b>
<b>Non-current liabilities</b>				
Loans and borrowings	20	3,922	1,559	-
<b>Total liabilities</b>		<b>27,628</b>	<b>25,378</b>	<b>1,559</b>
<b>Net assets</b>		<b>227,513</b>	<b>164,157</b>	<b>208,986</b>
<b>Equity attributable to owners of the Company</b>				
Share capital	22	218,154	-*	218,154
Retained earnings/(accumulated losses)		172,006	124,699	(9,168)
Merger reserve	24	(163,380)	38,725	-
		<b>226,780</b>	<b>163,424</b>	<b>208,986</b>
Preference shares	23	733	733	-
<b>Total equity</b>		<b>227,513</b>	<b>164,157</b>	<b>208,986</b>

\* Less than RM1,000

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

# STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 JULY 2020

Group	Attributable to owners of the Company			Total RM'000	Preference shares RM'000 (Note 23)	Total equity RM'000
	Share capital RM'000 (Note 22)	Merger reserve RM'000 (Note 24)	Retained earnings RM'000			
<b>2020</b>						
<b>Opening balance at 1 August 2019</b>	–*	38,725	124,699	163,424	733	164,157
Profit for the year representing total comprehensive income	–	–	62,087	62,087	–	62,087
<u>Transaction with owners</u>						
Dividend in specie of non-mining assets	–	–	(17,215)	(17,215)	–	(17,215)
Effects from restructuring exercise (Note 1.2(f))	173,380	(173,380)	–	–	–	–
Issuance of new shares pursuant to an initial public offering (IPO) exercise	43,060	–	–	43,060	–	43,060
Grant of equity-settled share-based payment in relation to IPO expenses	2,301	–	–	2,301	–	2,301
Capitalisation of listing expenses	(587)	–	–	(587)	–	(587)
Dividends on ordinary and preference shares (Note 30)	–	–	(26,290)	(26,290)	–	(26,290)
Total transaction with owners	<u>218,154</u>	<u>(173,380)</u>	<u>(43,505)</u>	<u>1,269</u>	<u>–</u>	<u>1,269</u>
<u>Changes in ownership interests in a subsidiary company</u>						
Transfer of merger reserve to retained earnings upon strike off of a subsidiary	–	(28,725)	28,725	–	–	–
<b>Closing balance at 31 July 2020</b>	<b><u>218,154</u></b>	<b><u>(163,380)</u></b>	<b><u>172,006</u></b>	<b><u>226,780</u></b>	<b><u>733</u></b>	<b><u>227,513</u></b>
<b>2019</b>						
<b>Opening balance at 1 August 2018</b>	–*	38,725	36,453	75,178	733	75,911
Profit for the year representing total comprehensive income	–	–	88,246	88,246	–	88,246
<b>Closing balance at 31 July 2019</b>	<b>–*</b>	<b>38,725</b>	<b>124,699</b>	<b>163,424</b>	<b>733</b>	<b>164,157</b>

\* Less than RM1,000

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

# STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 JULY 2020

	<b>Total equity</b> <b>RM'000</b>	<b>Share capital</b> <b>RM'000</b>	<b>Accumulated</b> <b>losses</b> <b>RM'000</b>
<b>Company</b>			
<b>2020</b>		<b>(Note 22)</b>	
<b>Opening balance at 19 September 2019</b> <b>(date of incorporation)</b>	—*	—*	—
Loss for the year representing total comprehensive income	(9,168)	—	(9,168)
<u>Transactions with owners</u>			
Issuance of shares pursuant to the restructuring exercise	173,380	173,380	—
Issuance of new shares pursuant to an initial public offering exercise	43,060	43,060	—
Grant of equity-settled share-based payment in relation to IPO expenses	2,301	2,301	—
Capitalisation of listing expenses	(587)	(587)	—
Total transactions with owners	218,154	218,154	—
<b>Closing balance at 31 July 2020</b>	<b>208,986</b>	<b>218,154</b>	<b>(9,168)</b>

\* Less than RM1,000

# CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2020

	2020 RM'000	2019 RM'000
<b>Operating activities</b>		
Profit before tax	86,970	60,386
<u>Adjustments for:</u>		
Interest expenses	340	256
Interest income	(1,674)	(275)
Unrealised (gain)/loss on foreign exchange	(39)	28
Depreciation of property, plant and equipment	6,433	6,552
Gain on disposal of property, plant and equipment	(35)	(100)
Amortisation of mine properties	4,459	8,615
Fair value loss on investment securities	43	–
Impairment loss on receivables	–	4
Write-back of allowance for doubtful debts	(40)	(482)
Grant of equity-settled share-based payments in relation to IPO expenses	2,301	–
Share of results of a joint venture	–	154
Total adjustments	<b>11,788</b>	14,752
<b>Operating cash flows before changes in working capital</b>	<b>98,758</b>	75,138
<u>Changes in working capital</u>		
Decrease in inventories	4,592	614
Decrease/(increase) in trade and other receivables and contract assets	9,175	(26,572)
Decrease in prepayments	48	68
Decrease in trade and other payables	(1,939)	(12,414)
Total working capital changes	<b>11,876</b>	(38,304)
<b>Cash flows from operations</b>	<b>110,634</b>	36,834
Income taxes paid	(347)	(20)
Interest received	1,674	275
Interest paid	(340)	(256)
<b>Net cash flows from operating activities</b>	<b>111,621</b>	36,833
<b>Investing activities</b>		
Investment in exploration and evaluation assets	(440)	–
Purchase of property, plant and equipment	(9,578)	(4,347)
Proceeds from disposal of property, plant and equipment	35	100
Withdrawal/(placement) of pledged deposits	2,046	(63)
<b>Net cash flows used in investing activities</b>	<b>(7,937)</b>	(4,310)



# CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2020

	2020 RM'000	2019 RM'000
<b>Financing activities</b>		
Repayment of term loans	(698)	(272)
Repayment of lease and hire-purchase liabilities	(2,427)	(723)
Proceeds from issuance of new ordinary shares pursuant to initial public offering	43,060	–
Listing expenses paid	(587)	–
Dividend paid on ordinary and preference shares	(26,290)	–
<b>Net cash from/(used in) financing activities</b>	<b>13,058</b>	(995)
<b>Net increase in cash and cash equivalents</b>	<b>116,742</b>	31,528
<b>Cash and cash equivalents at beginning of financial year</b>	<b>33,124</b>	1,596
<b>Cash and cash equivalents at end of financial year</b>	<b>149,866</b>	33,124

For the purpose of the statements of cash flows, cash and cash equivalents comprise the following at the reporting date:

	2020 RM'000	2019 RM'000
Cash and short-term deposits	149,866	35,366
Less:		
Bank overdraft (Note 20)	–	(196)
Pledged deposits	–	(2,046)
	<b>149,866</b>	33,124

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2020

## 1. General information

### 1.1 The Company

The Company was incorporated on 19 September 2019 under the Companies Act, Chapter 50 as a private limited company domiciled in Singapore. On 27 April 2020, the Company was converted to a public company limited by shares. The Company is listed on the Catalist Board of Singapore Exchange Securities Trading Limited (the "SGX-ST") on 26 June 2020.

The registered office and principal place of business of the Company is located at 80 Robinson Road, #02-00, Singapore 068898 and Level 8 Menara Zenith, Jalan Putra Square 6, Putra Square, 25200 Kuantan, Malaysia respectively.

The principal activities of the Company are those of investment holding and provision of management services. The principal activities of the subsidiary are disclosed in Note 15.

### 1.2 The Restructuring Exercise

*Transfer of businesses and entities under common control*

The Group was formed through the following exercise (the "Restructuring Exercise") which involved acquisitions and rationalisation of the corporate and shareholding structure for the purposes of the Initial Public Offering (the "IPO"). Pursuant to the Restructuring Exercise, the Group is formed and is made up of entities under common control of Dato' Sri Pek Kok Sam ("Controlling Shareholder"), being the Company and its subsidiary Honest Sam Development Sdn. Bhd. ("Honest Sam").

The Restructuring Exercise involved the following steps:

- (a) Strike off of A.K. Trading Co. Ltd ("AK Trading")

In connection with the IPO and to streamline the Group's structure and assets, the director of AK Trading passed a resolution on 31 July 2018 for AK Trading to cease its business operation as a trading company with immediate effect. On 4 September 2019, AK Trading was wound up. Accordingly, the Group transferred an amount of RM28,725,000 to retained earnings, which represented the difference of the carrying value of net assets acquired of a subsidiary over the purchase consideration paid and the equity acquired under common control.

## 1. General information (Continued)

### 1.2 The Restructuring Exercise (Continued)

- (b) Incorporation of the Company

The Company was incorporated in Singapore on 19 September 2019 under the Companies Act as a private company limited by shares with an issued and paid-up share capital of S\$1 comprising 1 ordinary share.

- (c) Share consolidation

On 4 November 2019, Honest Sam undertook a share consolidation of its ordinary shares, pursuant to which it consolidated 10,000,000 ordinary shares into 1,100,000 ordinary shares.

- (d) Distribution of shareholding interests in Teras Megajaya Sdn. Bhd. ("Teras Megajaya") and transfer of non-mining real property and other non-core assets

On 5 November 2019, Honest Sam, declared and distributed a dividend-in-specie to a related party, Aras Kuasa Sdn Bhd ("Aras Kuasa") for the following assets that have been classified as held for distribution to owners as at 31 July 2019. Aras Kuasa was the ultimate holding company of Honest Sam prior to the completion of the Restructuring Exercise.

- (i) Distribution of its shareholding interest of 50% in joint venture, Teras Megajaya;
- (ii) Distribution of amounts due from joint venture, Teras Megajaya, of approximately RM5,291,000;
- (iii) Transfer of non-mining real property at net book value of approximately RM11,916,000; and
- (iv) Transfer of certain equipment (non-core assets) at net book value of approximately RM8,000.
- (e) Distribution in Specie by Aras Kuasa of Honest Sam

On 12 December 2019, Aras Kuasa completed a distribution in specie to divest its entire shareholding in Honest Sam to its shareholders. Upon completion of such distribution in specie, Dato' Sri Pek Kok Sam continues to be the Controlling Shareholder.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2020

## 1. General information (Continued)

### 1.2 The Restructuring Exercise (Continued)

#### (f) Share swap

On 28 April 2020, the Company acquired the entire ordinary shareholdings in Honest Sam for an aggregate consideration of approximately RM173,380,000. The consideration was based on the net asset value of Honest Sam as at 30 April 2020 and was satisfied by the issue and allotment of an aggregate of 9,999,999 new ordinary shares in the Company. Upon the completion of the acquisition of Honest Sam on 12 May 2020, Honest Sam became a subsidiary of the Group.

#### (g) Share split

On 12 June 2020, the Share Split was effected and each of the Company's Shares were subdivided into 43 Shares. Pursuant to the Share Split, the issued and paid-up share capital of the Company is RM173,380,000, comprising of 430,000,000 Shares.

Although the Restructuring Exercise was completed on 12 June 2020 and the Company is incorporated on 19 September 2019, the financial statements of the Group are prepared as if the Company i.e. the parent of the Group had been in existence since the Group were under the control of the Controlling Shareholder.

## 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 Ringgit Malaysia ("RM") and rounded to the nearest thousand (RM'000), except when otherwise stated.

## 2. Summary of significant accounting policies (Continued)

### 2.2 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 illustrative examples, implementation guidance and SFRS(I) practice statements	1 January 2020
Amendments to SFRS(I) 3: Definition of a Business	1 January 2020
Amendments to SFRS(I) 1-1 and SFRS(I) 1-8: Definition of Material	1 January 2020
Interest Rate Benchmark Reform – Amendments to SFRS(I) 9, SFRS(I) 1-39 and SFRS(I) 7	1 January 2020
Amendments to SFRS(I) 16: Covid-19 Related Rent Concessions	1 June 2020
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: References to the Conceptual Framework in SFRS(I) Standards	1 January 2022
Amendments to SFRS(I) 1-1: Classification of Liabilities as Current or Non-current	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 above will have no material impact on the financial statements in the year of initial application.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2020

## 2. Summary of significant accounting policies (Continued)

### 2.3 New standards, interpretations and amendments adopted by the Group

The accounting policies adopted in the preparation of the consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 July 2019, except for the adoption of new standards effective as of 1 August 2019. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The Group applied SFRS(I) 16 Leases for the first time. The nature and effect of the changes as a result of adoption of this new accounting standard is described below.

Several other amendments and interpretations apply for the first time in 2019, but do not have an impact on the consolidated financial statements of the Group. The Group has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

#### *SFRS(I) 16 Leases*

SFRS(I) 16 is effective for annual periods beginning on or after 1 January 2019. At commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e. the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e. the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset. Upon adoption of SFRS(I) 16, the Group applied a single recognition and measurement approach for all leases except for short-term leases and leases of low-value assets. The standard provides specific transition requirements and practical expedients, which have been applied by the Group.

## 2. Summary of significant accounting policies (Continued)

### 2.3 New standards, interpretations and amendments adopted by the Group (Continued)

#### *SFRS(I) 16 Leases (Continued)*

The Group adopted SFRS (I) 16 using the modified retrospective method of adoption with the date of initial application of 1 August 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application. The Group elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying SFRS (I) 1-17 and SFRS(I) INT 4 at the date of initial application. The Group also applied the short-term leases exemptions to leases with lease term that ends within 12 months at the date of initial application.

#### Nature of the effect of adoption of SFRS(I) 16

The Group has contracts that are leases for various items of plant, machinery, vehicles and other equipment. Before the adoption of SFRS(I) 16, the Group classified these leases (as lessee) at the inception date as either a finance or operating lease. A lease was classified as a finance lease if it transferred substantially all of the risks and rewards incidental to ownership of the leased asset to the Group; otherwise it was classified as an operating lease. Finance leases were capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments were apportioned between interest (recognised as finance costs) and reduction of the lease liability. In an operating lease, the leased property was not capitalised and the lease payments were recognised as rent expense in the statement of profit or loss on a straight-line basis over the lease term.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2020

## 2. Summary of significant accounting policies (Continued)

### 2.3 New standards, interpretations and amendments adopted by the Group (Continued)

*SFRS(I) 16 Leases (Continued)*

Nature of the effect of adoption of SFRS(I) 16 (Continued)

The effect of adoption of SFRS(I) 16 is as follows:

Impact on the consolidated statement of financial position (increase/(decrease)) as at 1 August 2019:

	<b>Group RM'000</b>
<b>Assets</b>	
Property, plant and equipment	(2,797)
Right-of-use assets	2,797
<b>Total assets</b>	<u>–</u>

There is no significant impact on consolidated statement of comprehensive income and consolidated statement of cash flows.

*Leases previously classified as finance leases*

The Group did not change the initial carrying amounts of recognised assets and liabilities at the date of initial application for leases previously classified as finance leases (i.e., the right-of-use assets and lease liabilities equal the lease assets and liabilities recognised under SFRS (I) 1-17). The requirements of SFRS(I) 16 was applied to these leases from 1 August 2019.

*Leases previously accounted for as operating leases*

The Group did not recognise any right-of-use assets and lease liabilities relating to operating leases on 1 August 2019 as these operating leases were short-term leases and a contract containing a lease arrangement where payments are variable in nature and do not include minimum lease payments commitment (Note 12). There are no low value leases.

## 2. Summary of significant accounting policies (Continued)

### 2.3 New standards, interpretations and amendments adopted by the Group (Continued)

*SFRS(I) INT 23 Uncertainty over Income Tax Treatments*

The interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of SFRS(I) 1-12 Income Taxes. It does not apply to taxes or levies outside the scope of SFRS(I) 1-12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The interpretation specifically addresses the followings:

- Whether an entity considers uncertain tax treatments separately;
- The assumptions an entity makes about the examination of tax treatments by taxation authorities;
- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates;
- How an entity considers changes in facts and circumstances;

The Group determines whether to consider each uncertain tax treatment separately or together with one more other uncertain tax treatments and uses the approach that better predicts the resolution of the uncertainty.

Upon adoption of the interpretation, the Group considered whether it has any uncertain tax positions. The Group determined, based on several factors such as experience of previous tax audits, tax compliance and differing interpretations of tax regulations by the taxable entity and the relevant tax authority that it is probable that its tax positions will be accepted by the taxation authorities. The interpretation did not have an impact on the consolidated financial statements of the Group.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2020

## 2. Summary of significant accounting policies (Continued)

### 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 subsidiary as at the end of the reporting period. The financial statements of the subsidiary 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.

Subsidiary is 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. The subsidiary is deconsolidated from the date that control ceases.

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

#### (b) 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.

## 2. Summary of significant accounting policies (Continued)

### 2.4 Basis of consolidation and business combinations (Continued)

#### (b) Business combinations involving entities under common control (Continued)

- 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 or businesses had always been consolidated since the date the entities or businesses had come under common control.

### 2.5 Functional and foreign currency

#### Transactions and balances

The Group's consolidated financial statements are presented in RM, 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.

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiary 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. 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.

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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2020

## 2. Summary of significant accounting policies (Continued)

### 2.6 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

The cost includes the cost of replacing part 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. 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.

When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the property, plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Freehold land has an unlimited useful life and therefore is not depreciated.

Depreciation of assets is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Buildings	– 10 years
Motor vehicles and heavy-duty mobile equipment	– 5 years
Plant and machinery	– 5-10 years
Furniture, fittings, containers, signboard, renovation and other equipment	– 10 years

Assets under construction included in plant and equipment are not depreciated as these assets are not yet available for use.

## 2. Summary of significant accounting policies (Continued)

### 2.6 Property, plant and equipment (Continued)

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 value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

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 on derecognition of the asset is included in profit or loss in the year the asset is derecognised.

### 2.7 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 an 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. In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2020

## 2. Summary of significant accounting policies (Continued)

### 2.7 Impairment of non-financial assets (Continued)

The Group bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Group's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations are recognised in profit or loss.

For assets, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. 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.

### 2.8 Subsidiary

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, investment in a subsidiary is accounted for at cost, less impairment loss, if any.

## 2. Summary of significant accounting policies (Continued)

### 2.9 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.

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 a third party, if the trade receivables do not contain a significant financing component at initial recognition.

##### Subsequent measurement

##### *Debt instruments measured 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 through amortisation process.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2020

## 2. Summary of significant accounting policies (Continued)

### 2.9 Financial instruments (Continued)

#### (a) *Financial assets (Continued)*

##### 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.

##### Financial liabilities at amortised cost

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 derecognised 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.

## 2. Summary of significant accounting policies (Continued)

### 2.10 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 and financial guarantee contracts. 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.

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 considers a financial asset in default on a case-by-case basis assessment which includes the counterparty going into bankruptcy or a request for a discounted repayment scheme is received due to financial difficulties. Additionally, the Group considers forward-looking factors specific to the debtors and the economic environment. 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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2020

## 2. Summary of significant accounting policies (Continued)

### 2.10 Impairment of financial assets (Continued)

The Group considers a financial asset in default when contractual payments are 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.

### 2.11 Cash and cash equivalents

For the purpose of consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and at banks including short-term deposits which are subjected to an insignificant risk of changes in value, less bank overdraft and pledged deposits.

For the purpose of consolidated statements of financial position, cash and bank balances comprises cash and cash equivalents including pledged deposits.

### 2.12 Inventories

Inventories comprise iron ores, consumables and spares. Inventories are stated at the lower of cost and net realisable value. Cost is determined by using the weighted average method. Costs incurred in bringing the inventories to their present location and condition are accounted for as follows:

- Cost of extracting, removing and transporting mineral ores plus relevant mining fees and duties paid/payable, or;
- The original purchase price of mineral ores plus cost incurred in bringing the inventories to their present location and condition, or;

## 2. Summary of significant accounting policies (Continued)

### 2.12 Inventories (Continued)

Where necessary, allowance is provided for damaged, obsolete and slow-moving items to adjust the carrying value of inventories to the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less estimated costs of completion and the estimated costs necessary to make the sale.

### 2.13 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.

### 2.14 Employee benefits

#### (a) Short-term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Group. Short-term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short term non-cumulating compensated absences such as sick leave are recognised when the absences occur.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2020

## 2. Summary of significant accounting policies (Continued)

### 2.14 Employee benefits (Continued)

#### (b) *Defined contribution plans*

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

### 2.15 Leases

#### (a) *Right-of-use assets*

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). 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 the lease term and the estimated useful lives of the assets, as follows:

Office premises	–	3 years
Motor vehicles and heavy-duty mobile equipment	–	5 years
Plant and machinery	–	5 years

The right-of-use assets are also subject to impairment.

## 2. Summary of significant accounting policies (Continued)

### 2.15 Leases (Continued)

#### (b) *Lease liabilities*

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2020

## 2. Summary of significant accounting policies (Continued)

### 2.15 Leases

- (c) *Short-term leases and leases of low-value assets*

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment and property that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

### 2.16 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 presented, net of value-added tax, rebates and discounts, and after eliminating revenue within the Group.

Revenue is recognised when the Group satisfies the 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 iron ores*

Revenue from sale of iron ores are recognised at a point in time when control transfers upon satisfaction of performance obligation when goods are delivered to customers and all criteria for acceptance have been satisfied. The enforceable contract is each purchase order, which is an individual short-term contract.

## 2. Summary of significant accounting policies (Continued)

### 2.16 Revenue (Continued)

The amount of revenue recognised is based on the estimated transaction price which comprises of the contractual price, net of quality adjustments. The majority of the Group's sale of iron ores allow for quality adjustments based on the quality of iron ore delivered to the customers. Adjustments to sales are made based on the quality of the iron ore and the period between provisional invoicing and the final invoice can be between one day and one month. Payment for the invoice for the sale of iron ores are typically due 14-60 days from the date of invoice.

- (b) *Rendering of hiring and transportation services*

Revenue from services is recognised at a point in time net of service taxes and discounts as and when the services are performed and rendered.

### 2.17 Stripping (waste removal) costs

In open pit or surface mining, it is inevitable that mine waste mineral or overburden needs to be removed in order to gain access to mineral deposits or ore from which the minerals can be extracted economically. This activity is generally known as stripping.

Stripping activity usually associate with a specified identified component of ore body which is usually determined by mine plan and usually comprise a separate pushback or phase.

A specified identified component of ore body usually refers to a specific volume of ore body (which could be part of larger ore body) with a specific stripping program is developed to gain the access the said ore body.

There are two types of stripping activity:

- (a) *Development stripping*

Development stripping is an initial stripping activity during the stage of mine development in order to obtain access to ore before the commencement of production.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2020

## 2. Summary of significant accounting policies (Continued)

### 2.17 Stripping (waste removal) costs (Continued)

#### (a) Development stripping (Continued)

If a mine operates several pits with different pushback that is not interrelated to each other, initial stripping costs or development stripping costs will be separately accounted for.

Development stripping costs will only be capitalised if they can demonstrate that:

- (i) they will give rise to the future probable economic benefit through the improved access to the ore body;
- (ii) the component of the ore body which access has been improved can be identified; and
- (iii) the costs can be reliably measured.

The Group will only capitalise direct costs that associate with the stripping activities, namely costs associated with equipment, cost of fuel and labour.

#### (b) Production stripping

Production stripping is the continuity of development stripping. The distinction is, it does not only allow the ore to be commercially extracted from the same identified component of ore body in the current period but also will further improve the accessibility to the same ore body component in the future.

However, if the pits are highly integrated and their mine development plans are likely to be affected by the pushback and infrastructure program of each other, the second and subsequent pits are considered to be the extension of the first pit. Accordingly, their development stripping will be considered as production stripping and the accounting treatment shall be guided by the accounting treatment for production stripping costs.

## 2. Summary of significant accounting policies (Continued)

### 2.17 Stripping (waste removal) costs (Continued)

#### (b) Production stripping (Continued)

Production stripping costs will only be capitalised if they can demonstrate that:

- (i) they will give rise to the future probable economic benefit through the improved access to the ore body;
- (ii) the component of the ore body which access has been improved can be identified; and
- (iii) the costs can be reliably measured.

Due to the uniqueness of production stripping which will not only give rise to the extraction of ore, it will also further improved the accessibility to the same identified ore body in the future (in which the costs associated with this activity is to be capitalised and amortised), there will be a high possibility that the costs of stripping activity asset and inventory produced are not separately identifiable. In this instant, the Group will allocate production stripping cost between the inventory produced and the production stripping asset using "life of identified component of ore body" waste to ore stripping ratio. In the event:

- (i) current year waste to ore stripping ratio is lesser than that of "life of identified component of ore body" waste to ore stripping ratio, all costs associated with the production stripping cost will be expensed to the profit or loss; and
- (ii) current year waste to ore stripping ratio is greater than that of "life of identified component of ore body" waste to ore stripping ratio, the amount of the excess will be capitalised as production stripping asset.

The stripping activity asset is initially measured at cost, which is the accumulation of costs directly incurred to perform the stripping activity that improves access to the identified component of ore, plus an allocation of directly attributable overhead costs. If incidental operations are occurring at the same time as the production stripping activity but are not necessary for the production stripping activity to continue as planned, these costs are not included in the cost of the stripping activity asset.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2020

## 2. Summary of significant accounting policies (Continued)

### 2.17 Stripping (waste removal) costs (Continued)

#### (b) *Production stripping (Continued)*

If the costs of the inventory produced and the stripping activity asset are not separately identifiable, a relevant production measure is used to allocate the production stripping costs between the inventory produced and the stripping activity asset. This production measure is calculated for the identified component of the ore body and is used as a benchmark to identify the extent to which the additional activity of creating a future benefit has taken place. The Group uses the expected volume of waste extracted compared with the actual volume for a given volume of ore production of each component.

The stripping activity asset is accounted for as an addition to, or an enhancement of, an existing asset, being the mine as set, and is presented as part of 'Mine properties' in the statement of financial position. This forms part of the total investment in the relevant cash generating unit(s), which are reviewed for impairment if events or changes of circumstances indicate that the carrying value may not be recoverable.

The stripping activity asset is subsequently depreciated using the units of production method over the life of the identified component of the ore body that became more accessible as a result of the stripping activity. Economically recoverable reserves, which comprise proven and probable reserves, are used to determine the expected useful life of the identified component of the ore body. The stripping activity asset is then carried at cost less depreciation and any impairment losses.

## 2. Summary of significant accounting policies (Continued)

### 2.18 Mine properties

Mine properties include all mining related development expenditure. This include development stripping cost. Mine properties have a finite useful life and are carried at cost less accumulated amortisation and any accumulated impairment losses. The cost depreciated on a unit of production basis based on expected production of ore over the life of the component. Mine properties are written off to profit or loss if the mine is abandoned.

Mine development costs are capitalised when the existence of a commercially viable mineral deposit has been established. Initial payments for the acquisition of intangible lease assets are capitalised and amortised over the term of the permit. Administration costs that are not directly attributable to a specific exploration area are charged to the income statement.

### 2.19 Exploration and evaluation assets

Exploration and evaluation activity involve the search for mineral resources, the determination of technical feasibility and the assessment of the commercial viability of an identified resource. Costs incurred before the Group have obtained the legal rights to explore an area are recognised in profit or loss. Exploration and evaluation costs are capitalised in respect of each area of interest for which the rights to tenure are current and where:

- (i) the exploration and evaluation costs are expected to be recouped through successful development and exploitation of the area of interest; or alternatively, by its sale; or
- (ii) exploration and evaluation activities in the area of interest have not reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the areas of interest are continuing.



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2020

## 2. Summary of significant accounting policies (Continued)

### 2.19 Exploration and evaluation assets (Continued)

Exploration and evaluation assets are stated at cost less accumulated impairment losses, if any. Exploration and evaluation costs include the cost of acquiring exploration rights, researching and analysing existing exploration data, gathering exploration data through topographical, geochemical and geophysical studies, exploratory drilling, trenching and sampling, determining and examining the volume and grade of the resource, examining and testing extraction and treatment methods, surveying transportation and infrastructure requirements, compiling pre-feasibility and feasibility studies, gaining access to areas of interest including occupancy and relocation compensation and/or amortisation and depreciation charges in respect of assets consumed during the exploration and evaluation activities.

General and administrative costs are allocated to, and included in, the cost of exploration and evaluation asset only to the extent that those costs can be related directly to operational activities in the area of interest to which the exploration and evaluation asset relates. In all other cases, these costs are expensed as incurred.

Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation assets may exceed its recoverable amount. Where a potential impairment is indicated, assessment is performed for each area of interest in conjunction with the group of operating assets (representing a cash-generating unit) to which the exploration and evaluation is attributable. To the extent that capitalised exploration and evaluation is not expected to be recovered, it is charged to profit or loss.

## 2. Summary of significant accounting policies (Continued)

### 2.20 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 temporary differences, except:

- (i) 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 the accounting profit nor taxable profit or loss; and

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2020

## 2. Summary of significant accounting policies (Continued)

### 2.20 Taxes (Continued)

#### (b) *Deferred tax (Continued)*

- (ii) In respect of taxable temporary differences associated with investments in subsidiary, 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, the 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:

- (i) 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 the accounting profit nor taxable profit or loss; and
- (ii) In respect of deductible temporary differences associated with investments in subsidiary, 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.

## 2. Summary of significant accounting policies (Continued)

### 2.20 Taxes (Continued)

#### (b) *Deferred tax (Continued)*

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.

#### (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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2020

## 2. Summary of significant accounting policies (Continued)

### 2.20 Taxes (Continued)

#### (d) Tributes

Tributes are accounted for under SFRS(I) 1-12 when they have the characteristics of an income tax. This is considered to be the case when they are imposed under government authority and the amount payable is based on taxable income – rather than physical quantities produced or as a percentage of revenue – after adjustment for temporary differences. For such arrangements, current and deferred tax is provided on the same basis as described above for other forms of taxation. Obligations arising from tribute arrangements and other types of taxes that do not satisfy these criteria are recognised as current provisions and included in cost of sales. The tribute taxes payable by the Group does not meet the criteria to be treated as part of income taxes. Hence, it is included in cost of sales.

### 2.21 Convertible preference shares

The convertible preferences shares are regarded as equity instruments. Preference shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Preference shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

### 2.22 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

## 2. Summary of significant accounting policies (Continued)

### 2.22 Contingencies (Continued)

- (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.

### 2.23 Related parties

A related party is defined as follows:

- (a) A person or a close member of that person's family is related to the Company if that person:
  - (i) has control or joint control over the Company;
  - (ii) has significant influence over the Company; or
  - (iii) is a member of the key management personnel of the Company or of a parent of the Company.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2020

## 2. Summary of significant accounting policies (Continued)

### 2.23 Related parties (Continued)

- (b) An entity is related to the Company if any of the following conditions applies:
- (i) the entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
  - (ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
  - (iii) both entities are joint ventures of the same third party;
  - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
  - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company;
  - (vi) the entity is controlled or jointly controlled by a person identified in (a); or
  - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

## 2. Summary of significant accounting policies (Continued)

### 2.24 Segment reporting

The Group is principally engaged in the exploration, mining and processing and sales of primarily iron ore extracted from a single mine (i.e. Chaah mine). The Group's chief operating decision maker reviews the operating results and makes resource allocation decisions of the Group as a whole because the Group's mining-related resources and processes are integrated and activities other than the exploration, mining and processing and sales of iron are not significant to the Group. Accordingly, the Group does not present separate segmental information.

All revenue, operating expenses and assets and liabilities are derived from the operations based in Malaysia. The Group generates revenues from transactions with 2 (2019: 3) major customers, each making up greater than 10% of the Group's revenue, amounting to a total of RM169,993,000 (2019: RM171,232,000) as detailed below.

	Group	
	2020 RM'000	2019 RM'000
Customer 1	62,163	34,066
Customer 2	-	40,592
Customer 3	107,830	96,574
	<b>169,993</b>	<b>171,232</b>

## 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. 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 consolidated 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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2020

## 3. Significant accounting judgements and estimates (Continued)

### 3.1 Judgements made in applying accounting policies

In the process of applying the Group's accounting policies, management has made the following judgement which has the most significant effect on the amounts recognised in the consolidated financial statements:

#### (a) *Income taxes*

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income and deductible expenditures. The Group establishes provisions and recognises tax recoverable positions, based on reasonable estimates, for possible consequences of audits by the tax authority. The amount of such provisions and tax recoverable are based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the relevant tax authority as well as judgement made on whether it is probable that the Group's tax positions would be accepted by the tax authority. The carrying amounts of the income tax recoverable as at 31 July 2020 is RM1,548,000 (2019: RM1,602,000).

#### (b) *Stripping (waste removal) costs*

The Group incurs waste removal costs (stripping costs) during the development and production phases of its surface mining operations. During the production phase, stripping costs (production stripping costs) can be incurred both in relation to the production of inventory in that period and the creation of improved access and mining flexibility in relation to ore to be mined in the future. The former is included as part of the costs of inventory, while the latter are capitalised as a stripping activity asset, where certain criteria are met. Significant judgement is required to distinguish between development stripping and production stripping and to distinguish between the production stripping that relates to the extraction of inventory and what relates to the creation of a stripping activity asset.

## 3. Significant accounting judgements and estimates (Continued)

### 3.1 Judgements made in applying accounting policies (Continued)

#### (b) *Stripping (waste removal) costs (Continued)*

Once the Group has identified its production stripping for each surface mining operation, it identifies the separate components of the ore bodies for each of its mining operations. An identifiable component is a specific volume of the ore body that is made more accessible by the stripping activity. Significant judgement is required to identify and define these components, and also to determine the expected volumes (e.g., in tonnes) of waste to be stripped and ore to be mined in each of these components. These assessments are undertaken for each individual mining operation based on the information available in the mine plan. The mine plans and, therefore, the identification of components, will vary between mines for a number of reasons. These include, but are not limited to, the type of commodity, the geological characteristics of the ore body, the geographical location and/or financial considerations.

Judgement is also required to identify a suitable production measure to be used to allocate production stripping costs between inventory and any stripping activity asset(s) for each component. The Group considers that the ratio of the expected volume (e.g., in tonnes) of waste to be stripped for an expected volume (e.g., in tonnes) of ore to be mined for a specific component of the ore body, is the most suitable production measure.

Furthermore, judgements and estimates are also used to apply the units of production method in determining the depreciable lives of the stripping activity asset(s).

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2020

## 3. Significant accounting judgements and estimates (Continued)

### 3.1 Judgements made in applying accounting policies (Continued)

- (c) *Impairment of mine properties and property, plant and equipment ("mining assets")*

The Group assesses the mining assets relating to its mining operations at each reporting date to determine whether any indication of impairment exists. In making its assessment, significant judgement is also used to consider if there are external and internal sources of information that indicates the Group's mining assets may be impaired. With the volatile market condition and challenges brought on by the COVID-19 pandemic, the Group's impairment assessment is also subjected to heightened uncertainties. During the financial year, the Group's mining operations was also momentarily disrupted by the Movement Control Order in Malaysia where the Group's operations are based. However, the Group have since resumed its mining operations.

The Group has determined that there are no indications of impairment in the mining assets, taking into consideration information which includes, but is not limited to the following:

- Estimates of mineral reserves and resources, forecasted production and selling costs, future iron ore prices and related geological, metallurgical, mine planning and technological information provided by internal and external mine geologists;
- Historical and forecasted financial and operating performance of the CGU;
- Movement in market interest rates and share price of the Group;
- Observations of any actual or anticipated changes to or government-imposed restrictions to the CGU's mining operations, premature retirement or damage to any assets; and
- Headroom between the recoverable amount and carrying amount of the CGU indicated by the detailed calculation made in the preceding financial period.

## 3. Significant accounting judgements and estimates (Continued)

### 3.1 Judgements made in applying accounting policies (Continued)

- (c) *Impairment of mine properties and property, plant and equipment ("mining assets") (Continued)*

The carrying value of the property, plant and equipment, right-of-use of assets and mine properties are disclosed in Notes 11,12 and 13 respectively.

### 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.

- (a) *Amortisation of mine properties*

Ore reserves are estimates of the amount of ore that can be economically and legally extracted from the Group's mining properties. The Group estimates its ore reserves and mineral resources based on information compiled by appropriately qualified persons relating to the geological and technical data on the size, depth, shape and grade of the ore body and suitable production techniques and recovery rates. Such an analysis requires complex geological judgements to interpret the data. The estimation of recoverable reserves is based upon factors such as estimates of foreign exchange rates, commodity prices, future capital requirements and production costs, along with geological assumptions and judgements made in estimating the size and grade of the ore body.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2020

## 3. Significant accounting judgements and estimates (Continued)

### 3.2 Key sources of estimation uncertainty (Continued)

#### (a) Amortisation of mine properties (Continued)

Estimated economically recoverable reserves are used in determining the amortisation of mine-specific assets. This results in an amortisation charge proportional to the depletion of the anticipated remaining life-of-mine production. The life of each item, which is assessed at least annually, has regard to both its physical life limitations and present assessments of economically recoverable reserves of the mine property at which the asset is located. These calculations require the use of estimates and assumptions, including the amount of recoverable reserves and estimates of future capital expenditure. Numerous units of production ("UOP") amortisation methodologies are available to choose from. The Group adopts a methodology involving run-of-mine ('ROM') tonnes of ore produced for mining costs and a methodology involving ounces/tonnes of metal produced for post-mining costs. The calculation of the UOP rate of amortisation could be impacted to the extent that actual production in the future is different from current forecast production based on economically recoverable reserves, or if future capital expenditure estimates change. Changes to economically recoverable reserves could arise due to changes in the factors or assumptions used in estimating reserves, including:

- (i) The effect on economically recoverable reserves of differences between actual commodity prices; and
- (ii) Unforeseen operational issues.

Changes in estimates are accounted for prospectively.

## 3. Significant accounting judgements and estimates (Continued)

### 3.2 Key sources of estimation uncertainty (Continued)

#### (b) Deferred tax assets

Deferred tax assets are recognised for all unused tax losses and unabsorbed capital allowances to the extent that it is probable that taxable profit will be available against which the losses and unabsorbed capital allowances can be utilised. Significant judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the timing and level of future taxable profits together with future tax planning strategies. In determining the timing and level of future taxable profits together with future tax planning strategies, the Group assessed the probability of expected future cash inflows based on expected revenues from existing orders and contracts in the foreseeable future.

## 4. Revenue

	Group	
	2020 RM'000	2019 RM'000
Sale of iron ores	254,245	189,141

All revenues are derived from the operations based in Malaysia.

### Contract assets

Information about receivables, contract assets and contract liabilities from contracts with customers is disclosed as follows:

	Group	
	2020 RM'000	2019 RM'000
Receivables from contracts with customers (Note 18)	21,244	18,476
Contract assets	4,248	15,525



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2020

## 4. Revenue (Continued)

### Contract assets (Continued)

Contract assets primarily relate to the Group's right to consideration for iron ore delivered but not yet billed at reporting date for the sale of iron ores. Contract assets are transferred to receivables when the rights become unconditional. Included in contract assets is an amount of RM1,571,000 (2019: Nil) relating to a related party, Aras Kuasa.

Contract assets have substantially the same credit risk characteristics including concentration risks as the trade receivables for the sales of iron ore contracts. The Group has therefore concluded that the expected credit loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets as disclosed in Note 2.10 and Note 28(a).

Significant changes in contract assets are explained as follows:

	Group	
	2020 RM'000	2019 RM'000
Contract assets reclassified to receivables	15,525	6,257

## 5. Other income

	Group	
	2020 RM'000	2019 RM'000
Interest income from fixed deposits	1,674	275
Gain on disposal of property, plant and equipment	35	100
Realised gain on foreign exchange	205	–
Rental income	329	703
Rendering of hiring and transportation services	80	1,340
Unrealised gain on foreign exchange	39	–
Insurance claim	93	–
Government grant	381	–
Sundry income	57	87
	<b>2,893</b>	<b>2,505</b>

## 6. Finance costs

	Group	
	2020 RM'000	2019 RM'000
Interest expense on:		
– Term loans	7	70
– Overdrafts	8	61
– Lease liabilities	325	125
	<b>340</b>	<b>256</b>

## 7. Profit before tax

The following items have been included in arriving at profit before tax:

	Group	
	2020 RM'000	2019 RM'000
Employee benefits expense (Note 8)	15,270	6,378
Fair value loss on investment securities	43	–
Impairment loss on other receivables (Note 18c)	–	4
Depreciation of property, plant and equipment (Note 11)	6,433	6,552
Amortisation of mine properties (Note 13)	4,459	8,615
Tributes	28,500	22,000
Unrealised (gain)/loss on foreign exchange	(39)	28
Realised (gain)/loss on foreign exchange	(205)	52
Initial public offering expenses	5,045	–
Grant of equity-settled share-based payment in relation to IPO* expenses	2,301	–
Write-back of impairment on receivables (Note 18(c))	(40)	(482)

\* Equity-settled share-based payment in relation to IPO expenses relates to the issuance and allotment of 3,000,000 new Shares ("PPCF Shares") to PrimePartners Corporate Finance Pte. Ltd. ("PPCF") as part of PPCF's management fees as the Sponsor and Issue Manager. The fair value of the share-based payment was determined based on the share price of the Company as at 16 June 2020, the IPO date, which the PPCF shares were issued and allotted.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2020

## 8. Employee benefits

	Group	
	2020 RM'000	2019 RM'000
Wages and salaries	14,457	5,833
Social security contributions	88	64
Statutory contributions to Employees Provident Fund	725	481
	<u>15,270</u>	<u>6,378</u>

## 9. Income tax

### (a) Major components of income tax expense/(credit)

The major components of income tax expense/(credit) for the years ended 31 July 2020 and 2019 are:

	Group	
	2020 RM'000	2019 RM'000
Current income tax	401	86
<i>Deferred income tax</i>		
Origination and reversal of temporary differences	24,482	3,260
Benefits from previously unrecognised tax losses	-	(31,206)
	<u>24,482</u>	<u>(27,946)</u>
Income tax expense/(credit) recognised in profit or loss	<u>24,883</u>	<u>(27,860)</u>

## 9. Income tax (Continued)

### (b) Relationship between income tax and profit before tax

The reconciliation between income tax and the product of profit before tax multiplied by the applicable corporate tax rate for the years ended 31 July 2020 and 2019 are as follows:

	Group	
	2020 RM'000	2019 RM'000
Profit before tax	<u>86,970</u>	<u>60,386</u>
Tax at the domestic rates applicable to profits in the countries where the Group operates	21,515	14,493
Adjustments:		
Non-deductible expenses	3,368	1,060
Utilisation of previously unrecognised deferred tax assets	-	(15,405)
Deferred tax assets recognised	-	(28,045)
Share of results of joint venture	-	37
Income tax recognised in profit or loss	<u>24,883</u>	<u>(27,860)</u>

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2020

## 9. Income tax (Continued)

### (b) Relationship between income tax and profit before tax (Continued)

Deferred tax relates to the following:

	Group			
	Consolidated statement of financial position		Consolidated statement of comprehensive income	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
<b>Deferred tax liabilities:</b>				
Differences in depreciation for tax purposes	<b>(3,520)</b>	(3,260)	<b>260</b>	3,260
<b>Deferred tax assets:</b>				
Losses available for offsetting against future taxable income	<b>6,984</b>	31,206	<b>24,222</b>	(31,206)
	<b>3,464</b>	27,946	<b>24,482</b>	(27,946)

### Unutilised tax losses

At the end of the reporting period, the Group has unutilised tax losses of approximately RM29.1 million (2019: RM129.7 million) that are available for offset against future taxable profits of the companies in which the losses arose.

## 9. Income tax (Continued)

### (b) Relationship between income tax and profit before tax (Continued)

### Unutilised tax losses (Continued)

The use of these tax losses is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the country in which the companies operate. In accordance with the provision in Malaysia's Finance Act 2018, effective from year assessment 2019, the tax losses are available for the utilisation in the next seven years.

## 10. Earnings per share

Basic earnings per share are calculated by dividing profit for the year, net of tax, attributable to the owners of the Company by weighted average number of ordinary shares outstanding during the financial year.

	Group	
	2020	2019
Profit attributable to owners of the Company (RM'000)	<b>62,087</b>	88,246
Weighted average number of ordinary shares for basic earnings per shares computation ('000)	<b>486,375</b>	486,000
Basic and fully diluted basis EPS	<b>12.77</b>	18.16

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2020

## 11. Property, plant and equipment

Group Cost	Freehold land RM'000	Construction in progress RM'000	Buildings RM'000	Office premises RM'000	Motor vehicles and heavy duty mobile equipment RM'000	Plant and machinery RM'000	Other equipment RM'000	Furniture and fittings, containers, signboard and renovation RM'000	Total RM'000
At 1 August 2018	9,770	1,448	5,605	-	35,946	99,659	204	1,843	154,475
Additions	-	2,066	-	-	456	3,255	-	-	5,777
Disposals	-	-	-	-	(215)	(135)	-	-	(350)
Reclassified to assets held for distribution (Note 1.2(d))	(9,770)	-	(3,066)	-	-	(13,541)	-	-	(26,377)
At 31 July 2019 and 1 August 2019	-	3,514	2,539	-	36,187	89,238	204	1,843	133,525
Additions	-	6,987	-	596	915	8,569	-	206	17,273
Disposals	-	-	-	-	(220)	-	-	-	(220)
Written off	-	-	-	-	(122)	-	-	-	(122)
Transferred to plant and machinery	-	(1,837)	-	-	-	1,837	-	-	-
At 31 July 2020	-	8,664	2,539	596	36,760	99,644	204	2,049	150,456

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2020

## 11. Property, plant and equipment (Continued)

Group	Freehold land RM'000	Construction in progress RM'000	Buildings RM'000	Office premises RM'000	Motor vehicles and heavy duty mobile equipment RM'000	Plant and machinery RM'000	Other equipment RM'000	Furniture and fittings, containers, signboard and renovation RM'000	Total RM'000
<b>Accumulated depreciation</b>									
At 1 August 2018	-	-	2,472	-	34,007	77,537	121	1,341	115,478
Depreciation charge for the year	-	-	561	-	225	5,600	19	147	6,552
Disposals	-	-	-	-	(215)	(135)	-	-	(350)
Reclassified to assets held for distribution (Note 1.2(d))	-	-	(919)	-	-	(13,534)	-	-	(14,453)
At 31 July 2019 and 1 August 2019	-	-	2,114	-	34,017	69,468	140	1,488	107,227
Depreciation charge for the year	-	-	254	116	337	5,597	18	111	6,433
Disposals	-	-	-	-	(220)	-	-	-	(220)
Written off	-	-	-	-	(122)	-	-	-	(122)
At 31 July 2020	-	-	<b>2,368</b>	<b>116</b>	<b>34,012</b>	<b>75,065</b>	<b>158</b>	<b>1,599</b>	<b>113,318</b>
<b>Net carrying amount</b>									
At 31 July 2020	-	<b>8,664</b>	<b>171</b>	480	<b>2,748</b>	<b>24,579</b>	<b>46</b>	<b>450</b>	<b>37,138</b>
At 31 July 2019	-	3,514	425	-	2,170	19,770	64	355	26,298

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2020

## 11. Property, plant and equipment (Continued)

### *Assets held under finance leases*

The Group acquired plant and equipment, motor vehicles and heavy-duty mobile equipment with an aggregate cost of RM1,430,000 in 2019 by means of leases. The cash outflow on acquisition of property, plant and equipment amounted to RM4,347,000.

The net carrying amount of the Group's plant and machinery, motor vehicles and heavy-duty mobile equipment held under finance leases as at 31 July 2019 was RM2,797,000. As at 1 August 2019, the plant and machinery, motor vehicles and heavy-duty mobile equipment previously held under finance leases were reclassified from property, plant and equipment to right-of-use assets.

### *Assets pledged as securities*

In addition to assets held under finance leases, the Group's property, plant and equipment with net carrying amount of RM5,002,000 in 2019 are pledged to secure the Group's bank borrowings (Note 20).

### *Assets held under hire purchase*

The Group acquired plant and machinery, motor vehicles and heavy-duty mobile equipment with an aggregate cost of RM7,099,000 in 2020 by means of hire purchase.

The net carrying amount of the Group's plant and machinery, motor vehicles and heavy-duty mobile equipment held under hire purchase agreements as at 31 July 2020 was RM6,039,000.

### *Right-of-use of assets*

Right-of-use of assets acquired under leasing arrangements are presented together with the owned assets of the same class. Details of such leased assets are disclosed in Note 12.

## 12. Leases

The Group leases office premises, plant, machinery and motor vehicles, including heavy mobile equipment for its operations. Leases of plant and machinery and motor vehicles, including heavy mobile equipment generally have lease terms of 5 years while office premises have a lease term of 3 years. The Group's lease liabilities are secured by the lessor's title to the leased assets.

Set out below are the carrying amounts of right-of-use assets, classified within property, plant and equipment, recognised and the movement during the period:

	Office premises RM'000	Motor vehicles and heavy-duty mobile equipment RM'000	Plant and machinery RM'000	Total RM'000
<b>Group</b>				
As at 1 August 2019	–	886	1,911	2,797
Additions	596	–	–	596
Depreciation	(116)	(236)	(497)	(849)
As at 31 July 2020	480	650	1,414	2,544

The Group also has leases with lease terms of 12 months or less for staff accommodation. The Group applies the "short-term lease" recognition exemptions for these leases.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2020

### 12. Leases (Continued)

#### *Lease and hire purchase liabilities*

Set out below are the carrying amounts of lease and hire purchase liabilities and the movements during the period:

	Office premises RM'000	Motor vehicles and heavy-duty mobile equipment RM'000	Plant and machinery RM'000	Total RM'000
<b>Group</b>				
As at 1 August				
2019 – adoption of SFRS(I) 16	–	716	1,348	2,064
Additions	596	536	6,460	7,592
Interest expense	21	41	263	325
Lease payments				
– Principal portion	(105)	(308)	(2,014)	(2,427)
– Interest portion	(21)	(41)	(263)	(325)
As at 31 July 2020	<b>491</b>	<b>944</b>	<b>5,794</b>	<b>7,229</b>
Current				3,307
Non-current				3,922

The maturity analysis of lease and hire purchase liabilities is disclosed in Note 28(b)

### 12. Leases (Continued)

The following are the amounts recognised in profit or loss:

	Group 2020 RM'000
Amortisation of right-of-use assets	849
Interest expenses on lease and hire purchase liabilities included in finance costs	325
Variable lease payments included in cost of sales	20,989
Expenses relating to short-term leases included in general and administrative expenses	18
Total amount recognised in profit or loss	<b>22,181</b>
Total cash outflow for leases and hire purchases	<b>21,739</b>

#### *Agreement with lease component*

The Group has an agreement with a third party for the processing of iron ore that contains an operating lease component pertaining to the underlying plant and equipment where the Group is the lessee. The payments required under the agreement depends on the actual amount of iron ore processed, among others such as the agreed contractual rates and the market price of iron ore. All the payments under this agreement are variable in nature and are recognised as expenses as incurred. For the financial year ended 31 July 2020, variable payments expensed under this agreement, inclusive of non-lease elements amount to RM20,989,000 (2019: RM19,101,000) respectively.

Total future cashflows for which the Group is potentially exposed to under this agreement that are not reflected in the measurement of lease liabilities cannot be estimated reliably.



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2020

## 13. Mine properties

	Producing mine RM'000	Stripping activity asset RM'000	Total RM'000
<b>Group Cost</b>			
At 1 August 2018, 31 July 2019, 1 August 2019 and 31 July 2020	<b>18,259</b>	<b>46,404</b>	<b>64,663</b>
<b>Accumulated amortisation</b>			
At 1 August 2018	7,958	17,572	25,530
Charge for the year	2,120	6,495	8,615
At 31 July 2019	10,078	24,067	34,145
Charge for the year	1,195	3,264	4,459
At 31 July 2020	<b>11,273</b>	<b>27,331</b>	<b>38,604</b>
<b>Net carrying amount</b>			
At 31 July 2020	<b>6,986</b>	<b>19,073</b>	<b>26,059</b>
At 31 July 2019	8,181	22,337	30,518

During the financial year, the Group conducted a review on the estimated economically recoverable reserves used in determining the amortisation of mine-specific assets, resulting a change in amortisation charge proportional to the depletion of the anticipated remaining life-of-mine production. The Group had reassessed its amortisation base from 6.1 mil Mt to 8.2 mil Mt which includes inferred resources that is in the pit design based on the March 2020 Independent Qualified Persons Report (IQPR).

The revision in estimate has been applied on prospective basis from 1 August 2019 and the effect of the above revision in current period amounted to RM1,535,000 decrease in amortisation charge for the financial year ended 31 July 2020.

## 14. Exploration and evaluation assets

	Group RM'000
<b>Cost</b>	
At 31 July 2019	-
Addition	440
At 31 July 2020	<b>440</b>
<b>Net carrying amount</b>	
At 31 July 2020	<b>440</b>

The carrying amount of the exploration and evaluation assets as at 31 July 2020 relates to the exploration of a new areas of interest in the mines at Mukim Chaah Baru, Mukim Bukit Kepong and Mukim Kota Tinggi. There are no exploration and evaluation expenditure expensed off in the consolidated statement of comprehensive income during the year.

## 15. Investment in subsidiary

	Company 2020 RM'000
Unquoted equity shares, at cost	<b>173,380</b>

### Composition of the Company

The Company has the following subsidiaries as at financial year ended 31 July 2020 and 2019:

Name	Country of incorporation and place of business	Principal activities	Proportion (%) of shareholdings held	
			2020 %	2019 %
Honest Sam Development Sdn. Bhd.*	Malaysia	Sale of iron ore	60 <sup>^</sup>	60 <sup>^</sup>
<i>Held through</i> Honest Sam Development Sdn. Bhd.				
A.K. Trading Co. Ltd.* <sup>#</sup> ("AK Trading")	Malaysia	Leasing of mining equipment	-	60 <sup>^</sup>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2020

## 15. Investment in subsidiary (Continued)

\* Audited by Ernst & Young, Malaysia

^ The Company holds 60% of shareholdings in Honest Sam and the remaining 40% shareholdings are held by the Bumiputera Shareholders through Convertible Preference Shares ("CPS") as disclosed in Note 23. These CPS are convertible at the sole discretion of Honest Sam into 1 ordinary share of Honest Sam for a minimal consideration of RM100 and do not carry any voting rights. Accordingly, the Company has 100% effective ownership interest and voting rights in Honest Sam and AK Trading and therefore no amount was attributed to non-controlling interest. Dividends to CPS are recognised when declared.

# On 31 July 2018, Honest Sam passed a resolution for the voluntary winding up of its subsidiary, AK Trading as it is a dormant company, as part of the Restructuring Exercise as disclosed in Note 1.2. On 4 September 2019, AK Trading was wound up.

## 16. Investment in a joint venture

	Group	
	2020 RM'000	2019 RM'000
Unquoted ordinary shares, at cost	-	1,000
Share of post-acquisition reserves	-	(1,000)
	-	-

Details of the joint venture are as follows:

Name of associates	Country of incorporation and place of business	Principal activities	Proportion (%) of ownership interest	
			2020 %	2019 %
Teras Megajaya Sdn. Bhd* ("Teras Megajaya")	Malaysia	Property investment	-	50

\* Audited by Ernst & Young, Malaysia

The Group has Nil (2019: 50%) interest in the ownership and voting rights in a joint venture. The Group jointly controls the venture with another partner under the contractual agreement and requires unanimous consent for all major decisions over the relevant activities.

## 16. Investment in a joint venture (Continued)

On 5 November 2019, Honest Sam transferred its shareholding interest of 50% in its joint venture, Teras Megajaya and amounts due from Teras Megajaya of approximately RM5,291,000 to its related company, Aras Kuasa, as part of the Restructuring Exercise as disclosed in Note 1.2.

Summarised financial information in respect of the joint venture based on its financial statements, and reconciliation with the carrying amount of the investment in the financial statements are as follows:

### Summarised balance sheet

	2020 RM'000	2019 RM'000
Cash and cash equivalents	-	83
Trade receivables	-	104
Current assets	-	187
Non-current assets excluding goodwill	-	16,313
Non-current assets	-	16,500
Goodwill	-	208
<b>Total assets</b>	-	16,708
Current liabilities	-	9,750
Other non-current liabilities	-	7,278
<b>Total liabilities</b>	-	17,028
Net liabilities	-	(320)
Net liabilities excluding goodwill	-	(528)
Proportion of the Group's ownership	-	50%
Group's share of net assets	-	(208)*
Goodwill on acquisition	-	208
Carrying amount of the investment	-	-

\* Share of loss capped at cost of investment

### Summarised statement of comprehensive income

	2020 RM'000	2019 RM'000
Revenue	-	973
Loss before tax	-	(364)
Loss after tax, representing total comprehensive income	-	(420)

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2020

## 17. Inventories

	Group	
	2020 RM'000	2019 RM'000
<b>Consolidated statement of financial position:</b>		
Iron ores	8,818	13,410
Consumables and spares	29	29
	<u>8,847</u>	<u>13,439</u>
<b>Consolidated statement of comprehensive income:</b>		
Cost of inventories sold	<u>91,531</u>	<u>85,963</u>

## 18. Trade and other receivables

	Group		Company 2020 RM'000
	2020 RM'000	2019 RM'000	
<b>Trade and other receivables</b>			
Third parties	18,423	18,476	-
Amounts due from related party	2,821	-	-
	<u>21,244</u>	<u>18,476</u>	<u>-</u>
Less: Allowance for impairment – Third parties	-	(76)	-
Trade receivables, net	<u>21,244</u>	<u>18,400</u>	<u>-</u>
<b>Other receivables</b>			
Third parties	351	248	-
Amounts due from related parties	-	743	-
Interest receivable from placement of short-term deposits with licensed banks	192	102	-
Deposits	213	283	-
Goods and Services Tax receivable	-	276	-
	<u>756</u>	<u>1,652</u>	<u>-</u>
Less: Allowance for impairment – Third parties	(27)	(75)	-
Other receivables, net	<u>729</u>	<u>1,577</u>	<u>-</u>
<b>Total trade and other receivables</b>	<u>21,973</u>	<u>19,977</u>	<u>-</u>
Less: Goods and Services Tax receivable	-	(276)	-
Add: Cash and bank balances (Note 19)	149,866	35,366	37,072
Add: Amounts due from joint venture (Note 1.2(d))	-	5,291	-
Total financial assets carried at amortised cost	<u>171,839</u>	<u>60,358</u>	<u>37,072</u>

## 18. Trade and other receivables (Continued)

### (a) Trade receivables

Trade receivables are non-interest bearing and are generally on 14 to 60 days terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

#### Aging analysis of trade receivables

The aging analysis of the Group's trade receivables are as follows:

	Group	
	2020 RM'000	2019 RM'000
Neither past due nor impaired	18,313	18,193
1 to 30 days past due not impaired	2,931	207
Impaired	-	76
Trade receivables	<u>21,244</u>	<u>18,476</u>

#### Receivables that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group. None of the Group's trade receivables that are neither past due nor impaired have been renegotiated during the financial year. Receivables that are neither past due nor impaired are unsecured.

#### Receivables that are past due but not impaired

The Group have trade receivables amounting to RM2,931,000 (2019: RM207,000) that are past due at the reporting date but not impaired. The balance of receivables that are past due but not impaired are unsecured in nature.

Trade receivables that were past due but not impaired relate to customers that have a good track record with the Group. Based on past experience and no adverse information to date, the directors of the Group are of the opinion that no allowance for impairment is necessary in respect of these balances as there has not been a significant change in the credit quality and the balances are considered fully recoverable.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2020

## 18. Trade and other receivables (Continued)

### (a) Trade receivables (Continued)

#### Expected credit losses

The movement in allowance for expected credit losses of trade receivables computed based on lifetime ECL are as follows:

	Group	
	2020 RM'000	2019 RM'000
<i>Movement in allowance accounts:</i>		
At 1 August	76	432
Written off	(76)	(356)
At 31 July	-	76

### (b) Amounts due from related parties and joint venture

All amounts due from related parties and joint venture are unsecured, non-interest bearing and repayable on demand. In 2019, the amount was reclassified to assets held for distribution as of 31 July 2019 as the amounts are expected to be distributed as of 31 July 2019. Subsequently, these amounts were distributed as disclosed in Note 1.2(d).

### (c) Other receivables

#### Expected credit losses

The movement in allowance for expected credit losses of other receivables are as follows:

	Group	
	2020 RM'000	2019 RM'000
<i>Movement in allowance accounts:</i>		
At 1 August	75	604
Charge for the year	-	4
Write-back	(40)	(482)
Written off	(8)	(51)
At 31 July	27	75

## 19. Cash and bank balances

	Group		Company
	2020 RM'000	2019 RM'000	2020 RM'000
Cash in hand and at banks	67,073	8,283	37,072
Short term deposits	82,793	27,083	-
	<b>149,866</b>	35,366	<b>37,072</b>

Cash at banks earn interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one day to three months depending on the immediate cash requirements of the Group and earn interests at the respective short-term deposit rates. The weighted average effective interest rate as at 31 July 2020 for the Group was 2.28% (2019: 3.53%) per annum.

Short-term deposits with licensed banks of the Group amounting to Nil (2019: RM2,046,000) are pledged as securities for loans and borrowings (Note 20).

## 20. Loans and borrowings

	Maturity	Group	
		2020 RM'000	2019 RM'000
<b>Current</b>			
Secured:			
(Base lending rate (BLR) + 1.25% per annum)			
Term loan I	2020	-	125
Term loan II	2020	-	62
Term loan III	2020	-	111
Overdraft (BLR + 2.00% per annum)	On demand	-	196
Obligations under finance leases (Note 26)	2020	-	905
Lease and hire purchase liabilities (Note 12)	2021	3,307	-
		<b>3,307</b>	1,399

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2020

## 20. Loans and borrowings (Continued)

	Maturity	Group	
		2020 RM'000	2019 RM'000
<b>Non-current</b>			
Secured:			
(BLR) + 1.25% per annum			
Term loan I	2022	-	163
Term loan II	2022	-	81
Term loan III	2022	-	156
Obligations under finance leases (Note 26)	2023	-	1,159
Lease and hire purchase liabilities (Note 12)	2025	<b>3,922</b>	-
		<b>3,922</b>	1,559
<b>Total loans and borrowings</b>		<b>7,229</b>	2,958

The remaining maturities of the loans and borrowings as at 31 July 2020 and 2019 are as follows:

	Group	
	2020 RM'000	2019 RM'000
On demand or within one year	<b>3,307</b>	1,399
More than 1 year and less than 2 years	<b>2,809</b>	1,196
More than 2 years and less than 5 years	<b>1,113</b>	363
	<b>7,229</b>	2,958

A reconciliation of liabilities arising from Group's financing activities excluding bank overdrafts is as follows:

	2019 RM'000	Cash flows RM'000	Non-cash changes		2020 RM'000
			Acquisition RM'000	Other* RM'000	
Borrowings					
- current	298	(698)	-	400	-
- non-current	400	-	-	(400)	-
	<u>698</u>	<u>(698)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Lease and hire purchase liabilities					
- current	905	(2,427)	-	4,829	<b>3,307</b>
- non-current	1,159	-	7,592	(4,829)	<b>3,922</b>
	<u>2,064</u>	<u>(2,427)</u>	<u>7,592</u>	<u>-</u>	<u><b>7,229</b></u>
Total	<u>2,762</u>	<u>(3,125)</u>	<u>7,592</u>	<u>-</u>	<u><b>7,229</b></u>

## 20. Loans and borrowings (Continued)

	2018 RM'000	Cash flows RM'000	Non-cash changes		2019 RM'000
			Acquisition RM'000	Other* RM'000	
Borrowings					
- current	272	(272)	-	298	298
- non-current	698	-	-	(298)	400
	<u>970</u>	<u>(272)</u>	<u>-</u>	<u>-</u>	<u>698</u>
Obligations under finance leases					
- current	412	(723)	-	1,216	905
- non-current	945	-	1,430	(1,216)	1,159
	<u>1,357</u>	<u>(723)</u>	<u>1,430</u>	<u>-</u>	<u>2,064</u>
Total	<u>2,327</u>	<u>(995)</u>	<u>1,430</u>	<u>-</u>	<u>2,762</u>

\* The 'other' column relates to reclassification of non-current portion of borrowings, obligations under finance leases and lease and hire purchase liabilities due to passage of time.

### (a) BLR + 1.25% p.a.

#### (i) Term loan I

The term loan is denominated in RM and is used to finance purchase of vacant agricultural land held under Title No. GM 9420 Lot No. 1435 Mukim of Kuala Kuantan, District of Kuantan, Pahang Darul Makmur. The term loan is repayable within 120 months instalments effective from 1 July 2011.

#### (ii) Term loan II

The term loan is denominated in RM and is used to finance purchase of vacant agricultural land held under Title No. GM 2129 Lot No. 450 Mukim of Kuala Kuantan, District of Kuantan, Pahang Darul Makmur. The term loan is repayable within 120 months instalments effective from 1 July 2011.

The term loan I and II facilities are secured by the following:

- facilities agreement;
- first party registered charges over landed properties;
- placement of deposits with licensed banks of the Group; and
- joint and several guarantees by the directors of the Group.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2020

## 20. Loans and borrowings (Continued)

### (a) BLR + 1.25% p.a. (Continued)

(iii) Term loan III

The term loan is denominated in RM and is used to finance purchase of vacant agricultural land held under Title No. GM 742 Lot No. 452 Mukim of Kuala Kuantan, District of Kuantan, Pahang Darul Makmur. The term loan is repayable within 120 months instalments effective from 1 August 2011.

The facility is secured by the following:

- facilities agreement;
- first party registered charges over landed properties;
- joint and several guarantees by the directors of the Group.

### (b) Lease liabilities

Finance lease liabilities were reclassified to lease liabilities on 1 August 2019 arising from the adoption of SFRS(I) 16. These lease liabilities are secured by a charge over the leased assets. The average discount rate implicit in the leases is 2.67% (2019: 2.80%) per annum.

## 21. Trade and other payables

	Group		Company
	2020 RM'000	2019 RM'000	2020 RM'000
<b>Trade payables</b>			
Third parties	5,373	10,951	-
Amounts due to related parties	3,950	8,512	-
	<u>9,323</u>	<u>19,463</u>	<u>-</u>
<b>Other payables</b>			
Accruals	2,689	914	498
Amounts due to subsidiary	-	-	537
Third parties	342	43	31
Amounts due to directors	6,045	-	493
Tribute payable	2,000	2,000	-
	<u>11,076</u>	<u>2,957</u>	<u>1,559</u>
<b>Total trade and other payables</b>	<b>20,399</b>	<b>22,420</b>	<b>1,559</b>
Add: Loans and borrowings (Note 20)	<u>7,229</u>	<u>2,958</u>	<u>-</u>
Total financial liabilities carried at amortised cost	<u>27,628</u>	<u>25,378</u>	<u>1,559</u>

## 21. Trade and other payables (Continued)

### (a) Trade payables

These amounts are unsecured and non-interest bearing. Trade payables are normally settled on 60 days (2019: 60 days) terms.

### (b) Other payables

These amounts are unsecured and non-interest bearing. Other payables are normally settled on an average term of three months.

### (c) Amounts due to subsidiary, related parties and directors

These amounts are unsecured, non-interest bearing, repayable on demand and are to be settled in cash. Amounts due to directors relates to remuneration for the year ended 31 July 2020.

### (d) Tribute payables

Tribute payables relate to amounts due to a mine leaseholder pursuant to a mining agreement for the exclusive rights as a mine operator. These amounts are unsecured, non-interest bearing, repayable on demand and are to be settled in cash.

### (e) Payables subject to offsetting arrangement

The Group regularly sells processed iron ore to a related party, Aras Kuasa, while Aras Kuasa provides manpower and equipment services to the Group. Both parties perform intercompany off-setting as and when intercompany transactions arise.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2020

## 21. Trade and other payables (Continued)

The Group's amount due from/(to) that are off-set are as follows:

Description	31 July 2020 RM'000		
	Gross carrying amounts before offsetting	Gross amounts offset in the balance sheet	Net amounts in the balance sheet
Amount due from related party	2,931	(110)	2,821
Amount due to related party	(110)	-	-

Description	31 July 2019 RM'000		
	Gross carrying amounts before offsetting	Gross amounts offset in the balance sheet	Net amounts in the balance sheet
Amount due from related party	4,540	-	-
Amount due to related party	(8,886)	4,540	(4,346)

## 22. Share capital

	Group and Company			
	2020		2019	
	No. of shares	RM'000	No. of shares	RM'000
<b>Issued and fully paid shares</b>				
As at 1 August/ incorporation date on 19 September 2019	1	-*	1	-*
Issue of Shares pursuant to the Restructuring Exercise (Note 1.2(f))	9,999,999	173,380	9,999,999	173,380
Share Split (Note 1.2(g))	430,000,000	-	430,000,000	-
Grant of equity-settled share-based payment in relation to IPO expenses	3,000,000	2,301	3,000,000	2,301
Issuance of new shares pursuant to an initial public offering (IPO) exercise	56,000,000	42,473 <sup>(1)</sup>	56,000,000	42,473 <sup>(1)</sup>
At 31 July 2020	489,000,000	218,154	489,000,000	218,154

<sup>(1)</sup> Takes into account the capitalisation of listing expenses of approximately RM587,000 against share capital.

\* Less than RM1,000

## 23. Preference shares (Continued)

Group	2020		2019	
	No. of shares	RM'000	No. of shares	RM'000
Issued convertible preference shares ("CPS")				
At 1 August and 31 July	733,335	733	733,335	733

The convertible preference shares shall confer on the holder thereof the following rights and privileges and be subject to the following conditions:

- (i) Income: the CPS shall confer on the holder a right to receive dividends and bonus shares when, as and if declared by the board of directors of Honest Sam, on the basis that each CPS will be treated as an ordinary share. Such dividends and bonus shares shall be payable out of the profits of Honest Sam resolved to be distributed in respect of a financial year without any rights in case of deficiency to resort to any reserves representing profits of the previous financial year or to profits of subsequent years. With effect from 31 July 2015, the dividends to which the holders of the CPS are legally entitled shall be subject to an aggregate annual limit of RM100,000 in respect of all the CPS;
- (ii) Anti-dilution right: In the event of any new issuance of shares in the capital of Honest Sam, CPS holder shall have the right to subscribe for such number of CPS representing its then existing proportion of shareholdings in the capital of Honest Sam for the time being so as to allow the holder of CPS to maintain its then existing proportion of shareholdings in Honest Sam;
- (iii) Conversion: all the existing CPS at the date of conversion shall be convertible at the sole discretion of board of directors of Honest Sam, into one (1) ordinary share in the capital of Honest Sam upon payment by the Honest Sam to the CPS holder of a nominal consideration of RM100. Honest Sam shall, at least 30 days prior to the conversion date, send to the holder of CPS a written notice specifying the conversion date;



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2020

## 23. Preference shares (Continued)

- (iv) Voting: subject to the provisions of the constitution of Honest Sam in relation to variation of class rights, the CPS holder shall not be entitled to attend or vote at any general meeting of Honest Sam;
- (v) Transfers: the CPS are not transferable other than to the ordinary shareholders at the exercise of the option of the ordinary shareholders in the proportion to their then existing shareholding in Honest Sam and at a total nominal consideration of RM100.00 for all the CPS then in issue, payable to the holders of all the CPS in the proportion of their respective holdings of the CPS; and
- (vi) Repayment of capital: in the event of a liquidation, dissolution, winding up or return of capital of Honest Sam, the CPS shall not confer on the CPS holder the right to be paid in priority to the ordinary shareholders, and all the issued CPS shall be treated as if they have been converted into one (1) ordinary share and shall rank *pari passu* with other ordinary shares in Honest Sam. Save as aforementioned, the CPS shall not confer upon the holder any further right to participate in the Honest Sam's profits or surplus assets.

## 24. Merger reserve

Merger reserve represents the difference of the carrying value of net assets acquired over the purchase consideration paid and the equity acquired under common control and share capital of Honest Sam amounting to RM10,000,000.

During the financial year ended 31 July 2020, the Group transferred an amount of RM28,725,000 to retained earnings, which represented the difference of the carrying value of net assets acquired of a subsidiary over the purchase consideration paid and the equity acquired under common control. The subsidiary was struck off during the year. These amounts are not distributable under the relevant laws and regulations.

## 25. Related party disclosures

### (a) Sales and purchases of goods and services

In addition to the related party information disclosed elsewhere in the consolidated financial statements, the following significant transactions between the Group and related parties took place at terms agreed between the parties during the financial year:

	Group	
	2020 RM'000	2019 RM'000
<u>Transactions with Aras Kuasa</u>		
Sale of iron ore	13,999	5,962
Provision of crushing services	-	237
Hiring and transportation services rendered	30	157
Hiring and transportation services procured	(112)	(50)
Purchase of plant and equipment	-	(340)
Procurement of services	(114)	-
<u>Transactions with related parties</u>		
Hiring and transportation services rendered	59	225
Rental income	329	703
Hiring and transportation services procured	(19,757)	(18,806)
Purchase of lubricants, spare parts and equipment	(858)	(365)

### (b) Compensation of key management personnel

	Group	
	2020 RM'000	2019 RM'000
Short-term employee benefits	8,522	1,597

Key management compensation comprises the following:

Remuneration to Director of the Company	7,504	1,300
Directors' fees	475	-
Other key management personnel	290	126
Defined contributions	253	171
	<b>8,522</b>	<b>1,597</b>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2020

## 26. Commitments

### (a) Lease commitments

The Group has finance leases for certain items of plant and equipment and motor vehicles in FY2019. These leases do not have terms of renewal but have purchase options at nominal values at the end of the lease term.

Future minimum lease payments under finance leases together with the present value of the net minimum lease payment for FY2019 are as follows:

	Group	
	Minimum lease payments 2019 RM'000	Present value of payments 2019 RM'000
<i>Minimum lease payable</i>		
Not later than 1 year	1,002	905
More than 1 year and less than 2 years	913	876
More than 2 years and less than 5 years	287	283
Total minimum lease payments	2,202	2,064
Less: Amounts representing finance charges	(138)	–
Present value of minimum lease payments	2,064	2,064
<i>Presented as:</i>		
Amount due within 12 months (Note 20)		905
Amount due after 12 months (Note 20)		1,159
		2,064

### (b) Capital commitments

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

	Group	
	2020 RM'000	2019 RM'000
Capital commitments in respect of property, plant and equipment	2,948	5,518

## 27. Fair value of assets and liabilities

### (a) Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value

	Fair value RM'000	Carrying amount RM'000
<b>Group</b>		
<b>2020</b>		
<i>Financial liabilities:</i>		
Loans and borrowings		
– Lease and hire purchase liabilities	7,257	7,229
<b>2019</b>		
<i>Financial liabilities:</i>		
Loans and borrowings		
– Term loans	673	698
Obligations under finance leases	2,089	2,064

The financial liabilities are classified as Level 2 under the fair value hierarchy. The fair values are estimated by discounting future cash flows at market incremental rates for similar types of lending, borrowing or leasing arrangements at the end of each reporting periods.

### (b) Determination of fair value

*Financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value*

Management assessed that the fair values of cash and short-term deposits, trade and other receivables, trade and other payables, bank overdrafts and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

*Financial instruments that are carried at fair value*

Investment securities are measured at fair value and is determined by direct reference to their bid price quotations in an active market at the end of the reporting period.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2020

## 28. 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 credit risk, liquidity risk and foreign currency risk. Management continually monitors the Group's risk management process to ensure that an appropriate balance between risk and control is achieved. It is and has been throughout the current and previous financial year, the Group's policy that no derivatives shall be undertaken except for the use as hedging instruments where appropriate and cost-efficient. The Group does not apply hedge accounting.

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

### (a) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including investment securities and cash and bank balances), the Group minimise credit risk by dealing exclusively with high credit rating counterparties.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period.

The Group has determined the default event on a financial asset to be when the counterparty fails to make contractual payments, within 90 days when they fall due, which are derived based on the Group's historical information.

## 28. Financial risk management objectives and policies (Continued)

### (a) Credit risk (Continued)

All trade receivables are due from customers based in Malaysia. At the end of the reporting period, approximately 94% (2019: 100%) of the Group's trade receivables were due from 4 (2019: 2) customers.

The maximum exposure to credit risk at the reporting date is the carrying value of contract assets and each class of financial assets disclosed in Note 4 and Note 18 respectively. The Group does not hold collateral as security for its contract assets and financial assets.

To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as at reporting date with the risk of default as at the date of initial recognition. The Group considers available reasonable and supportive forwarding-looking information, where applicable and available, which may include the following indicators:

- Internal credit rating
- External credit rating
- Actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's ability to meet its obligations
- Actual or expected significant changes in the operating results of the borrower
- Significant increases in credit risk on other financial instruments of the same borrower
- Significant changes in the value of the collateral supporting the obligation or in the quality of third-party or credit enhancements
- Significant changes in the expected performance and behaviour of the borrower, including changes in the payment status of borrowers in the group and changes in the operating results of the borrower.

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 60 days past due in making contractual payment.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2020

## 28. Financial risk management objectives and policies (Continued)

### (a) Credit risk (Continued)

The Group determined that its financial assets are credit-impaired when:

- There is significant difficulty of the issuer or the borrower
- A breach of contract, such as a default or past due event
- It is becoming probable that the borrower will enter bankruptcy or other financial reorganisation
- There is a disappearance of an active market for that financial asset because of financial difficulty

The Group categorises a loan or receivable for potential write-off when a debtor fails to make contractual payments more than 90 days past due. 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, then Group continues to engage enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.

For the financial years ended 31 July 2020 and 2019, no material loss allowances have been recorded for both contract assets and trade receivables.

*Financial assets that are neither past due nor impaired*

Information regarding trade and other receivables that are neither past due nor impaired is disclosed in Note 18. Trade and other receivables that are neither past due nor impaired are with credit worthy debtors with good payment record with the Group. Deposits with licensed banks that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies 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 18.

## 28. Financial risk management objectives and policies (Continued)

### (b) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

*Analysis of financial instruments by remaining contractual maturities*

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

	On demand or within one year RM'000	One to five years RM'000	More than five years RM'000	Total RM'000
<b>Group</b>				
<b>2020</b>				
<b>Financial liabilities:</b>				
Trade and other payables	20,399	-	-	20,399
Lease and hire purchase liabilities	3,596	4,070	-	7,666
	<u>23,995</u>	<u>4,070</u>	<u>-</u>	<u>28,065</u>
<b>2019</b>				
<b>Financial liabilities:</b>				
Trade and other payables	22,420	-	-	22,420
Loans and borrowings	1,541	1,628	-	3,169
	<u>23,961</u>	<u>1,628</u>	<u>-</u>	<u>25,589</u>
<b>Company</b>				
<b>2020</b>				
<b>Financial liabilities:</b>				
Trade and other payables	1,559	-	-	1,559
	<u>1,559</u>	<u>-</u>	<u>-</u>	<u>1,559</u>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2020

## 28. Financial risk management objectives and policies (Continued)

### (c) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group has transactional currency exposures arising from sales or purchases or assets or liabilities that are denominated in a currency other than the functional currency of the Group. The foreign currencies in which these transactions are denominated are mainly United States Dollars ("USD").

Approximately 4% (2019: 5%) of the Group's costs are denominated in foreign currency and approximately 17% (2019: Nil) of sales are denominated in the foreign currency of the Group. The Group's trade payable and trade receivable balances at the reporting date have similar exposures.

The following table demonstrates the sensitivity of the Group's profit net of tax to a reasonably possible change in the USD exchange rates against the functional currency of the Group, with all other variables held constant.

*Sensitivity analysis for foreign currency risk*

	2020 RM'000	2019 RM'000
USD/RM		
– Strengthened 5% (2019: 5%)	184	21
– Weakened 5% (2019: 5%)	<u>(184)</u>	<u>(21)</u>
SGD/RM		
– Strengthened 5% (2019: 5%)	2,083	(8)
– Weakened 5% (2019: 5%)	<u>(2,083)</u>	<u>8</u>

## 29. Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit standing and healthy capital ratios in order to support its business and maximise shareholder value.

The Group monitors capital using a gearing ratio. The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 July 2020 and 2019.

	Group	
	2020 RM'000	2019 RM'000
Loans and borrowings	7,229	2,958
Trade and other payables	20,399	22,420
Less: Cash and bank balances	<u>(149,866)</u>	<u>(35,366)</u>
Net cash	<u>(122,238)</u>	<u>(9,988)</u>
Equity attributable to the owners of the Group, representing total capital	<u>226,780</u>	163,424
Gearing ratio	<u>N.M.</u>	N.M.

N.M. – Not meaningful.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2020

## 30. Dividends

	Group	
	2020 RM'000	2019 RM'000
Dividend in specie of non-mining assets	17,215	–
<b>Declared and paid during the financial year:</b>		
<i>Dividends on ordinary shares:</i>		
– Interim exempt (one-tier) dividend for 2019: 89.0 cents per share	8,900	–
– Final exempt (one-tier) dividend for 2019: 15.8 cents per share	17,390	–
	<b>26,290</b>	–
	<b>43,505</b>	–

	Group	
	2020 RM'000	2019 RM'000
<b>Proposed but not recognised as a liability as at 31 July:</b>		
<i>Dividends on ordinary shares, subject to shareholders' approval at the AGM:</i>		
– Final exempt (one-tier) dividend for 2020: 0.6 Singapore cents	9,095	–

## 31. Events after the reporting period

The Company has on 28 August 2020 incorporated a Malaysian wholly owned subsidiary, SAM Mineral Trade Sdn. Bhd. ("SMTSB"). The objective of SMTSB is to carry out trading of iron ore, manganese, ferromanganese, lead, copper and tin. The current share capital of SMTSB is RM1.00 and it remains dormant since its incorporation.

On 15 October 2020, the Company acquired South Atlantic Minerals Sdn. Bhd. ("SAMSB") from its controlling shareholder, Dato' Sri Pek Kok Sam, at a cash consideration of RM1.00. SAMSB was incorporated on 5 October 2020 and remains dormant since its date of incorporation. Consequent to the completion of the acquisition, SAMSB become a wholly owned subsidiary of the Group. The objective of SAMSB is to carry out future mining activities of the Group.

## 32. Comparative figures

### Group

Although the Restructuring Exercise was completed on 12 June 2020 and the Company is incorporated on 19 September 2019, the financial statements of the Group are prepared as if the Company i.e. the parent of the Group had been in existence since the Group were under the control of the Controlling Shareholder.

### Company

The financial statements of the Company cover the financial period from 19 September 2019 (date of incorporation) to 31 July 2020. This being the first set of audited financial statements, there are no comparative figures.

## 33. Authorisation of financial statements for issue

The financial statements for the year ended 31 July 2020 were authorised for issue in accordance with a resolution of the directors on 28 October 2020.

## STATISTICS OF SHAREHOLDINGS

AS AT 20 OCTOBER 2020

Number of Ordinary Shares in Issue	:	489,000,000
Number of Subsidiary Holdings Held	:	Nil
Number of Treasury Shares Held	:	Nil
Class of Shares	:	Ordinary
Voting Rights	:	One vote each ordinary share held

### DISTRIBUTION OF SHAREHOLDERS BY SIZE OF SHAREHOLDINGS AS AT 20 OCTOBER 2020

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 – 99	0	0.00	0	0.00
100 – 1,000	3	6.38	1,200	0.00
1,001 – 10,000	9	19.15	40,800	0.01
10,001 – 1,000,000	25	53.19	3,625,000	0.74
1,000,001 AND ABOVE	10	21.28	485,333,000	99.25
	<b>47</b>	<b>100.00</b>	<b>489,000,000</b>	<b>100.00</b>

### TWENTY LARGEST SHAREHOLDERS

NO.	SHAREHOLDER'S NAME	NO. OF SHARES	%
1	PEK KOK SAM	343,780,000	70.30
2	UOB KAY HIAN PTE LTD	53,633,000	10.97
3	LEE TEK MOOK @ LEE TEH MOH	30,100,000	6.16
4	TEH TECK TEE	30,100,000	6.16
5	CITIBANK NOMINEES SINGAPORE PTE LTD	11,480,000	2.35
6	LIM WEI HUNG	6,020,000	1.23
7	LB VENTURE CAPITAL PTE LTD	3,513,900	0.72
8	PRIMEPARTNERS CORPORATE FINANCE PTE LTD	3,000,000	0.61
9	DBS NOMINEES PTE LTD	2,080,100	0.43
10	OCBC SECURITIES PRIVATE LTD	1,626,000	0.33
11	HSBC (SINGAPORE) NOMINEES PTE LTD	730,000	0.15
12	CHANG YEW KWONG	400,000	0.08
13	BPSS NOMINEES SINGAPORE (PTE.) LTD.	343,000	0.07
14	LAI KAM FONG	277,000	0.06
15	KOK TIU WAN	250,000	0.05
16	ABN AMRO CLEARING BANK N.V.	205,700	0.04
17	LOW TENG BOON @ SIM CHIN HOK	200,000	0.04
18	RAFFLES NOMINEES (PTE) LIMITED	175,200	0.04
19	KOW CHOONG MING	150,000	0.03
20	TAN JIAO JIE CHERIE	150,000	0.03
	<b>TOTAL</b>	<b>488,213,900</b>	<b>99.85</b>

# STATISTICS OF SHAREHOLDINGS

AS AT 20 OCTOBER 2020

## SUBSTANTIAL SHAREHOLDERS

As recorded in the Register of Substantial Shareholders

Name of Shareholder	Direct Interest		Deemed Interest	
	No. of Shares	%	No. of Shares	%
Pek Kok Sam	343,780,000	70.30	–	–
Lee Tek Mook @ Lee Teh Moh	30,100,000	6.16	–	–
Teh Teck Tee	30,100,000	6.16	–	–

## PERCENTAGE OF SHAREHOLDING IN PUBLIC'S HANDS

Based on the information available to the Company as at 20 October 2020, approximately 16.15% of the Company's shares listed in the Singapore Exchange Securities Trading Limited ("SGX-ST") was held in the hands of the public. Accordingly, the Company has complied with Rule 723 of the Listing Manual of the SGX-ST.



# NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the Annual General Meeting (“**AGM**”) of Southern Alliance Mining Ltd. (the “**Company**”) will be held by way of electronic means on Friday, 27 November 2020 at 10.00 a.m. for the purpose of transacting the following business:

## ORDINARY BUSINESS

1. To receive and adopt the Directors’ Statement and the Audited Financial Statements of the Company for the financial year ended 31 July 2020 together with the Auditors’ Report thereon. **(Resolution 1)**
2. To declare a final tax exempt (1-tier) dividend of S\$0.006 per ordinary share for the financial year ended 31 July 2020. **(Resolution 2)**
3. To re-elect Dato’ Teh Teck Tee, as a Director of the Company, who is retiring by rotation pursuant to Regulation 100 of the Company’s Constitution.  
(See Explanatory Note 1) **(Resolution 3)**
4. To re-elect Dato’ Sri Pek Kok Sam, as a Director of the Company, who is retiring by rotation pursuant to Regulation 100 of the Company’s Constitution.  
(See Explanatory Note 2) **(Resolution 4)**
5. To re-elect Dato’ Sri Mohd Jamidan Abdullah, as a Director of the Company, who is retiring by rotation pursuant to Regulation 100 of the Company’s Constitution.  
(See Explanatory Note 3) **(Resolution 5)**
6. To re-elect Dato’ Gainneos Jacob Goldie, as a Director of the Company, who is retiring by rotation pursuant to Regulation 100 of the Company’s Constitution.  
(See Explanatory Note 4) **(Resolution 6)**
7. To re-elect Mr. Chin Chee Choon, as a Director of the Company, who is retiring by rotation pursuant to Regulation 100 of the Company’s Constitution.  
(See Explanatory Note 5) **(Resolution 7)**
8. To re-elect Mr. Sim Chin Hoe, as a Director of the Company, who is retiring by rotation pursuant to Regulation 100 of the Company’s Constitution.  
(See Explanatory Note 6) **(Resolution 8)**
9. To approve the payment of Directors’ fees of S\$156,000 for the financial year ended 31 July 2020. **(Resolution 9)**
10. To approve the payment of Directors’ fees of S\$208,000 for the financial year ending 31 July 2021. **(Resolution 10)**
11. To re-appoint Messrs Ernst & Young LLP as Auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 11)**
12. To transact any other ordinary business which may properly be transacted at an annual general meeting.

# NOTICE OF ANNUAL GENERAL MEETING

## SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions as Ordinary Resolutions, with or without any modifications:

### 13. Authority to allot and issue shares

That pursuant to Section 161 of the Companies Act, Chapter 50 of Singapore (the “**Companies Act**”) and Rule 806 of the Listing Manual Section B: Rules of Catalist (the “**Catalist Rules**”) of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”), authority be and is hereby given to the Directors of the Company to:

- (a) (i) allot and issue shares in the Company (“**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 of the Company may in their absolute discretion deem fit; and

- (b) notwithstanding that the authority conferred by this Ordinary Resolution may have ceased to be in force, issue Shares in pursuance of any Instrument made or granted by the Directors of the Company while this Resolution was in force, provided that:

- (1) 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) shall not exceed 100% of the Company’s total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of Shares to be issued other than on a pro-rata basis to existing shareholders of the Company (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) shall not exceed 50% of the Company’s total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below) or such other limit as may be prescribed by the Catalist Rules as at the date of this resolution in force;

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

- (a) new Shares arising from the conversion or exercise of the Instruments or any convertible securities;
- (b) new Shares arising from exercising share options or vesting of share awards, provided that the share options or share awards (as the case may be) were granted in compliance with Part VIII of Chapter 8 of the Catalist Rules; and
- (c) any subsequent bonus issue, consolidation or subdivision of Shares,

adjustments in accordance with Rule 806(3)(a) or Rule 806(3)(b) of the Catalist Rules 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 passing of the resolution approving the mandate.

## NOTICE OF ANNUAL GENERAL MEETING

- (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 all legal requirements under the Companies Act and the Company's Constitution; and
- (4) unless revoked or varied by the Company in a general meeting, such authority shall continue in force until (i) the conclusion of the next Annual General Meeting of the Company or (ii) the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier.

(See Explanatory Note 7)

**(Resolution 12)**

### 14. Authority to allot and issue Shares under the Southern Alliance Mining Performance Share Plan

That pursuant to Section 161 of the Companies Act, Chapter 50 of Singapore and the provisions of the Southern Alliance Mining Performance Share Plan (the "**Share Plan**"), authority be and is hereby given to the Directors of the Company to allot and issue from time to time such number of Shares in the capital of the Company as may be required to be issued pursuant to the vesting of awards under the Share Plan, provided always that the aggregate number of additional ordinary Shares to be allotted and issued pursuant to the Share Option Scheme and the Share Plan collectively shall not exceed 15% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company from time to time.

(See Explanatory Note 8)

**(Resolution 13)**

### 15. Renewal of General Mandate for Interested Persons Transactions

- (a) That approval be and is hereby given for the purpose of Chapter 9 of the Catalist Rules for any of the Entities at Risk (as defined in the Appendix to this Notice of Annual General Meeting) to enter into any of the transactions falling within the types of interested persons transactions ("**IPTs**") (particulars of which are set out in the Appendix accompanying this Notice) with the Interested Persons in accordance with the guidelines of the Company for IPTs as set out in the Appendix, and subject to the review procedures for such IPTs as set out in the Appendix (the "**IPT Mandate**");
- (b) That such approval shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company;
- (c) That the Audit Committee of the Company be and is hereby authorised to take such action as it deems proper in respect of review procedures for the IPTs and/or to modify or implement such procedures as may be necessary to take into consideration any amendment to Chapter 9 of the Catalist Rules which may be prescribed by the SGX-ST from time to time; and
- (d) That the Directors of the Company and each of them be and are hereby authorised to do all such acts and things (including without limitation executing all such documents as may be required) as they may consider expedient or necessary or in the interest of the Company to give effect to the transactions contemplated and/or authorised by the proposed IPT Mandate and/or this Resolution.

(See Explanatory Note 9)

**(Resolution 14)**

By Order of the Board

Lee Wei Hsiung/Wang Shin Lin, Adeline  
Company Secretaries

5 November 2020  
Singapore

# NOTICE OF ANNUAL GENERAL MEETING

## Explanatory Notes:

1. Dato' Teh Teck Tee will, upon re-election as a Director of the Company, remain as the Non-Executive Non-Independent Chairman and continue as a member of the Remuneration Committee. Key information on Dato' Teh Teck Tee required pursuant to Rule 720(5) of the Catalist Rules can be found under "Additional Information on Directors Seeking Re-election at 2020 Annual General Meeting" of the Company's Annual Report 2020.
2. Dato' Sri Pek Kok Sam will, upon re-election as a Director of the Company, remain as Chief Executive Officer and Executive Director and continue as a member of the Nominating Committee. Key information on Dato' Sri Pek Kok Sam required pursuant to Rule 720(5) of the Catalist Rules can be found under "Additional Information on Directors Seeking Re-election at 2020 Annual General Meeting" of the Company's Annual Report 2020.
3. Dato' Sri Mohd Jamidan Abdullah will, upon re-election as a Director of the Company, remain as Lead Independent Director and continue as a member of the Audit Committee, Nominating Committee and Remuneration Committee. Dato' Sri Mohd Jamidan Abdullah is considered independent for the purposes of Rule 704(7) of the Catalist Rules and does not have any relationships, including immediate family relationships with the Directors of the Company, the Company or its substantial shareholders. Key information on Dato' Sri Mohd Jamidan Abdullah required pursuant to Rule 720(5) of the Catalist Rules can be found under "Additional Information on Directors Seeking Re-election at 2020 Annual General Meeting" of the Company's Annual Report 2020.
4. Dato' Gainneos Jacob Goldie will, upon re-election as a Director of the Company, remain as the Independent Director and continue as Chairperson of the Nominating Committee and Remuneration Committee and a member of the Audit Committee. Dato' Gainneos Jacob Goldie is considered independent for the purposes of Rule 704(7) of the Catalist Rules and does not have any relationships, including immediate family relationships with the Directors of the Company, the Company or its substantial shareholders. Key information on Dato' Gainneos Jacob Goldie required pursuant to Rule 720(5) of the Catalist Rules can be found under "Additional Information on Directors Seeking Re-election at 2020 Annual General Meeting" of the Company's Annual Report 2020.
5. Mr. Chin Chee Choon will, upon re-election as a Director of the Company, remain as the Independent Director and continue as Chairperson of the Audit Committee and a member of the Nominating Committee and Remuneration Committee. Mr. Chin Chee Choon is considered independent for the purposes of Rule 704(7) of the Catalist Rules and does not have any relationships, including immediate family relationships with the Directors of the Company, the Company or its substantial shareholders. Key information on Mr. Chin Chee Choon required pursuant to Rule 720(5) of the Catalist Rules can be found under "Additional Information on Directors Seeking Re-election at 2020 Annual General Meeting" of the Company's Annual Report 2020.
6. Mr. Sim Chin Hoe will, upon re-election as a Director of the Company, remain as the Independent Director and continue as a member of the Audit Committee, Nominating Committee and Remuneration Committee. Mr. Sim Chin Hoe is considered independent for the purposes of Rule 704(7) of the Catalist Rules and does not have any relationships, including immediate family relationships with the Directors of the Company, the Company or its substantial shareholders. Key information on Mr. Sim Chin Hoe required pursuant to Rule 720(5) of the Catalist Rules can be found under "Additional Information on Directors Seeking Re-election at 2020 Annual General Meeting" of the Company's Annual Report 2020.
7. Ordinary Resolution 12 proposed in item 13 above, if passed, will empower the Directors of the Company, from the date of this Annual General Meeting until the date of the next Annual General Meeting, or the date by which the next Annual General Meeting is required by law to be held or the date such authority is revoked by the Company in a general meeting, whichever is the earliest, to allot and issue Shares and convertible securities in the Company. The aggregate number of Shares (including any Shares issued pursuant to the convertible securities) which the Directors may allot and issue under this Resolution will not exceed 100% of the Company's total number of issued Shares (excluding treasury shares and subsidiary holdings), of which up to 50% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company may be issued other than on a pro-rata basis to existing shareholders.
8. Ordinary Resolution 13 proposed in item 14 above, if passed, will authorise and empower the Directors of the Company, from the date of this Annual General Meeting until the date of the next Annual General Meeting, or the date by which the next Annual General Meeting is required by law to be held, whichever is the earlier, to allot and issue Shares in the Company, collectively up to a number not exceeding in total 15% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company from time to time pursuant to the grant of share awards under the Share Plan.
9. Ordinary Resolution 14 proposed in item 15 above, if passed, will renew the IPT Mandate for certain transactions with interested persons and empower the Directors of the Company from the date of the above meeting until the date of the next Annual General Meeting to do all acts necessary to give effect to the Resolution. This authority will, unless previously revoked or varied at a general meeting, expire at the conclusion of the next Annual General Meeting of the Company.

In accordance with the requirements under Chapter 9 of the Catalist Rules, Dato' Sri Pek Kok Sam and Dato' Teh Teck Tee, will abstain from voting, and will ensure that their associates abstain from voting, on Ordinary Resolution 14 relating to the IPT Mandate.

# NOTICE OF ANNUAL GENERAL MEETING

## Notes

1. The AGM is being convened, and will be held, by way of electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. Printed copies of this Notice of AGM will NOT be sent to members of the Company. Instead, this Notice will be sent to members by electronic means via publication on SGXNET at <https://www.sgx.com/securities/company-announcements> and the Company's website at [www.SAMiningLtd.com](http://www.SAMiningLtd.com).
2. Alternative arrangements relating to attendance at the AGM via electronic means (in particular, arrangements by which the meeting can be electronically accessed via live audio-visual webcast or live audio-only stream), submission of questions to the Company 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 accompanying announcement by the Company dated 5 November 2020. This announcement may be accessed on SGXNET at <https://www.sgx.com/securities/company-announcements> and the Company's website at [www.SAMiningLtd.com](http://www.SAMiningLtd.com).
3. Due to the current COVID-19 restriction orders 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 accompanying proxy form for the AGM may be accessed on SGXNET at <https://www.sgx.com/securities/company-announcements> and the Company's website at [www.SAMiningLtd.com](http://www.SAMiningLtd.com).
4. 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 abstention from voting, in respect of a Resolution in the form of proxy, failing which the appointment of the Chairman of the AGM as a proxy for that Resolution will be treated as invalid.  
  
CPF or SRS investors who wish to appoint the Chairman of the AGM as proxy should approach their respective agent banks or SRS operators to submit their votes by 10 a.m. on 17 November 2020.
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 (the "**Proxy Form**") must be submitted to the Company in the following manner:
  - (a) if submitted by post, be deposited at the office of the Company's Share Registrar, Tricor Barbinder Share Registration Services at 80 Robinson Road, #11-02, Singapore 068898; or
  - (b) if submitted electronically, be submitted via email to the Company's Share Registrar, Tricor Barbinder Share Registration Services at [sg.is.proxy@sg.tricorglobal.com](mailto:sg.is.proxy@sg.tricorglobal.com),
 in any case, not later than 10 a.m. on 24 November 2020 (being 72 hours before the time fixed for the AGM) and in default the Proxy Form for the AGM shall not be treated as valid.  
  
A member who wishes to submit a Proxy Form 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.
10. The Proxy Form must be signed by the appointor or his attorney duly authorised in writing. Where the Proxy Form is executed by a corporation, it must be either under its common seal or signed on its behalf by a duly authorised officer or attorney. Where the Proxy Form is signed on behalf of the appointor by an attorney, the power of attorney (or other authority) or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the Proxy Form, failing which the Proxy Form may be treated as invalid.
11. The Company shall be entitled to reject the Proxy Form if it is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the Proxy Form (such as in the case where the appointor submits more than one Proxy Form).
12. In the case of a member whose Shares are entered against his/her name in the Depository Register, the Company may reject any Proxy Form as proxy lodged if such member, being the appointor, is not shown to have Shares entered against his/her name in the Depository Register as at 72 hours before the time appointed for holding the AGM, as certified by CDP to the Company.
13. All questions must be submitted no later than 10 a.m. on 19 November 2020 via any of the following means:
  - (a) at the registration website at <https://agm.conveneagm.com/saminingltd>; or
  - (b) by email to [general@SAMiningLtd.com](mailto:general@SAMiningLtd.com)
  - (c) in hard copy by sending personally or by post to the Company's Share Registrar, Tricor Barbinder Share Registration Services at 80 Robinson Road, #11-02, Singapore 068898

Members submitting questions are required to provide their particulars as follows:

- (a) Full name (for individuals)/company name (for corporates) as per CDP/SRS account records;
- (b) National Registration Identity Card Number or Passport Number (for individuals)/Company Registration Number (for corporates);
- (c) Number of shares in the capital of the Company held;
- (d) Contact Number; and
- (e) Email Address.

## NOTICE OF ANNUAL GENERAL MEETING

14. 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 and questions by post, members are strongly encouraged to submit completed Proxy Forms and questions electronically via email.
15. The Management and Board of Directors of the Company will endeavour to address all substantial and relevant questions received from members and publish the responses to those questions on SGXNET at <https://www.sgx.com/securities/company-announcements> and the Company's website at [www.SAMiningLtd.com](http://www.SAMiningLtd.com) before the deadline to submit the proxy forms or during the AGM.

### **Personal Data Privacy:**

By submitting an instrument appointing the Chairman of the AGM as proxy to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines.

# APPENDIX TO NOTICE OF ANNUAL GENERAL MEETING

## APPENDIX DATED 5 NOVEMBER 2020

**THIS APPENDIX IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. PLEASE READ IT CAREFULLY.**

**If you are in any doubt about its contents or the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.**

**Unless otherwise defined, capitalised terms used on this cover shall have the same meaning as ascribed to them in the section titled “DEFINITIONS” of this Appendix.**

This Appendix is issued by Southern Alliance Mining Ltd. (our “Company”). The purpose of the Appendix is to provide Shareholders with the rationale for and information relating to, and to seek Shareholders’ approval for the proposed renewal of the IPT General Mandate to be tabled at the 2020 AGM. The Notice of AGM and a proxy form are published on (i) the SGX-ST’s website at <https://www.sgx.com/securities/company-announcements>; and (ii) our Company’s corporate website at [www.SAMiningLtd.com](http://www.SAMiningLtd.com).

*Southern Alliance Mining Ltd. (our “Company”) was listed on Catalist of the Singapore Exchange Securities Trading Limited on 26 June 2020. The initial public offering of the Company was sponsored by PrimePartners Corporate Finance Pte. Ltd. (the “Sponsor”).*

*This Appendix has been reviewed by the Company’s Sponsor. It has not been examined or approved by the Singapore Exchange Securities Trading Limited (the “Exchange”) and the SGX-ST assumes no responsibility for the contents of this document, including the correctness of any of the statements or opinions made or reports contained in this document. The Sponsor has also not drawn on any specific technical expertise in its review of this announcement.*

*The contact person for the Sponsor is Ms. Ng Shi Qing, 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318, [sponsorship@ppcf.com.sg](mailto:sponsorship@ppcf.com.sg).*



## SOUTHERN ALLIANCE MINING LTD.

(Company Registration Number. 201931423D)

(Incorporated in the Republic of Singapore)

### APPENDIX TO NOTICE OF ANNUAL GENERAL MEETING

#### IN RELATION TO

### THE PROPOSED RENEWAL OF THE GENERAL MANDATE FOR INTERESTED PERSONS TRANSACTIONS

# APPENDIX TO NOTICE OF ANNUAL GENERAL MEETING

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## APPENDIX TO NOTICE OF ANNUAL GENERAL MEETING

### DEFINITIONS

For the purpose of this Appendix, the following definitions apply throughout unless the context otherwise requires or otherwise stated:

- “2020 Annual Report”** : The annual report of our Company for the financial year ended 31 July 2020
- “2020 AGM”** : The annual general meeting of our Company to be held by way of electronic means on Friday, 27 November 2020 at 10.00 a.m., the notice of which is set out on pages 152 to 157 of the 2020 Annual Report
- “AGM”** : The annual general meeting of our Company
- “Appendix”** : This appendix dated 5 November 2020 in relation to the proposed renewal of the IPT General Mandate
- “Aras Kuasa”** : Aras Kuasa Sdn. Bhd.
- “Aras Kuasa Group”** : Aras Kuasa and its group of companies
- “AK Relevant Cost”** : The relevant costs to be borne by Aras Kuasa for the transportation of the pipe coating materials from our mine site to the End Customer's Competitor's premises
- “associate”** : (a) in relation to any Director, Chief Executive Officer, Substantial Shareholder or Controlling Shareholder (being an individual) means:
- (i) his immediate family;
  - (ii) the trustees of any trust of which he or his immediate family is a beneficiary, or in the case of a discretionary trust, is a discretionary object; and
  - (iii) any company in which he and his immediate family together (directly or indirectly) have an interest of 30.0% or more; and
- (b) in relation to a Substantial Shareholder or a Controlling Shareholder (being a company) means any other company which is its subsidiary or holding company or is a subsidiary of such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30.0% or more
- “Associated Company”** : In relation to a corporation, means:
- (a) any corporation in which the corporation or its subsidiary has, or the corporation and its subsidiary together have, a direct interest in voting shares of not less than 20.0% but not more than 50.0% of the total votes attached to all the voting shares in the corporation; or
  - (b) any corporation, other than a subsidiary of the corporation or a corporation which is an associated company by virtue of paragraph (a), the policies of which the corporation or its subsidiary, or the corporation together with its subsidiary, is or are able to control or influence materially
- “Audit Committee”** : The audit committee of our Company for the time being or from time to time, as the case may be

## APPENDIX TO NOTICE OF ANNUAL GENERAL MEETING

<b>“Board” or “Board of Directors”</b>	: The board of directors of our Company for the time being or from time to time, as the case may be
<b>“Catalist”</b>	: The Catalist board of the SGX-ST
<b>“Catalist Rules”</b>	: The SGX-ST Listing Manual Section B: Rules of Catalist, as may be amended, modified or supplemented from time to time
<b>“CDP”</b>	: The Central Depository (Pte) Limited
<b>“Chief Executive Officer” or “CEO”</b>	: The chief executive officer of our Company for the time being
<b>“Chief Financial Officer” or “CFO”</b>	: The chief financial officer of our Company for the time being
<b>“Companies Act”</b>	: The Companies Act (Chapter 50) of Singapore, as may be amended, modified or supplemented from time to time
<b>“Company”</b>	: Southern Alliance Mining Ltd.
<b>“Controlling Shareholder”</b>	: A person who: <ul style="list-style-type: none"> <li>(a) holds directly or indirectly 15.0% or more of the total number of issued Shares excluding treasury shares and subsidiary holdings in our Company. The SGX-ST may determine that a person who satisfies this paragraph is not a controlling shareholders; or</li> <li>(b) in fact exercises control over our Company</li> </ul>
<b>“CUP”</b>	: Comparable Uncontrolled Price
<b>“Dato’ Lee”</b>	: Dato’ Lee Tek Mook @ Lee Teh Moh
<b>“Dato’ Sri Pek”</b>	: Dato’ Sri Pek Kok Sam
<b>“Dato’ Teh”</b>	: Dato’ Teh Teck Tee
<b>“Director”</b>	: A director of our Company for the time being or from time to time, as the case may be
<b>“End Customer”</b>	: One of our Group’s major pipe coating customers which requires such pipe coating materials and has strict in-house policies which prohibit their suppliers from supplying the same products to their customers directly
<b>“End Customer’s Competitor”</b>	: A competitor of the End Customer
<b>“Group”</b>	: Our Company and its subsidiaries
<b>“immediate family”</b>	: In relation to a person, means the person’s spouse, child, adopted child, step-child, sibling and parent
<b>“HChem Marketing”</b>	: HChem Marketing (M) Sdn. Bhd.

## APPENDIX TO NOTICE OF ANNUAL GENERAL MEETING

<b>“Interested Person”</b>	: (a) a Director, Chief Executive Officer, or Controlling Shareholder; or (b) an associate of any such Director, Chief Executive Officer, or Controlling Shareholder
<b>“Interested Person Transaction”</b>	: A transaction between an entity at risk and an Interested Person
<b>“IPT General Mandate”</b>	: The general mandate obtained from the Shareholders pursuant to Chapter 9 of the Catalist Rules, authorising our Company and its subsidiaries, in their ordinary course of business, to enter into the transactions specified in paragraph 2.6 of this Appendix with any Mandated Interested Persons which are necessary for its day-to-day operations, provided that all such transactions are carried out on normal commercial terms and are not prejudicial to the interests of our Company and its minority Shareholders, subject to the guidelines and review procedures for such transactions
<b>“IRB”</b>	: The Malaysian Inland Revenue Board
<b>“IRB Guidelines”</b>	: Refers to Malaysian Transfer Pricing Guidelines 2012 including updated Guidelines issued by the Inland Revenue Board in July 2017
<b>“Latest Practicable Date”</b>	: 20 October 2020, being the latest practicable date prior to the date of this Appendix
<b>“Listing”</b>	: The admission of our Company to Catalist on 26 June 2020
<b>“Malaysian Transfer Pricing Rules”</b>	: Refers to the Gazette Order P.U.(A) 132 Income Tax (Transfer Pricing) Rules 2012
<b>“Mandated Interested Person”</b>	: Any person as defined in paragraph 2.5 of this Appendix
<b>“Mandated Interested Person Transaction”</b>	: Any transaction as defined in paragraph 2.6 of this Appendix
<b>“Multiline Trading”</b>	: Multiline Trading Sdn. Bhd.
<b>“Notice of AGM”</b>	: The notice of the 2020 AGM
<b>“NTA”</b>	: Net tangible assets
<b>“Offer Document”</b>	: The offer document dated 16 June 2020 issued by our Company (registered by the SGX-ST, acting as an agent on behalf of the Monetary Authority of Singapore on 16 June 2020) in respect of the Listing
<b>“PCM Gross Margin”</b>	: The gross margin to be derived by our Group from the sale of pipe coating materials to Aras Kuasa
<b>“Proposed Renewal of the IPT General Mandate”</b>	: Has the meaning ascribed to it in paragraph 1.1 of this Appendix

## APPENDIX TO NOTICE OF ANNUAL GENERAL MEETING

<b>“Recommending Directors”</b>	: Directors who are regarded as independent for the purposes of making a recommendation on the proposed renewal of the IPT General Mandate, namely, Dato’ Sri Mohd Jamidan Abdullah, Mr Chin Chee Choon, Mr Sim Chin Hoe and Dato’ Gainneos Jacob Goldie
<b>“Restructuring Exercise”</b>	: The corporate restructuring exercise our Company undertook in connection with the Listing as set out in the section entitled “Restructuring Exercise” of the Offer Document
<b>“SGX-ST”</b>	: Singapore Exchange Securities Trading Limited
<b>“SFA”</b>	: The Securities and Futures Act (Chapter 289) of Singapore, as may be amended, modified or supplemented from time to time
<b>“Shared Services”</b>	: The information technology services that Aras Kuasa provides to our Group
<b>“Shared Services Agreement”</b>	: The agreement entered into by our Company and Aras Kuasa dated 21 January 2020, pursuant to which Aras Kuasa was appointed to provide or procure the provision of the Shared Services to our Group
<b>“Shared Services Cost”</b>	: The total monthly costs incurred for information technology services which shall be split under the Shared Services Agreement based on the number of users of the Aras Kuasa Group and our Group
<b>“Shareholders”</b>	: Registered holders of Shares in the Register of Members of our Company, except that where the registered holder is the CDP, the term “Shareholders” shall, in relation to such Shares and where the context admits, mean the persons named as Depositors in the Depository Register maintained by CDP whose securities accounts are credited with those Shares. Any reference to Shares held by or shareholdings of Shareholders shall include Shares standing to the credit of their respective securities accounts in the Depository Register maintained by CDP
<b>“Share(s)”</b>	: Ordinary share(s) in the capital of our Company
<b>“Sponsor”</b>	: PrimePartners Corporate Finance Pte. Ltd.
<b>“Substantial Shareholders”</b>	: A person who has an interest (directly or indirectly) in one (1) or more voting Shares and the total votes attaching to that Share, or those Shares, is not less than 5% of the total votes attached to all the voting Shares in our Company
<b>“Ultimate Selling Price”</b>	: The price offered to and accepted by the End Customer’s Competitor
<b><u>Currencies and Units</u></b>	
<b>“S\$” and “cents”</b>	: Singapore dollars and cents respectively, the lawful currency of the Republic of Singapore
<b>“%” or “per cent.”</b>	: Per centum or percentage

## APPENDIX TO NOTICE OF ANNUAL GENERAL MEETING

The terms “**Depositor**”, “**Depository**”, “**Depository Agent**” and “**Depository Register**” shall have the meanings ascribed to them, respectively, in Section 81SF of the SFA.

The term “**subsidiary**” shall have the meaning ascribed to it in Section 5 of the Companies Act.

The term “**treasury shares**” shall have the meaning ascribed to it in Section 76H of the Companies Act.

Words importing the singular shall, where applicable, include the plural and vice versa. Words importing the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. References to persons shall include corporations.

Any reference in this Appendix to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Companies Act, the SFA, the Catalist Rules or any statutory modification thereof and not otherwise defined in this Appendix, shall have the same meaning assigned to it under the Companies Act, the SFA, the Catalist Rules or any statutory modification thereof, as the case may be.

Any reference to a time of day in this Appendix shall be a reference to Singapore time unless otherwise stated.

Any discrepancies in figures included in this Appendix between the amounts and totals thereof are due to rounding. Accordingly, figures shown as totals in this Appendix may not be an arithmetic aggregation of the figures that precede them.

# APPENDIX TO NOTICE OF ANNUAL GENERAL MEETING

## LETTER TO SHAREHOLDERS

### SOUTHERN ALLIANCE MINING LTD.

(Company Registration Number: 201931423D)

(Incorporated in the Republic of Singapore)

#### Board:

Dato' Teh Teck Tee (Non-Executive Non-Independent Chairman)

Dato' Sri Pek Kok Sam (CEO and Executive Director)

Dato' Sri Mohd Jamidan Abdullah (Lead Independent Director)

Mr Chin Chee Choon (Independent Director)

Mr Sim Chin Hoe (Independent Director)

Dato' Gainneos Jacob Goldie (Independent Director)

#### Registered Office:

80 Robinson Road

#02-00

Singapore 068898

5 November 2020

#### To: The Shareholders of Southern Alliance Mining Ltd.

Dear Sir/Madam

### THE PROPOSED RENEWAL OF THE GENERAL MANDATE FOR INTERESTED PERSONS TRANSACTIONS

#### 1. INTRODUCTION

1.1 We refer to the Notice of AGM which is set out on pages 152 to 157 of the 2020 Annual Report and published on (i) the SGX-ST's website at <https://www.sgx.com/securities/company-announcements>; and (ii) our Company's corporate website at [www.SAMiningLtd.com](http://www.SAMiningLtd.com). Pursuant to Chapter 9 of the Catalist Rules, the Directors intend to seek Shareholders' approval at the 2020 AGM for the proposed renewal of the IPT General Mandate ("**Proposed Renewal of the IPT General Mandate**").

1.2 The purpose of this Appendix is to provide Shareholders with information relating to and the reasons for the Proposed Renewal of the IPT General Mandate.

This Appendix has been prepared solely for the purposes outlined above and may not be relied upon by any other person (other than the Shareholders) or for any other purpose.

1.3 Shareholders should read this Appendix carefully and consider the recommendation of the Recommending Directors in paragraph 4 of this Appendix.

1.4 The SGX-ST assumes no responsibility for the correctness of any of the statements made, opinions expressed or reports contained in this Appendix. If a Shareholder is in any doubt as to the action he/she should take, he/she should consult his/her stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

## APPENDIX TO NOTICE OF ANNUAL GENERAL MEETING

### 2. PROPOSED RENEWAL OF THE IPT GENERAL MANDATE

#### 2.1. BACKGROUND

The IPT General Mandate was adopted by our Company's then Shareholders on 11 June 2020, and was effective pursuant to Rule 920(2) of Chapter 9 of the Catalist Rules by way of the Offer Document from the date of the Listing and was expressed to take effect until the earlier of the following: (a) the conclusion of our Company's first AGM following the date of the Listing; or (b) the first anniversary of the date of the Listing. As such, the IPT General Mandate will expire upon the conclusion of the forthcoming AGM scheduled to be held on 27 November 2020. Pursuant to Rule 920 of the Catalist Rules, our Company will seek Shareholders' approval for the Proposed Renewal of the IPT General Mandate.

The Proposed Renewal of the IPT General Mandate will enable our Group, in its ordinary course of business, to enter into the Interested Person Transactions specified in paragraph 2.6 below with any Mandated Interested Persons, provided that such transactions are made on normal commercial terms, will not be prejudicial to the interests of our Company and its minority Shareholders, and are in accordance with the guidelines and review procedures for such transactions set out in paragraph 2.8 of this Appendix.

#### 2.2. PARTICULARS OF THE IPT GENERAL MANDATE TO BE RENEWED

The categories of transactions, procedures, and entities at risk and Interested Persons to which the Proposed Renewal of the IPT General Mandate will apply to are the same as that of the IPT General Mandate adopted at the Listing.

The renewed IPT General Mandate will take effect from the passing of the ordinary resolution relating thereto at the 2020 AGM, and will (unless revoked or varied by our Company in a general meeting) continue in force until the conclusion of the next AGM. Approval from Shareholders will be sought for the renewal of the IPT General Mandate at the next AGM and each subsequent AGM, subject to satisfactory review by the Audit Committee of its continued relevance and application to the transactions with the Mandated Interested Persons, and its confirmation that the methods and review procedures for the transactions with the Mandated Interested Persons are sufficient to ensure that the transactions are carried out on normal commercial terms and will not be prejudicial to the interests of our Company and its minority Shareholders.

#### 2.3. CHAPTER 9 OF THE CATALIST RULES

Chapter 9 of the Catalist Rules governs transactions which a listed company or any of its subsidiaries or associated companies enters into or proposes to enter into with a party who is an Interested Person of the listed company. The objective of Chapter 9 (as stated in Rule 901 of the Catalist Rules) is to guard against the risk that the Interested Persons could influence a listed company, its subsidiaries or associated companies to enter into transactions with Interested Persons that may adversely affect the interests of the listed company or its shareholders.

Pursuant to Rule 905 of the Catalist Rules, a listed company must make an immediate announcement of any Interested Person Transaction of a value equal to, or more than 3.0% of the Group's latest audited NTA. If the aggregate value of all transactions entered into with the same Interested Person during the same financial year amounts to 3.0% or more of the Group's latest audited NTA, the listed company must make an immediate announcement of the latest transaction and all future transactions entered into with that same Interested Person during that financial year.

Pursuant to Rule 906 of the Catalist Rules, a listed company must obtain shareholder approval for any Interested Person Transaction of a value equal to, or more than:

- (a) 5.0% of the Group's latest audited NTA; or
- (b) 5.0% of the Group's latest audited NTA, when aggregated with other transactions entered into with the same Interested Person during the same financial year. However, a transaction which has been approved by shareholders, or is the subject of aggregation with another transaction that has been approved by shareholders, need not be included in any subsequent aggregation.

## APPENDIX TO NOTICE OF ANNUAL GENERAL MEETING

If the Group's latest audited NTA is negative, the listed company should consult the SGX-ST through its sponsor on the appropriate benchmark to calculate the relevant thresholds in Rules 905 and 906, which may be based on its market capitalisation.

The above requirements for an immediate announcement and/or for shareholders' approval do not apply to any transaction below S\$100,000. Notwithstanding the foregoing, the SGX-ST may aggregate any transaction below S\$100,000 entered into during the same financial year and treat them as if they were one transaction in accordance with the objective of Chapter 9 of the Catalist Rules and the economic and commercial substance of the interested person transaction, instead of legal form and technicality.

Rule 920 of the Catalist Rules, however, permits a listed company to seek a general mandate from its shareholders for recurrent transactions with Interested Persons where such transactions are of a revenue or trading nature or those necessary for its day-to-day operations such as the purchase and sale of supplies and materials, but not in respect of the purchase or sale of assets, undertakings or businesses. A general mandate is also subject to annual renewal.

### 2.4. ENTITIES AT RISK CONTEMPLATED UNDER THE IPT GENERAL MANDATE

For the purposes of the IPT General Mandate, an "entity at risk" ("**EAR Group**") means:

- (a) our Company;
- (b) a subsidiary of our Company (excluding subsidiaries listed on the SGX-ST or an approved exchange); or
- (c) an Associated Company of our Company (other than an Associated Company that is listed on the SGX-ST or an approved exchange) over which our Group, or our Group and its Interested Person(s), has or have control.

### 2.5. NAMES OF MANDATED INTERESTED PERSONS CONTEMPLATED UNDER THE IPT GENERAL MANDATE

The IPT General Mandate will apply to the transactions that are carried out between our Group and the following persons (collectively, the "**Mandated Interested Persons**" and each a "**Mandated Interested Person**"):

- (i) Aras Kuasa

Our CEO and Executive Director, Dato' Sri Pek, our Non-Executive Non-Independent Chairman, Dato' Teh, our Substantial Shareholder, Dato' Lee, and our CFO, Mr. Lim, hold in aggregate 100.0% of the issued share capital of Aras Kuasa. Aras Kuasa is principally engaged in the exploration, mining, processing and sale of minerals such as bauxite and base metals in Malaysia. Currently, Aras Kuasa is responsible for the sale of our pipe coating materials solely to the End Customer's Competitor. We will also procure Shared Services from Aras Kuasa.

- (ii) HChem Marketing

HChem Marketing is incorporated in Malaysia and is principally engaged in the business of dealing in engine lubricant and other related products. Our CEO and Executive Director, Dato' Sri Pek and his wife, Ms. Xu Liyan, hold in aggregate 100.0% of the issued share capital of HChem Marketing. We may from time to time purchase lubricants from HChem Marketing for our heavy equipment.



## APPENDIX TO NOTICE OF ANNUAL GENERAL MEETING

### (iii) Multiline Trading

Multiline Trading is incorporated in Malaysia and is principally engaged in the business of provision of transportation services. Our CEO and Executive Director, Dato' Sri Pek, and his brother, Mr. Pek Kok Hua, hold in aggregate 100.0% of the issued share capital of Multiline Trading.

Multiline Trading is principally engaged in the business of provision of hiring and transportation services. We engage Multiline Trading for, *inter alia*, the transportation of our iron ore products to ports or to our customers' premises. As Multiline Trading is also in the business of trading of spare parts and equipment for heavy machinery and vehicles, we may from time to time purchase such products from Multiline Trading.

Our Finance Department shall maintain a list of the Interested Persons and their Associates (which will be updated immediately if there are any changes) to enable identification of the Interested Persons. The list of Interested Persons shall be reviewed on a quarterly basis by the CFO and be subject to such verifications or declarations as required by the Audit Committee for such period as determined by them.

### 2.6. **CATEGORIES OF THE INTERESTED PERSON TRANSACTIONS CONTEMPLATED UNDER THE IPT GENERAL MANDATE**

The IPT General Mandate will apply to the following transactions between our Group and the Mandated Interested Persons ("**Mandated Interested Person Transactions**"), including but not limited to:

- (i) The sale of pipe coating materials by our Group to Aras Kuasa for onward sale to only the End Customer's Competitor;
- (ii) The procurement of hiring and transportation services by our Group from Multiline Trading;
- (iii) The purchase of lubricants by our Group from HChem Marketing;
- (iv) The procurement of spare parts and equipment by our Group from Multiline Trading; and
- (v) The procurement of Shared Services by our Group from Aras Kuasa pursuant to the Shared Services Agreement.

The Mandated Interested Person Transactions relate to the provision to, or obtaining from, Mandated Interested Persons of products and services in the ordinary course of business of our Group or which are necessary for the day-to-day operations, but not in respect of the purchase or sale of assets, undertakings or businesses. Transactions with the Mandated Interested Persons which do not fall within the ambit of the Mandated Interested Person Transactions will be subject to the relevant provisions of Chapter 9 of the Catalist Rules and/or other applicable provisions of the Catalist Rules.

### 2.7. **RATIONALE FOR AND BENEFITS OF THE PROPOSED RENEWAL OF THE IPT GENERAL MANDATE**

Prior to the Restructuring Exercise, our Group was a wholly-owned subsidiary of Aras Kuasa. The Aras Kuasa Group is also involved in the exploration, mining, processing and sale of other minerals, such as base metals and bauxite. The Aras Kuasa Group and its Controlling Shareholders also have companies which are engaged in other mining related businesses for example, equipment leasing, transportation and other related supplies, being HChem Marketing and Multiline Trading. Hence, our Group may from time to time transact with such companies in the ordinary course of our business.

## APPENDIX TO NOTICE OF ANNUAL GENERAL MEETING

In addition, Aras Kuasa currently onsells our pipe coating materials to the End Customer's Competitor. To the best of the knowledge of our Directors, some of our Group's customers which require such pipe coating materials have strict in-house policies which prohibit their suppliers from supplying the same products to their competitors directly. For example, if we are a supplier to customer A, customer A will request for us to not sell to customer B which is their competitor, and will refuse to purchase from our Group if we sell our products to customer B. Hence, to effect sales to the End Customer's Competitor, we have sold our pipe coating materials to Aras Kuasa which then onsells the materials to the End Customer's Competitor. In FY2019 and FY2020, sales of pipe coating materials to Aras Kuasa represented approximately 3.2% and 5.5% of our Group's revenue respectively. Accordingly, it will be a loss of business if our Group ceases to sell the pipe coating materials to the End Customer's Competitor through Aras Kuasa. In order to mitigate any conflict of interests, Aras Kuasa has undertaken that they will only engage the End Customer's Competitor for the sale of pipe coating materials. Please refer to the section entitled "Interested Person Transactions – Present and On-going Interested Person Transactions – (I) Sale of pipe coating materials to Aras Kuasa" of the Offer Document for more details on the undertaking provided by Aras Kuasa. Further, the Aras Kuasa Group had rendered information technology services to our Group during the time the Group was part of Aras Kuasa Group. As the information technology infrastructure was previously shared among the Aras Kuasa Group and the safety of our data is managed by the Group's personal information technology staff, our Group believes that it is more beneficial to continue with the shared service arrangement.

Multiline Trading owns a large fleet of trucks and has proven to be a reliable transporter and has always delivered the Group's orders on a priority basis. In addition, due to their network and experience, they are also able to source for equipment parts in a timely and economically friendly manner.

HChem Marketing, as a dealer for lubricants, has been given a guarantee to its supply and enjoys significant quantity discounts from a reputable oil company which makes its services to the Group valuable and price competitive.

The IPT General Mandate and its subsequent renewal on an annual basis would eliminate the need to convene separate general meetings from time to time to seek Shareholders' approval as and when potential Mandated Interested Person Transactions with Mandated Interested Persons arise, thereby substantially reducing administrative time and expenses in convening such meetings, without compromising the corporate objectives or any strategic advantages and adversely affecting the business opportunities available to us. These transactions may be constrained by their time-sensitive and confidential nature, and it may be impractical to seek Shareholders' approval on a case-by-case basis before entering into them.

The IPT General Mandate is intended to facilitate transactions in the ordinary course of our business which are transacted from time to time with the specified classes of Mandated Interested Persons, provided that they are carried out on normal commercial terms and are not prejudicial to the interests of our Company and our minority Shareholders.

Disclosure will be made in our annual report of the aggregate value of the interested person transactions conducted pursuant to the IPT General Mandate during the current financial year and in the annual reports for subsequent years that the IPT General Mandate continues to be in force. In addition, we will announce the aggregate value of transactions conducted pursuant to the IPT General Mandate during the relevant financial period within the required time frame stipulated in the Catalist Rules. Such disclosures will be in the form set out in Rule 907 of the Catalist Rules.

### 2.8. GUIDELINES AND REVIEW PROCEDURES UNDER THE IPT GENERAL MANDATE

We have implemented the following internal controls system as well as methods and procedures, to ensure that Mandated Interested Person Transactions with the Mandated Interested Persons will be carried out on normal commercial terms, supported by independent valuation where appropriate, and are consistent with our Group's usual business policies and practices and are not prejudicial to the interests of our Company and our minority Shareholders.

## APPENDIX TO NOTICE OF ANNUAL GENERAL MEETING

In particular, the following methods and/or procedures have been implemented:

(a) *Sale of pipe coating materials to Aras Kuasa*

- (i) We shall determine the selling price of the pipe coating materials to be sold to Aras Kuasa for its onward sale of such pipe coating materials to the End Customer's Competitor based on the price offered to and accepted by the End Customer's Competitor. The Ultimate Selling Price which is computed by price per tonne multiplied by the total volume purchased, shall be made fully transparent to our Group. The Ultimate Selling Price is negotiated by Aras Kuasa, who will then inform our Group of its discussions with the End Customer's Competitor. In the event that our Group does not agree with the Ultimate Selling Price, our Group can choose not to enter into the transaction for the sale of pipe coating materials to Aras Kuasa to onsell to the End Customer's Competitor.
- (ii) We will then calculate the AK Relevant Cost. Such AK Relevant Cost includes but is not limited to freight and transportation charges, insurance and port charges.
- (iii) For the effort put in by Aras Kuasa in liaising with the End Customer's Competitor and for arranging the relevant logistics for the sale to the End Customer's Competitor, Aras Kuasa will also charge us a percentage of the Ultimate Selling Price. In determining the percentage of the Ultimate Selling Price, we will take into account our past transactions with Aras Kuasa for the most recently completed financial year. The percentage of the Ultimate Selling Price shall not be higher than the highest historical rate of such transactions. Accordingly, the selling price of our pipe coating materials to Aras Kuasa shall be computed as follows:

$$\text{Selling Price to Aras Kuasa} = \frac{\text{Ultimate Selling Price} - \text{AK Relevant Cost}}{\text{Percentage of Ultimate Selling Price}}$$

- (iv) In addition, we will also calculate the PCM Gross Margin. The PCM Gross Margin shall not be lower than the average gross margin of our Group for the most recently completed financial year.
- (v) Prior to any sale of pipe coating materials to Aras Kuasa, our Group will assess and determine whether (i) there is existing demand for pipe coating materials from our End Customer; and (ii) the profit margin from the sale of iron ore concentrate is not higher than the profit margin from the sale of pipe coating materials to Aras Kuasa. Our Group will only accept the order for the sale of the pipe coating materials to Aras Kuasa when (i) there is sufficient supply to satisfy demands of pipe coating materials from our End Customer; and (ii) the profit margin from the sale iron ore concentrate is not higher than the sale of pipe coating materials to Aras Kuasa.
- (vi) If our Group engages other third parties for the onward sale of our pipe coating materials in the future, the prices and terms of the sale of pipe coating materials to Aras Kuasa will be determined with reference to a minimum of two (2) other contracts or invoices issued to unrelated third parties for the same or substantially similar type of transactions. The terms of the transaction must be consistent with the margins and on terms which are no more favourable to Aras Kuasa than those extended to unrelated third parties.
- (vii) All sales of pipe coating materials to Aras Kuasa shall be tabled to our Audit Committee for their approval before execution.

## APPENDIX TO NOTICE OF ANNUAL GENERAL MEETING

- (viii) Our Group has considered the relevant transfer pricing issues for the aforesaid arrangements, based on the following:
- (a) both Aras Kuasa and the End Customer's Competitor are companies incorporated in Malaysia;
  - (b) there is no differential in the tax rates charged for both companies; and
  - (c) the percentage of Sale Consideration is supportable by past transactions and our Company has the requisite supporting documents.

Accordingly, there is no potential loss in tax revenue to the authorities. During the course of the financial statements audit, no material transfer pricing concerns has come to the attention of Ernst & Young LLP.

Additionally, our Group has engaged Ernst & Young Tax Consultants Sdn. Bhd. to prepare transfer pricing analysis and documentation for the fiscal year 2019 in accordance with the principles set out in the Gazette Order P.U.(A) 132 Income Tax (Transfer Pricing) Rules 2012 ("**Malaysian Transfer Pricing Rules**") and the Malaysian Transfer Pricing Guidelines 2012 including updated Guidelines issued by the Inland Revenue Board ("**IRB**") in July 2017 ("**IRB Guidelines**"). It was noted that the transfer price for the sales of pipe coating materials is in line with the Comparable Uncontrolled Price ("**CUP**") method sanctioned by the Malaysian Transfer Pricing Rules and IRB Guidelines.

(b) *Procurement of hiring and transportation services to Multiline Trading*

- (i) Given the frequency of such hiring and transportation services, our Group will negotiate for an annual transportation and hiring agreement with Multiline Trading ("**Annual Agreement**"). The Annual Agreement shall set out the basic terms of the services, in particular, the price per tonnage and travel distance for the transportation of our products and the price for each type of vehicle and the distance for transportation of our equipment. Prior to the entry into the Annual Agreement with Multiline Trading, we will compare the terms offered by or to Multiline Trading with the terms offered by or to other similar annual arrangements offered by a minimum of two (2) unrelated third parties.
- (ii) For the procurement of hiring and transportation services by our Group from Multiline Trading, our Group will only enter into the Annual Agreement with Multiline Trading if the terms offered by Multiline Trading are comparable to those offered by a minimum of two (2) other unrelated third parties for the same or substantially similar type of services. In determining whether the price and terms offered by Multiline Trading are fair and reasonable, all pertinent factors, including but not limited to the availability of suitable vehicle and resources, response time, age of vehicles, credit terms and track record of the counterparty will be taken into consideration. All hiring and transportation services procured by our Group from Multiline Trading are to be carried out on terms which are no more favourable to Multiline Trading than the usual commercial terms extended from unrelated third parties or otherwise in accordance with applicable market norms.
- (iii) In the event that it is impractical or impossible to obtain such comparable quotations, our CFO or a senior executive of our Company designated by our Audit Committee (who must have no interest, direct or indirect in the transactions) will, subject to the approval thresholds set out below, determine whether the price and terms offered by Multiline Trading are fair and reasonable, taking into account factors including but not limited to contract specifications and requirements, delivery schedules, duration, credit terms, track record of the counterparty, experience and expertise of the counterparty, any preferential rates extended, usual or historical margins or cost and reliability of the counterparty.

## APPENDIX TO NOTICE OF ANNUAL GENERAL MEETING

(c) *Purchase of (i) lubricants; and (ii) spare parts and equipment from HChem Marketing and Multiline Trading respectively*

- (i) For purchases of (i) lubricants; and (ii) spare parts and equipment by our Group from HChem Marketing and Multiline Trading respectively, the relevant department which has the knowledge of the context of the transactions, shall obtain quotations (wherever possible or available) from a minimum of two (2) unrelated third party suppliers for the same or substantially similar quantities and/or qualities of products and/or services, prior to the entry into a transaction with HChem Marketing or Multiline Trading, as the case may be, as comparison to determine whether the price and terms offered by HChem Marketing or Multiline Trading, as the case may be, are fair and reasonable and comparable to those offered by other unrelated third parties for the same or substantially similar type of products and/or services. In determining whether the price and terms offered by HChem Marketing or Multiline Trading, as the case may be, are fair and reasonable, all pertinent factors, including but not limited to the quality of products, delivery schedules, duration, credit terms and track record, and where applicable, preferential rates, rebates or discounts accorded for bulk purchases, of the counterparty will be taken into consideration. Our Group shall ensure that such transactions are conducted at prices and terms not less favourable to our Group than those offered by other unrelated third party suppliers, contemporaneous with similar transactions of comparable quantities and products specifications ("**Similar Transactions**").
- (ii) In the event that it is impractical or impossible to obtain Similar Transactions (for instance, if there are no unrelated third party vendors of similar products or services, or if the product is a proprietary item), our CFO or a senior executive of our Company designated by our Audit Committee (whom must have no interest, direct or indirect in the transactions) will, subject to the approval thresholds set out below, determine whether the price and terms offered by HChem Marketing or Multiline Trading, as the case may be, are fair and reasonable, taking into account factors such as, including but not limited to, the costs and benefits of entering into the transactions and the prices charged to unrelated third parties by HChem Marketing or Multiline Trading, as the case may be.

(d) *Procurement of the Shared Services from Aras Kuasa*

- (i) Our Group has entered into a Shared Services Agreement dated 21 January 2020 with Aras Kuasa for the procurement of Shared Services.

Pursuant to the terms of the Shared Services Agreement, our Group and Aras Kuasa shall share the monthly costs of the information technology services incurred which mainly include the cost of purchasing information technology infrastructure, equipment and spare parts, the cost of personnel engaged to maintain the information technology system and any other costs in relation and necessary for the maintenance and upgrading of the information technology systems. The total monthly costs incurred shall be split based on the number of users of each group and Aras Kuasa will invoice our Group on a monthly basis. Our Group is of the view that this split is appropriate as the expenses incurred for the provision of Shared Services are mainly user driven, for example, the capacities of storage and email servers are based on the number of users and key information technology equipment such as computers are allocated to all office staff on a one-to-one basis.

- (ii) The Finance Department shall review the costing provided by Aras Kuasa on a monthly basis to ensure that it tallies with the invoice.
- (iii) The Shared Services Agreement shall be subject to annual review by our Audit Committee and any renewal or amendment to the Shared Services Agreement, in particular the Shared Services Cost, shall be reviewed and approved by our Audit Committee.

# APPENDIX TO NOTICE OF ANNUAL GENERAL MEETING

## Approvals Thresholds

The approval thresholds for each Mandated Interested Person Transaction (other than the sale of pipe coating materials) are as follows:

Value of each Mandated Transaction	Approval Authority
Below 3.0% of the latest audited NTA of our Group	CFO
Equals to or exceeds 3.0% but below 5.0% of the latest audited NTA of our Group	CFO and an Independent Director
Equals to or exceeds 5.0% of the latest audited NTA of our Group	CFO and the Audit Committee

## 2.9. ADDITIONAL PROCEDURES FOR MANDATED INTERESTED PERSON TRANSACTIONS

- (i) All transactions will be reviewed monthly by our Finance Department to identify the Mandated Interested Person Transactions and ensure that they have been transacted within the parameters of our IPT General Mandate. If any person has an interest in a Mandated Interested Person Transaction, he or she will abstain from any deliberation and decision-making in respect of the said transaction. All transactions in relation to the sale of pipe coating materials will be subject to the review and prior approval of our Audit Committee.
- (ii) Our Finance Department shall record all Mandated Interested Person Transactions in the register of Mandated Interested Person Transactions. The register will include all information pertinent to all the Mandated Interested Person Transactions, including but not limited to, the nature of the transactions, the amount, the basis and rationale for determining the transaction prices, material terms and conditions and supporting evidence and quotations obtained to support such basis.
- (iii) Our Audit Committee will review the register of Mandated Interested Person Transactions on a quarterly basis to ascertain that the relevant procedures, guidelines and policies established to monitor the Mandated Interested Person Transactions have been complied with.
- (iv) The annual internal audit plan will incorporate a review of the Mandated Interested Person Transactions entered into, pursuant to our IPT General Mandate to ensure that the methods and procedures in respect of the Mandated Interested Person Transactions have been adhered to.
- (v) Our Directors and our Audit Committee will have the overall responsibility for the determination of the review procedures, including any addition or variation thereto, where applicable. Our Directors and our Audit Committee may also appoint individuals or committees within our Company to examine the Mandated Interested Person Transactions as they deem appropriate. If a member of our Directors or our Audit Committee has an interest in a Mandated Transaction, he will abstain from any deliberation and decision-making by our Directors or our Audit Committee in respect of the said transaction.
- (vi) If during any of the reviews by our Audit Committee, our Audit Committee is of the view that the review procedures for Mandated Interested Person Transactions have become inappropriate or insufficient in the event of changes to the nature of, or manner in which, the business activities of our Group or the Mandated Interested Persons are conducted, or the review procedures for Mandated Interested Person Transactions are not sufficient to ensure that the Mandated Interested Person Transactions will be conducted on normal commercial terms and will not be prejudicial to the interests of our Company and our minority Shareholders, we will seek a fresh general mandate from Shareholders based on new review procedures so that Mandated Interested Person Transactions will be conducted on normal commercial terms and will not be prejudicial to the interests of our Company and our minority Shareholders. The Mandated Interested Persons will abstain, and have agreed to ensure that their associates will abstain, from voting on such resolutions.

## APPENDIX TO NOTICE OF ANNUAL GENERAL MEETING

- (vii) Disclosure will be made in our Company's financial results announcements and the annual report of our Company in respect of the Mandated Interested Person Transactions in accordance with Chapter 9 of the Catalist Rules.

### 2.10. DISCLOSURE UNDER THE CATALIST RULES

Our Company will announce the aggregate value of transactions conducted with the Mandated Interested Person(s) pursuant to the IPT General Mandate for the relevant financial periods which the Company is required to report on pursuant to Rule 705 of the Catalist Rules and within the time frame required for such announcements.

Disclosure will also be made in our Company's annual report of the aggregate value of transactions conducted with the Mandated Interested Person(s) pursuant to the IPT General Mandate during the financial year, and in the annual reports for subsequent financial years that the IPT General Mandate continues in force, in accordance with the requirements of Chapter 9 of the Catalist Rules.

The name of the Interested Person, nature of relationship and the corresponding aggregate value of the transactions with the Interested Person will be presented in the following format (or in such other form as the Catalist Rules may require from time to time):

Name of Interested Person	Nature of relationship	Aggregate value of all interested person transactions during the financial year/period under review (excluding transactions less than S\$100,000 and transactions conducted under the Shareholders' general mandate pursuant to Rule 920 of the Catalist Rules)	Aggregate value of all interested person transactions conducted under the Shareholders' general mandate pursuant to Rule 920 of the Catalist Rules during the financial year/period under review (excluding transactions less than S\$100,000)

### 2.11. STATEMENT OF THE AUDIT COMMITTEE

Pursuant to Rule 920(1)(c) of the Catalist Rules, the Audit Committee confirms that:

- (a) the methods and procedures for determining the transaction prices of the Mandated Interested Person Transactions have not changed since the IPT General Mandate was last approved by the Shareholders (i.e. the date of the Offer Document);
- (b) the methods and procedures referred to in sub-paragraph (a) above are sufficient to ensure that the Mandated Interested Person Transactions carried out thereunder will be on normal commercial terms and will not be prejudicial to the interests of our Group and the minority Shareholders.

If, during the periodic reviews by the Audit Committee, the Audit Committee is of the view that the review procedures are inadequate or inappropriate to ensure that the relevant transactions with the Mandated Interested Person will be carried out on normal commercial terms and will not be prejudicial to the interests of our Company and its minority Shareholders, or in the event of any amendment to Chapter 9 of the Catalist Rules, the Audit Committee will, in consultation with the Board, take such action as it deems proper in respect of such procedures and/or modify or implement such procedures as may be necessary and direct our Company to revert to Shareholders for a fresh mandate based on the new guidelines and procedures for the Mandated Interested Person Transactions.

## APPENDIX TO NOTICE OF ANNUAL GENERAL MEETING

### 2.12. ABSTENTION FROM VOTING

Pursuant to Rule 920(1)(b)(viii) of the Catalist Rules, Dato' Sri Pek and Dato' Teh will abstain, and have undertaken to ensure that their respective associates will abstain, from voting on Resolution 13 as set out in the Notice of AGM in relation to the Proposed Renewal of the IPT General Mandate.

In addition, our Company will procure that Dato' Sri Pek, Dato' Teh and/or any of their respective associates will also decline to accept appointment as proxy for any Shareholder to vote in respect of the Proposed Renewal of the IPT General Mandate, unless the Shareholder concerned shall have given instructions in his proxy form as to the manner in which his votes are to be cast in respect of the Proposed Renewal of the IPT General Mandate; and our Company shall disregard votes cast by Dato' Sri Pek, Dato' Teh and/or any of their respective associates in respect of their holdings of Shares (if any) in relation to the Proposed Renewal of the IPT General Mandate.

### 3. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, the shareholdings of Directors and Substantial Shareholders of the issued Shares of our Company as recorded respectively in the Register of Directors' Shareholdings and Substantial Shareholders, are as follows:

Name	Direct Interest	
	No. of Shares	%
<b>Directors</b>		
Dato' Sri Pek	343,780,000	70.3
Dato' Teh	30,100,000	6.2
Dato' Sri Mohd Jamidan Abdullah	–	–
Chin Chee Choon	–	–
Sim Chin Hoe	–	–
Dato' Gainneos Jacob Goldie	–	–
<b>Substantial Shareholder (other than Directors)</b>		
Dato' Lee	30,100,000	6.2

Saved as disclosed in this Appendix, none of the Directors or Substantial Shareholders has any interest, direct or indirect, in the Proposed Renewal of the IPT General Mandate other than through their respective shareholdings in our Company.

### 4. DIRECTORS' RECOMMENDATION

The CEO and Executive Director of our Company, Dato' Sri Pek, and the Non-Executive Non-Independent Chairman of our Company, Dato' Teh, will abstain from making any recommendations in connection with the Proposed Renewal of the IPT General Mandate.

Having fully considered the rationale for and benefits of the IPT General Mandate set out in paragraph 2.7 of this Appendix, the Recommending Directors believe that the Proposed Renewal of the IPT General Mandate is in the best interests of our Company and its Shareholders.



## APPENDIX TO NOTICE OF ANNUAL GENERAL MEETING

The Recommending Directors are of the opinion that the IPT Guidelines and Review Procedures as set out in paragraph 2.8 of this Appendix for determining transaction prices of the Mandated Interested Person Transactions are sufficient to ensure that the Mandated Interested Persons will be carried out on normal commercial terms and will not be prejudicial to the interests of our Company and its minority Shareholders. Accordingly, the Recommending Directors recommend that Shareholders vote in favour of Resolution 14 relating to the Proposed Renewal of the General Mandate for IPT as set out in the Notice of AGM.

In giving the recommendations above, the Recommending Directors have not had regard to the specific investment objectives, financial situation, tax position or unique needs and constraints of any individual Shareholder. As different Shareholders have different investment objectives and profiles, the Directors recommend that any Shareholder who may require specific advice in relation to his specific investment portfolio should consult his stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser immediately.

### 5. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Appendix and confirm after making all reasonable enquiries, that to the best of their knowledge and belief, this Appendix constitutes full and true disclosure of all material facts about the Proposed Renewal of the IPT General Mandate, our Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Appendix misleading.

Where information in this Appendix has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Appendix in its proper form and context.

### 6. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of our Company at 80 Robinson Road, #02-00, Singapore 068898, during normal business hours from the date of this Appendix up to and including the date of the 2020 AGM:

- (a) the Constitution of our Company; and
- (b) the 2020 Annual Report.

Yours faithfully

For and on behalf of the Board of  
**SOUTHERN ALLIANCE MINING LTD.**  
Dato' Sri Mohd Jamidan Abdullah  
Lead Independent Director

5 November 2020

## PROXY FORM

### SOUTHERN ALLIANCE MINING LTD.

(Incorporated in the Republic of Singapore)  
(Company Registration No.: 201931423D)

#### PROXY FORM – ANNUAL GENERAL MEETING

(Please see notes overleaf before completing this Proxy Form)

This Proxy Form has been made available on SGXNet and the Company's corporate website at the URL [www.SAMiningLtd.com](http://www.SAMiningLtd.com). A printed copy of this Proxy Form will NOT be despatched to members of the Company.

#### IMPORTANT:

1. Alternative arrangements relating to attendance at the Annual General Meeting ("AGM") via electronic means (including arrangements by which the AGM can be electronically accessed via "live" audio-visual webcast ("LIVE WEBCAST") or "live" audio only stream ("AUDIO ONLY MEANS")), submission of questions in advance of the AGM, addressing of substantial queries and relevant comments, prior to, or at, the AGM and voting by appointing the Chairman of the AGM as proxy at the AGM, are set out in the Company's announcement on 5 November 2020 which forms part of the Notice of AGM.
2. Due to the current COVID-19 restriction orders in Singapore, a member will not be able to attend the AGM in person. A member will also not be able to vote online at the resolutions to be tabled for approval at the AGM. If a member (whether individual or corporate) wishes to exercise his/her/its votes, he/she/it must submit this Proxy Form to appoint the Chairman of the AGM to vote on his/her/its behalf. A member (whether individual or corporate and including a Relevant Intermediary) appointing the Chairman of the AGM as proxy must give specific instructions as to his/her/its manner of voting, or abstentions from voting, in this Proxy Form, failing which the appointment will be treated as invalid.
3. An investor who holds shares under the Central Provident Fund Investment Scheme ("CPF Investor") and/or the Supplementary Retirement Scheme ("SRS Investor") who wish to vote at the AGM should approach their respective agent banks to submit their votes at least seven working days before the date of the AGM (i.e. by 10 a.m. on 17 November 2020). CPF Investors and/or SRS Investors are requested to contact their respective agent banks for any queries they may have with regard to appointment as to the appointment of the Chairman of the AGM as proxy for the AGM.
4. This Proxy Form is not valid for use by CPF and SRS Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
5. Please read the notes to this Proxy Form.

\*I/We \_\_\_\_\_ (Name) NRIC/Passport No. \_\_\_\_\_

of \_\_\_\_\_ (Address) being a \*member/members of Southern Alliance Mining Ltd. ("**Company**"), hereby appoint the Chairman of the AGM as my/our\* proxy to vote for me/us\* on my/our\* behalf at the AGM to be held by way of electronic means (via LIVE WEBCAST and AUDIO ONLY MEANS) on 27 November 2020 at 10 a.m.. \*I/We direct \*my/our proxy to vote for, against and/or abstain from voting on the resolution to be proposed at the AGM as indicated hereunder. If no specific direction as to voting is given, this Proxy Form shall be disregarded and the proxy shall abstain from voting on any matter arising at the AGM and at any adjournment thereof.

		No. of Votes "For"***	No. of Votes "Against"***	No. of Votes "Abstaining"***
<b>ORDINARY RESOLUTIONS:</b>				
1.	Adoption of Directors' Statement and the Audited Financial Statements for the financial year ended 31 July 2020 together with the Auditors' Report thereon.			
2.	Declaration of a final tax exempt (one-tier) dividend of S\$0.006 per ordinary share for the financial year ended 31 July 2020.			
3.	Re-election of Dato' Teh Teck Tee as a Director of the Company.			
4.	Re-election of Dato' Sri Pek Kok Sam as a Director of the Company.			
5.	Re-election of Dato' Sri Mohd Jamidan Abdullah as a Director of the Company.			
6.	Re-election of Dato' Gainneos Jacob Goldie as a Director of the Company.			
7.	Re-election of Mr. Chin Chee Choon as a Director of the Company.			
8.	Re-election of Mr. Sim Chin Hoe as a Director of the Company.			
9.	Approval for payment of Directors' fees of S\$156,000 for the financial year ended 31 July 2020.			
10.	To approve the payment of Directors' fees of S\$208,000 for the financial year ending 31 July 2021.			
11.	Re-appointment of Messrs Ernst & Young LLP as Auditors and to authorise the Directors to fix their remuneration.			
12.	Authority to allot and issue shares.			
13.	Authority to allot and issue shares under the Southern Alliance Mining Performance Share Plan.			
14.	Renewal of Shareholders' Mandate for Interested Persons Transactions.			

\* Delete accordingly.

\*\* Voting will be conducted by poll. If you wish the Chairman of the AGM as your proxy to exercise all your votes for or against or abstain from voting in respect of all your Shares the above Resolution, please tick (✓) within the relevant box provided. Alternatively, if you wish the Chairman of the AGM as your proxy to exercise some and not all of your votes for or against and/or abstain from voting for the Resolution and/or if you wish the Chairman of the AGM as your proxy to abstain from voting in respect of the Resolution, please indicate the number of votes "For", the number "Against" and/or the number "Abstaining" in the boxes provided for the Resolution. In the absence of specific directions, the appointment of the Chairman of the AGM as your proxy will be treated as invalid.

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2020

Total Number of Shares Held in:	
(a) Depository Register	
(b) Register of Members	

\_\_\_\_\_  
Signature of Shareholder(s), or Common Seal of Corporate Shareholder



**IMPORTANT: PLEASE READ THE NOTES BELOW CAREFULLY BEFORE COMPLETING THIS FORM**

**Notes**

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (maintained by CDP), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members (maintained by or on behalf of the Company), 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 the Chairman of the AGM as proxy shall be deemed to relate to all the Shares held by you (in both the Depository Register and the Register of Members).
2. A member will not be able to attend the AGM in person and must appoint the Chairman of the AGM as proxy to attend, speak and vote on the member's behalf at the AGM and at any adjournment thereof. A member will also not be able to vote online on the resolutions to be tabled for approval at the AGM. If a member (whether individual or corporate and including a Relevant Intermediary\*) wishes to exercise his/her/its votes, he/she/it must submit this Proxy Form to appoint the Chairman of the AGM to vote on his/her/its behalf. A member (whether individual or corporate including a Relevant Intermediary\*) appointing the Chairman of the AGM as proxy must give specific instructions as to his/her/its manner of voting, or abstentions from voting, in this Proxy Form, failing which the appointment will be treated as invalid. This Proxy Form may be accessed via SGXNET and the Company's website at [www.SAMiningLtd.com](http://www.SAMiningLtd.com).

**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.**

3. The Chairman of the AGM, as proxy, need not be a member of the Company.
4. CPF Investors and SRS Investors who wish to vote at the AGM should approach their respective agent banks to submit their votes at least seven working days before the date of the AGM (i.e. by 10 a.m. on 17 November 2020). CPF Investors and SRS Investors should not directly appoint the Chairman as proxy to direct the vote.
5. Relevant Intermediaries shall also appoint the Chairman of the AGM to act as proxy and direct the vote at the AGM. Together with the instrument appointing a proxy, the Relevant Intermediaries shall provide to the Company a list of attendees who would like to attend the AGM by way of a "live" webcast and/or audio only means with such information that may be requested by the Company.

\* A Relevant Intermediary is:

- (a) a banking corporation licensed under the Banking Act, Chapter 19 of Singapore, or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;
  - (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act, Chapter 289 of Singapore, and who holds shares in that capacity; or
  - (c) the Central Provident Fund Board established by the Central Provident Fund Act, Chapter 36 of Singapore, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Central Provident Fund Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.
6. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative to attend the AGM, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore ("**Companies Act**").
  7. The instrument appointing the Chairman of the AGM as proxy must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing the Chairman of the AGM as proxy is executed by a corporation, it must be executed either under its seal, executed as a deed in accordance with the Companies Act or under the hand of an attorney or an officer duly authorised, or in some other manner approved by the Directors. Where the instrument appointing the Chairman of the AGM as proxy is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged at the Company's Share Registrar, Tricor Barbinder Share Registration Services, at 80 Robinson Road, #11-02, Singapore 068898.
  8. The instrument appointing the Chairman of the AGM as proxy (the "**Proxy Form**") must be submitted to the Company in the following manner:
    - (a) if submitted by post, be deposited at the office of the Company's Share Registrar, Tricor Barbinder Share Registration Services at 80 Robinson Road, #11-02, Singapore 068898; or
    - (b) if submitted electronically, be submitted via email to the to the Company's Share Registrar, Tricor Barbinder Share Registration Services at [sg.is.proxy@sg.tricorglobal.com](mailto:sg.is.proxy@sg.tricorglobal.com),

in any case, not later than 10 a.m. on 24 November 2020 (being 72 hours before the time fixed for the AGM) and in default the Proxy Form for the AGM shall not be treated as valid.

**General:**

The Company shall be entitled to reject the instrument appointing the Chairman of the AGM as proxy if it is incomplete, improperly completed or illegible, or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing the Chairman of the AGM as proxy. In addition, in the case of Shares entered in the Depository Register, the Company may reject any instrument appointing the Chairman of the AGM as proxy lodged if the member, being the appointor, 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 AGM, as certified by CDP 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 5 November 2020.

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Southern Alliance Mining Ltd.

(Company Registration No.: 201931423D)  
(Incorporated in the Republic of Singapore on 19 September 2019)

**Registered office:**  
80 Robinson Road  
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Tel: +65-6236-3333  
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