



## **SOUTHERN ALLIANCE MINING LTD.**

(Company Registration No.: 201931423D)

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

ANNUAL REPORT 2021

# GROWING



# CONTENTS

01	VISION & MISSION
02	CHAIRMAN'S MESSAGE
05	CEO'S MESSAGE
09	KEY FINANCIAL HIGHLIGHTS
10	ABOUT SAM
11	GROUP STRUCTURE
12	BOARD OF DIRECTORS
14	KEY MANAGEMENT
15	CORPORATE INFORMATION
17	CORPORATE GOVERNANCE REPORT
59	ADDITIONAL INFORMATION
70	FINANCIAL CONTENTS

---

Southern Alliance Mining Ltd. (the "**Company**") was listed on Catalyst of the Singapore Exchange Securities Trading Limited (the "**Exchange**") 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 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](mailto:sponsorship@ppcf.com.sg).





## VISION & MISSION

### 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.

### 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 Valued Shareholders,

On behalf of the Board of Directors of Southern Alliance Mining Limited ("**Southern Alliance Mining**", or "**SAM**", and together with its subsidiaries, the "**Group**"), I am pleased to present to you our annual report for the financial year ended 31 July 2021 ("**FY2021**").

2020 was a year marred by the Covid-19 pandemic as it impacted the businesses in every corner of the world. 2021 brought a fresh outlook to the global economy but was soon dampened with yet another wave which seemed more impactful. Despite pandemic-related disruptions such as Movement Control Order ("**MCO**") and travel restrictions implemented by the Malaysian government, the Group received the necessary approval from the Malaysian Ministry of International Trade and Industry ("**MITI**") and subsequently the Minerals and Geoscience Department of Malaysia ("**JMG**") to continue its operations even during the MCO. This was of paramount significance as it helped in reducing the overhang of the pandemic and hence, ensured continuity in business operations.

### FINANCIAL PERFORMANCE – ALL TIME HIGH PROFIT

Economic contractions due to the pandemic had little impact on the Group's financial and operational performance as most countries resorted to an infrastructure-led economic recovery, especially China, which significantly boosted the demand for steel and hence, iron ore. The heightened demand for iron ore led to iron ore prices skyrocketing and reaching record highs in FY2021 and therefore, enabled the Group to report record profits for FY2021.

In FY2021, our revenue increased by 52.4% to RM387.4 million, from RM254.2 million in FY2020. Consequently, gross profit also increased by 94.2% to RM208.0 million, while gross profit margin increased 11.6 percentage points to 53.7% in FY2021. Furthermore, as a result of better operating expense management, the Group's net profit increased by 138.6% to reach RM148.1 million in FY2021.

The Group also boasts a strong balance sheet as shareholders' equity stood at RM366.6 million and cash and bank balances amounted to RM281.1 million as at 31 July 2021, an increase of RM139.1 million and RM131.3 million respectively as compared to those as at 31 July 2020.

### STRENGTHENING AND EXPANDING OUR CORE CAPABILITIES

Being in the commodities industry, it is extremely important to constantly develop our core capabilities and achieve operational excellence by expanding our mining area to maximise exploration activities and hence, increase our production capacities especially when iron ore prices are rising. In view thereof, we were granted an additional mining lease on 8 May 2021 for the mining of iron ore on a new plot of mining land measuring approximately 394.81 acres. The mining lease is strategically located adjacent to our existing mining lease, the Mao'kil Mine, where SAM's subsidiary, Honest Sam Development Sdn Bhd ("**HSD**"), is already undertaking and conducting its exploration program.

The acquisition of a new mining lease in addition to our existing leases of Chaah Mine, which covers an aggregate area of 225.7 hectares, will significantly help us built up the infrastructure and expand exploration activities, thereby, allowing us to capitalise on the record high iron ore prices by ramping up production activities.

## CHAIRMAN'S MESSAGE

While we continue to strengthen our core capabilities, we also place great focus on growing our customer base and fostering a long-term, harmonious relationship with our customers. These efforts have led to a proven financial and operational track record, with an approximate 6.3 million tonnes of iron ore mined and processed from 2008 to 31 July 2021.

Moreover, we are very proud of our excellent conversion rate of Indicated Mineral Resources to Iron Ore Reserves at the Chaah Mine, highlighting 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.

## Total Iron Ore Mineral Resources as at 31 July 2021

Category	Tonne (Mt)	Grade (%)				Change in t (%)	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 (in situ)	–	–	–	–	–	0%	Changes are shown comparing the Mineral Resource from 31 July 2020 to 31 July 2021
Indicated (in situ)	4.5	51.2	17.3	2.1	1.8	-18%	
Inferred (in situ)	1.8	45.5	23.7	3.8	1.4	-2%	
Subtotal (in situ)	6.3	49.6	19.1	2.6	1.7	-14%	
Measured (stockpiles)	–	–	–	–	–	0%	
Indicated (stockpiles)	0.1	57.6	–	–	–	-84%	
Inferred (stockpiles)	–	–	–	–	–	0%	
Subtotal (stockpiles)	0.1	57.6	–	–	–	-84%	
<b>Total</b>	<b>6.3</b>	<b>49.7</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>-17%</b>	

## Notes:

1. *In situ resource reported at a cut-off criterion of 25% Fe.*
2. *Stockpiles and low-grade fines reported at a cut-off criterion of 15% Fe.*
3. *Mineral Resources is inclusive of Ore Reserve.*
4. *Totals may not add due to rounding effects.*

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

## Total Iron Ore Reserves as at 31 July 2021

Category	Tonne (Mt)	Grade (%)				Change in t (%)	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>							
Proven (ROM)	–	–	–	–	–	0%	Changes are shown comparing the Ore Reserve from 31 July 2020 to 31 July 2021
Probable (ROM)	4.3	50.0	16.5	2.0	1.8	-20%	
Subtotal (ROM)	4.3	50.0	16.5	2.0	1.8	-20%	
Proven (stockpiles)	–	–	–	–	–	0%	
Probable (stockpiles)	0.1	57.6	–	–	–	-84%	
Subtotal (stockpiles)	0.1	57.6	–	–	–	-84%	
<b>Total</b>	<b>4.3</b>	<b>50.1</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>-23%</b>	

## Notes:

1. *ROM reserve and stockpiles reported at a cut-off criterion of 30% Fe.*
2. *Totals may not add due to rounding effects.*

Competent Persons for Ore Reserves: Mal Dorricott & Rossens Halatchev, members of The Australasian Institute of Mining and Metallurgy

## CHAIRMAN'S MESSAGE

In addition to strengthening our core capabilities, we are highly mindful that our business is strongly pegged to the iron ore prices and therefore, diversification of the Group's business is of paramount importance in order to achieve sustainable earnings and boost our financial position. Therefore, on 16 July 2021, the Group entered into a Joint Venture ("JV") agreement with the Sultan of Johor to diversify our business by venturing into gold mining operations. The JV will not only allow us to diversify our business but also leverage on the resources of our JV partner and hence, reduce the risk associated with the new venture.

We are a well-established iron ore producer in the industry and hope to continue expanding our exploration activities and leveraging on this phase of record iron ore prices. We will remain resilient with our focus on diversifying our business and hence, reduce our risk to iron ore price volatility. With the increasing demand from China and other Southeast Asian countries along with a global widespread stimulus package to recover from Covid-19, commodity prices are expected to remain at elevated levels in the near future, as expected by Goldman Sachs analysts.<sup>1</sup> We believe that we are well-poised to expand our foothold in the market and improve our production capacities to capitalise on the long-term growth prospects of our key markets.

### PROPOSED DIVIDEND

As a sign of gratitude towards our loyal shareholders for their constant support, the Board of Directors have recommended a tax exempt one-tier final dividend of 1.6 Singapore cents per ordinary share, representing a total dividend pay-out of approximately S\$7.8 million or about RM24.2 million and a pay-out ratio of approximately 16.3% of the Group's net profit after tax, subject to shareholders' approval at the forthcoming annual general meeting of the Company.

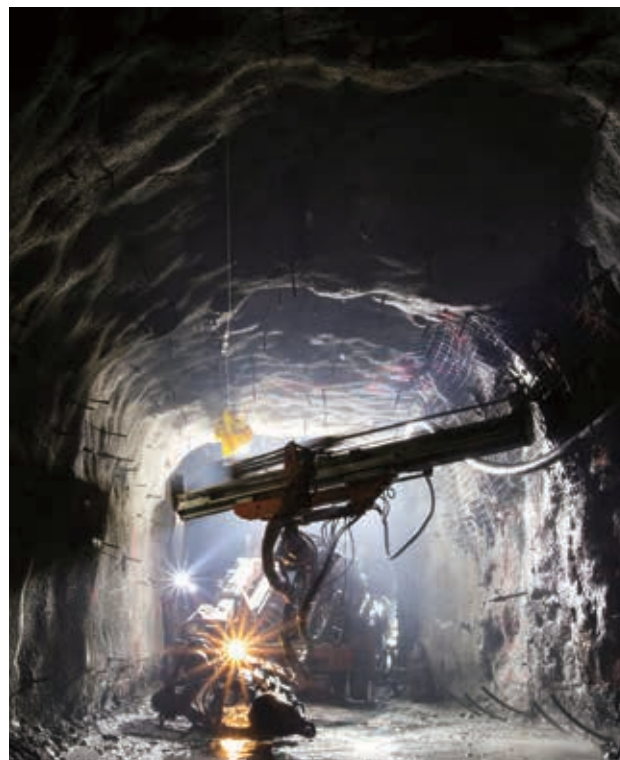
### IN CONCLUSION

At SAM, we strongly believe in conducting business responsibly as we hold deep respect for our mother nature. Although we are in the business of mining scarce resources, sustainability lies at the core of our operations and therefore, we hope to continue creating value for all our stakeholders, our community and our society in a sustainable and responsible manner. Considering that Malaysia is still in a lockdown situation, the safety of our people is our top priority and hence, we have implemented all necessary protocols to ensure their well-being.

Since the beginning of the Covid-19 pandemic in 2020, each and every one of us have been tested in a unique way and been forced to become agile in this new normal. In this regard, I would like to express my sincere gratitude to all our investors who have shown confidence in us during these unprecedented times. I would also like to take this opportunity to thank our staff and management who have shown incredible character and resilience and worked tirelessly throughout this pandemic to steer SAM in the right strategic direction. Lastly, I would like to extend my sincere appreciation to all our shareholders, customers, business associates and suppliers for their long-standing support over the year and wish them safe and well as we continue to reel from the impact of the pandemic.

### Dato' Teh Teck Tee

Non-Executive Non-Independent Chairman



<sup>1</sup> <https://www.cnbc.com/2021/07/16/goldman-sachs-on-iron-ore-bull-run-outlook.html>

## CEO'S MESSAGE



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

Dear Valued Shareholders,

We are living in uncertain and ambiguous times where most companies have struggled to maintain a steady stream of cash flows and are still experiencing rainy days. On the other hand, the commodities market has seen a significant uptick in demand as most economies have declared widespread stimulus packages targeted at infrastructure development. As such, with the help of our visionary management and our resilient employees, the Group has been able to deliver record financial performance for the financial year ended 31 July 2021 (“**FY2021**”).

Our performance in a pandemic year is a testament to not only our technical superiority but also our constant efforts targeted towards achieving operational excellence. We are well-poised to capture the growth of the iron ore industry as more countries look to adopt an infrastructure-led economic recovery. In this statement, I would like to provide you with a more detailed review of our financial and operational performance and discuss the market dynamics and prospects. I hope these details will help you understand our business better and establish your trust in us.

### FINANCIAL AND OPERATIONAL REVIEW

FY2021 has been a record year for the Group as iron ore demand and iron ore prices remained at elevated levels given the ongoing global recovery from the pandemic as well as due to our resilient business model which helped us further expand our exploration activities to capitalise on the industry super cycle.

Notwithstanding pandemic-related disruptions such as the Movement Control Order (“**MCO**”) imposed by the Malaysian Government, the Group’s revenue increased 52.4% year-on-year (“**yoy**”) from RM254.2 million in FY2020 to RM387.4 million in FY2021. This was mainly attributable to a higher average realised selling price (“**ARSP**”) achieved by the Group.

In FY2021, the Group reported a decrease in sales of crushed iron ore and iron ore tailings. Crushed iron ore sales volume has decreased by approximately 91,700 metric tons (“**MT**”) or 99.5% yoy to reach 400 MT while, iron ore tailings sales volume decreased by approximately 113,300 dried metric tons (“**DMT**”) or 53.5% yoy to reach 98,400 DMT. This was mainly due to decrease in orders from the pipe coating industry and lesser tailings being removed from the tailing pond respectively. The decrease was partially offset by an increase in iron ore concentrate sales volume of approximately 43,200 DMT or 7.8% yoy to reach 600,000 DMT.

Despite the fall in sales volume, the Group benefitted substantially due to the rise in ARSP. The ARSP of iron ore concentrate increased by 75.5% to reach RM626.42 per DMT, whereas the ARSP of crushed iron ore and iron ore tailings increased by 4.9% to reach RM430.54 per MT and 37.7% to reach RM114.78 per DMT respectively.

In tandem with the increase in turnover and higher level of production activities, the cost of sales also increased by 21.9% yoy to reach RM179.4 million. This was mainly attributable to an increase in depreciation costs of plant and equipment as well as rising operating expenses such as tribute expense, blasting and drilling cost, staff cost, port related charges and electricity charges. As the increase in revenue outweighed that of cost of sales, our gross profit increased by 94.2% yoy to reach RM208.0 million and our gross profit margin increased by 11.6 percentage points from 42.1% for FY2020 to 53.7% for FY2021.

The Group also recorded a 130% yoy increase in other income and with the combined effects of the foregoing, our profit before tax increased by 118.8% yoy to reach RM190.3 million. The Group also incurred an income tax expense of RM42.2 million in FY2021, an increase of RM17.3 million from FY2020, due to its strong financial performance. However, as a result of better cost management, the Group’s net profit increased by 138.6% yoy to reach RM148.1 million.



## CEO'S MESSAGE

The strong momentum in iron ore prices led to an increase of 55.1% yoy in net cash generated from operating activities to reach RM173.1 million in FY2021. As at 31 July 2021, the Group also boasts of a strong balance sheet with cash and bank balances of RM281.1 million due to the healthy financial performance of the Group, and borrowings of only RM4.1 million. Net asset value per share stood at 74.82 Malaysian cents, compared to 46.38 Malaysian cents a year before. Furthermore, basic and diluted earnings per share was 30.29 Malaysian cents for FY2021, compared to 12.77 Malaysian cents for FY2020.

Our strong financial position has also given us the opportunity to showcase our appreciation to our shareholders for their constant support and loyalty towards us. As a result, the Board of Directors has proposed a final dividend of 1.6 Singapore cents per share for FY2021, representing a pay-out of approximately 16.3% of the Group's net profit after tax, subject to shareholders' approval at the forthcoming annual general meeting of the Company.

### MARKET REVIEW AND OUTLOOK

While Covid-19 raged in 2020, it eventually took a back seat as governments around the world focused more on economic recovery. In 2021, Malaysia encountered a resurgence of the virus which seemed more impactful and hence, a nationwide MCO was implemented again in May 2021<sup>1</sup>. However, having been declared as an endemic, authorities have put more focus on vaccination rates and therefore, the new wave is expected to have minimal impact on business environment globally.

The commodities market has experienced a massive increase in prices as a result of widespread fiscal stimulus packages across the globe which have significantly boosted investment and spending in 2021. As a result of this, iron ore prices have bucked historical trends of being in the range of US\$90-US\$100/t and reached a record high of US\$219.77/t in mid-July. As you can see from the chart on the right, although there has been a correction in iron ore prices in the past couple of months subsequent to July 2021, it still remains at comfortable levels.

**Iron Ore Price, 2016 – 2021 (Source: Business Insider)<sup>2</sup>**



The increase in iron ore price was primarily due to a combination of both excess demand and disrupted supply. On the supply side, Brazil, being the major iron ore producer, is still recovering from the aftermath of the pandemic and has not reached optimal production levels to meet global demand. On the demand side, infrastructure projects undertaken by the Chinese government have significantly boosted steel production and hence, the excess demand for iron ore<sup>3</sup>. Iron ore imports from China were 2.6% higher yoy in the first half of 2021<sup>4</sup>. Furthermore, with rising geopolitical tensions between China and Australia, Malaysian iron ore players have emerged as the forefront beneficiary of the excess iron ore demand<sup>5</sup>. Due to a combination of the above factors, iron ore prices are expected to remain at elevated levels despite the Chinese government's clampdown on iron ore prices as demand is expected to boost going forward.

Additionally, global iron ore production growth is also expected to accelerate in the next 5 years as China seeks to ensure its supply of iron ore imports via overseas investments<sup>6</sup>. All in all, a combination of macroeconomic environment, geopolitical tensions and the need for infrastructure development will continue to buoy commodity prices and hence, paint an optimistic outlook for the group.

<sup>1</sup> CNA: COVID-19: Malaysia's total lockdown extended for two weeks until Jun 28 (<https://www.channelnewsasia.com/asia/covid-19-malaysia-total-lockdown-extend-two-weeks-jun-15-jun-28-1849621>)

<sup>2</sup> Markets Insider: Iron Ore (<https://markets.businessinsider.com/commodities/iron-ore-price>)

<sup>3</sup> Mining: Iron ore price rises on China steel demand optimism (<https://www.mining.com/iron-ore-price-rises-on-china-steel-demand-optimism/>)

<sup>4</sup> Reuters: China's iron ore imports hit 13-month low, more weakness seen (<https://www.reuters.com/article/us-china-economy-trade-idUSKBN2EJ09S>)

<sup>5</sup> Global Times: GT Voice: Surging iron ore prices fuel China's diversification efforts (<https://www.globaltimes.cn/page/202107/1228581.shtml>)

<sup>6</sup> Fitch Solutions: Global Iron Ore Mining Outlook (<https://www.mining.com/wp-content/uploads/2021/08/iron-ore-forecast.pdf>)



## CEO'S MESSAGE

We are well-poised to capitalise on the excess demand opportunity as we are in a strong financial position due to strong cash and bank balances and minimum debt. We will not rest on our laurels and will continue to work on our cost management in order to further boost our earnings and generate shareholder value.

### GROWTH STRATEGY

The iron ore industry is undergoing a super cycle phase as demand from China's steel sector continues to remain at elevated levels coupled with the supply disruptions from Brazil. While our current assets, exploration programmes and production activities are generating a strong financial performance, we believe that there is a huge unlocked potential to further expand

our business. Our business relationships are strong and stable and therefore, we are confident that we will be able to leverage on our expertise in the mining industry to capture the market opportunity and strengthen our foothold in the region.

In order to capitalise on this opportunity, we need to grow our mining reserves and therefore, we plan to carry out further exploration activities at the Chaah Mine. Additionally, we have also been granted a new mining lease at the Mao'kil mine to expand our exploration activities across a larger plot of area, thus allowing us to improve our iron ore reserves going forward. This new mining lease is of strategic importance as it is located adjacent to our existing mining lease, allowing us to reduce infrastructure set up costs.



## CEO'S MESSAGE

Additionally, in line with our constant lookout for potential acquisitions and joint venture opportunities, we have entered in a joint venture agreement with the Sultan of Johor to diversify our business into gold mining operations as well. This joint venture will not only allow us to reduce our risk exposure to iron ore price volatility but also leverage on the resources of our partner and hence, reduce the overall risk associated with the new venture. We will continue to be on the lookout for such diversification opportunities in the future as well.

### A WORD OF APPRECIATION

In conclusion, with the Covid-19 situation still evolving, we will continue to monitor its effect on our business. Nonetheless, we are positive in our outlook for SAM and believe that we

possess the technical expertise to capitalise on the trend of infrastructure-led economic recovery. I would also like to thank our management team and all our staff for their contribution over the years, and thank our customers, suppliers and business associates for their trust and support. I look forward to leading the next stage of growth of SAM and creating incremental value for all our stakeholders.

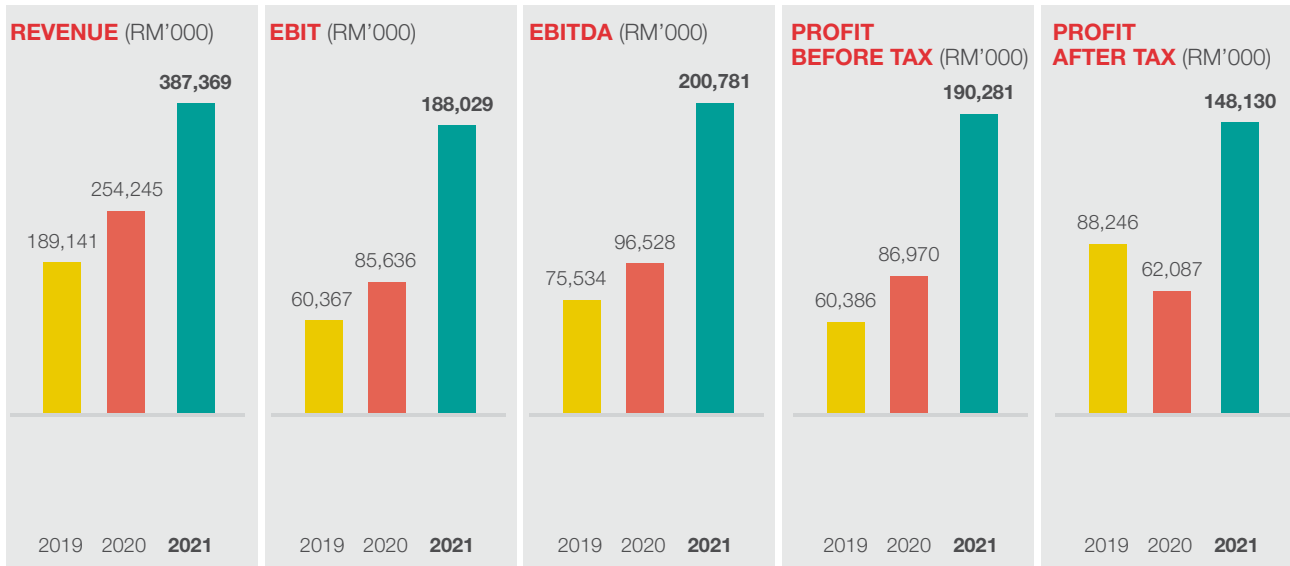
### Dato' Sri Pek Kok Sam

CEO and Executive Director





## KEY FINANCIAL HIGHLIGHTS



Keys Parameters	FY2021	FY2020
EPS (Malaysian cents)	30.29	12.77
NAV (Malaysian cents)	74.82	46.38
EBITDA (RM'000)	200,781	96,528
EBIT (RM'000)	188,029	85,636

Performance Parameter	FY2021	FY2020
Revenue growth (%)	52%	34%
EBITDA growth (%)	108%	28%
EBIT growth (%)	120%	42%
GP growth (%)	94%	73%
GP margin (%)	54%	42%
EBIT margin (%)	49%	34%

Liquidity Parameter	FY2021	FY2020
Working capital growth (%)	74%	103%
Cash and bank balances growth (%)	88%	324%
Gross liabilities (RM'000)	64,642	27,628
Net cash (RM'000)	216,503	122,238

Investment Return Ratio	FY2021	FY2020
ROE (PAT as base)	40%	27%
ROE (PBT as base)	52%	38%
ROA (PAT as base)	34%	24%
ROA (PBT as base)	44%	34%
Dividend yield (%)	2%	2%

## 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 13-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. Furthermore, the Group also started selling iron ore tailings since FY2020.

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 2021, the Group has an approximate monthly production capacity of 60,000 tonnes of iron ore concentrate (not including pipe coating materials).

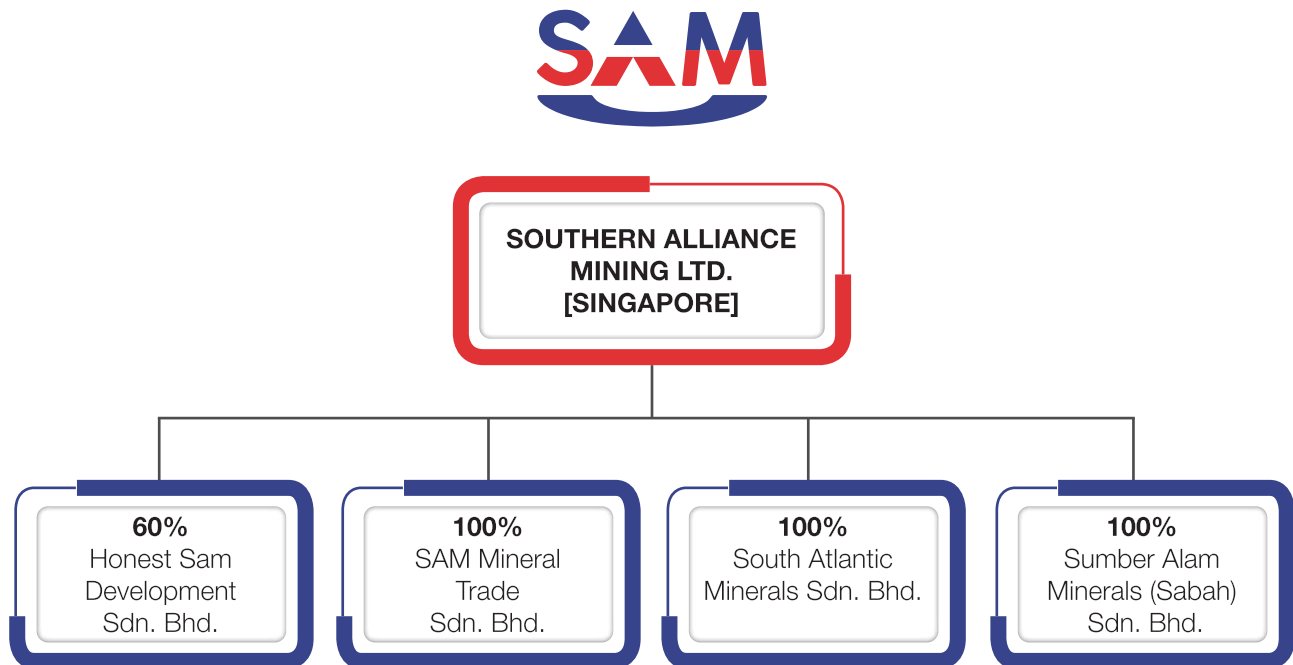
In addition to the Mine, the Group has also been granted the right to carry out exploration and mining operations at three potential iron ore mines located in Johor, Malaysia (“Exploration Assets”). The Group also acquired an additional mining lease of 159.8 hectares, adjacent to one of their Exploration Assets, Mao’kil mine. The Group plans to undertake formalised exploration activities at the Exploration Assets to identify mineral deposits for further business growth. Lastly, in order to diversify our business and improve sustainability of our earnings, the Group also entered into a Joint Venture agreement with the Sultan of Johor to venture into gold mining operations.





## GROUP STRUCTURE

AS AT 31 JULY 2021



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") <sup>1</sup>	28-Aug-2020 Malaysia	Trading of iron ore, manganese, ferromanganese, lead, copper and tin	Malaysia	100.0%	100.0%
South Atlantic Minerals Sdn. Bhd. ("SAMSB")	5-Oct-2020 Malaysia	Mining and quarrying of various minerals and materials	Malaysia	100.0%	100.0%
Sumber Alam Minerals (Sabah) Sdn. Bhd. ("SABAH")	16-Jul-2021 Malaysia	Mining and trading of minerals	Malaysia	100.0%	100.0%

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

<sup>1</sup> SMTSB was subsequently renamed to Selatan Anjung Minerals Sdn. Bhd. on 23 September 2021 to undertake a joint venture project with Sultan of Johor in the State of Johor

## 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 14 years of experience in the iron ore exploration and mining industry.

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.

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 19 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 24 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.southernallianceminig.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

Competent Person for Exploration Results and Mineral Resources: Mark Berry

(a member of the Australian Institute of Geoscientists)

Competent Persons for Ore Reserves: Mal Dorricott & Rossens Halatchev

(members 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

CORPORATE INFORMATION



# 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.

This corporate governance report (“**Report**”) outlines the Group’s corporate governance practices that were in place during the financial year ended 31 July 2021 (“**FY2021**”) with specific reference made to the Principles of Code of Corporate Governance 2018 (“**Code 2018**”) and its related practice guidance issued on 7 February 2020 (“**Practice Guidance**”), which forms part of the continuing obligations of the SGX-ST Listing Manual Section B: Rules of Catalyst (“**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	<p>(a) Has the Company complied with all the principles and provisions of the Code 2018</p> <p>If not, please state the specific deviations and alternative corporate governance practices adopted by the Company in lieu of the recommendations in the Code 2018.</p>	<p>The Company has complied with the principles and provisions as set out in Code 2018 and the Practice Guidance where applicable.</p> <p>Appropriate explanations have been provided in the relevant sections below where there are deviations from Code 2018 and the Practice Guidance.</p>
	<p>(b) In what respect do these alternative corporate governance practices achieve the objectives of the principles and conform to the provisions of the Code?</p>	<p>Not applicable. The Company did not adopt any alternative corporate governance practices in FY2021.</p>
<p><b>BOARD MATTERS</b></p> <p><b>The Board’s Conduct of Affairs</b></p> <p><b><i>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</i></b></p>		
1.1	<p><b>Board Composition and Role of the Board</b></p>	<p>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 also ensures that good corporate governance practices are in place to protect the interests of shareholders.</p>

## CORPORATE GOVERNANCE REPORT

Provision	Code Description	Company's Compliance or Explanation																					
		<p>The Board has clear policies and procedures for dealing with conflicts of interest. Where a Director faces a conflict of interest, he is required to notify the Company promptly of all conflicts of interest as soon as practicable as well as when required and refresh the required declarations annually. The Director would also recuse himself from discussions and decisions involving the issues of conflict.</p> <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>"), 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"> <caption><b>Table 1.1 – Composition of the Board</b></caption> <thead> <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>	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
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																					



## CORPORATE GOVERNANCE REPORT

Provision	Code Description	Company's Compliance or Explanation
1.2	<b>Induction, Training and Development</b>	<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 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> <p>All Directors have completed the training courses conducted by the Singapore Institute of Directors ("<b>SID</b>"), as prescribed by the SGX-ST pursuant to Practice Note 4D of the Catalist Rules, within one (1) year of their appointment. There was no new Director appointed in FY2021.</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 ("<b>ACRA</b>") which are relevant to the Group and/or Directors are circulated to the Board. All Directors are also encouraged to be members of SID to receive journal updates and training from SID.</p>

## CORPORATE GOVERNANCE REPORT

Provision	Code Description	Company's Compliance or Explanation												
		<p>At the Board meetings of the Company and on an ongoing basis, the external auditors ("EA") will brief the AC and the Board on changes and amendments to the accounting standards while the Company Secretary will brief the Board on any regulatory changes, such as changes to the Companies Act, Catalyst Rules and the Code 2018. The Company Secretary would 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 trainings 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. Courses, conferences and seminars attended by some of the Directors in FY2021 include:</p> <table border="1"> <thead> <tr> <th colspan="3"><b>Table 1.2 – Training(s) attended by Directors in FY2021</b></th> </tr> <tr> <th>Course Name</th> <th>Course Organiser</th> <th>Attendees</th> </tr> </thead> <tbody> <tr> <td>Remuneration Committee Essentials</td> <td>Singapore Institute of Directors</td> <td>Dato' Teh Teck Tee</td> </tr> <tr> <td>Nominating Committee Essentials</td> <td>Singapore Institute of Directors</td> <td>Dato' Sri Pek Kok Sam</td> </tr> </tbody> </table>	<b>Table 1.2 – Training(s) attended by Directors in FY2021</b>			Course Name	Course Organiser	Attendees	Remuneration Committee Essentials	Singapore Institute of Directors	Dato' Teh Teck Tee	Nominating Committee Essentials	Singapore Institute of Directors	Dato' Sri Pek Kok Sam
<b>Table 1.2 – Training(s) attended by Directors in FY2021</b>														
Course Name	Course Organiser	Attendees												
Remuneration Committee Essentials	Singapore Institute of Directors	Dato' Teh Teck Tee												
Nominating Committee Essentials	Singapore Institute of Directors	Dato' Sri Pek Kok Sam												
1.3	<b>Matters requiring Board's approval</b>	<p>The Board has put in place internal guidelines in relation to 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, key executives and Company Secretary of the Company;</li> <li>• 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> </ul>												

# CORPORATE GOVERNANCE REPORT

Provision	Code Description	Company's Compliance or Explanation																								
		<ul style="list-style-type: none"> <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>																								
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"> <caption><b>Table 1.4 – Composition of the Board Committees</b></caption> <thead> <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><b>Notes:</b></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>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
	<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																							

## CORPORATE GOVERNANCE REPORT

Provision	Code Description	Company's Compliance or Explanation																																																		
1.5	<b>Board and Board Committees Meetings</b>	<p>The Board meets on a quarterly and on an ad-hoc basis, if required, as deemed appropriate by the Board members, to review and discuss matters of the Group 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>In FY2021, the number of Board and Board Committee meetings held, and the attendance of each Board member are shown below:</p> <table border="1"> <thead> <tr> <th colspan="5"><b>Table 1.5 – Directors' Attendance</b></th> </tr> <tr> <th></th> <th></th> <th colspan="3"><b>Board Committees</b></th> </tr> <tr> <th></th> <th><b>Board</b></th> <th><b>AC</b></th> <th><b>NC</b></th> <th><b>RC</b></th> </tr> </thead> <tbody> <tr> <td><b>Number of meetings held</b></td> <td>4</td> <td>4</td> <td>2</td> <td>2</td> </tr> <tr> <td>Dato' Teh Teck Tee</td> <td>4</td> <td>4*</td> <td>2*</td> <td>2</td> </tr> <tr> <td>Dato' Sri Pek Kok Sam</td> <td>4</td> <td>4*</td> <td>2</td> <td>2*</td> </tr> <tr> <td>Dato' Sri Mohd Jamidan Abdullah</td> <td>4</td> <td>4</td> <td>2</td> <td>2</td> </tr> <tr> <td>Dato' Gainneos Jacob Goldie</td> <td>4</td> <td>4</td> <td>2</td> <td>2</td> </tr> <tr> <td>Mr. Chin Chee Choon</td> <td>4</td> <td>4</td> <td>2</td> <td>2</td> </tr> <tr> <td>Mr. Sim Chin Hoe</td> <td>4</td> <td>4</td> <td>2</td> <td>2</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>							<b>Board Committees</b>				<b>Board</b>	<b>AC</b>	<b>NC</b>	<b>RC</b>	<b>Number of meetings held</b>	4	4	2	2	Dato' Teh Teck Tee	4	4*	2*	2	Dato' Sri Pek Kok Sam	4	4*	2	2*	Dato' Sri Mohd Jamidan Abdullah	4	4	2	2	Dato' Gainneos Jacob Goldie	4	4	2	2	Mr. Chin Chee Choon	4	4	2	2	Mr. Sim Chin Hoe	4	4	2	2
<b>Table 1.5 – Directors' Attendance</b>																																																				
		<b>Board Committees</b>																																																		
	<b>Board</b>	<b>AC</b>	<b>NC</b>	<b>RC</b>																																																
<b>Number of meetings held</b>	4	4	2	2																																																
Dato' Teh Teck Tee	4	4*	2*	2																																																
Dato' Sri Pek Kok Sam	4	4*	2	2*																																																
Dato' Sri Mohd Jamidan Abdullah	4	4	2	2																																																
Dato' Gainneos Jacob Goldie	4	4	2	2																																																
Mr. Chin Chee Choon	4	4	2	2																																																
Mr. Sim Chin Hoe	4	4	2	2																																																



## CORPORATE GOVERNANCE REPORT

Provision	Code Description	Company's Compliance or Explanation
1.6	<b>Access to 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 in, budgets and/or forecasts, management accounts, EA reports and reports on on-going or planned corporate actions.</p> <p>All scheduled Board and Board Committees' meetings are planned ahead. Board papers are sent to Directors prior to each Board and Board Committee meeting in a timely manner. Management recognises the importance of circulating information on a timely basis to ensure that the Board has adequate time to review the materials to facilitate a constructive and effective discussion during the scheduled meetings. As such, Management endeavours to circulate information at least one week prior to the meetings to allow sufficient time for review by the Directors. 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.</p> <p>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>Access to Management and Company Secretary</b>	<p>The Board has separate and independent access to the Chief Financial Officer ("<b>CFO</b>"), other key persons of the Management ("<b>Key Management Personnel</b>"), external advisers (where necessary) and the Company Secretary at all times.</p>

# CORPORATE GOVERNANCE REPORT

Provision	Code Description	Company's Compliance or Explanation
		<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 flow 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 is 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>
<p><b>Board Composition and Guidance</b>  <b><i>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</i></b></p>		
<p>2.1/ Rule 1204 (10B) of the Catalist Rules</p>	<p><b>Board Composition and Independence Assessment of Directors</b></p>	<p>The Company complies with Provision 2.3 of Code 2018 as while the Chairman of the Board (the “<b>Chairman</b>”) is not independent, Independent Directors make up at least one-third of the Board and Non-Executive Directors to make up a majority of the Board. The Chairman is a Non-Executive Director and not part of the Management team.</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>

## CORPORATE GOVERNANCE REPORT

Provision	Code Description	Company's Compliance or Explanation
		<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> <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.

## CORPORATE GOVERNANCE REPORT

Provision	Code Description	Company's Compliance or Explanation
2.3	<b>Non-Executive Directors</b>	<p>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 Directors 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.</p>
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> <p>The current Board comprises of six (6) male Directors with an age group ranging from 48 to 69 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>



## CORPORATE GOVERNANCE REPORT

Provision	Code Description	Company's Compliance or Explanation
		<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 59 to 69 of this annual report.</p>
2.5	<p><b>Meeting in the Absence of the Management</b></p>	<p>Where appropriate, the Independent and Non-Executive Directors, led by the Lead Independent Director, meet periodically without the presence of the Executive Directors and Management to discuss concerns or matters such as the effectiveness of the Management. The Lead Independent Director would then provide feedback to the Board and/or the Chairman, as appropriate, after such meetings.</p> <p>During FY2021, the Independent Directors met once in the absence of Management.</p> <p>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 with.</p>

# CORPORATE GOVERNANCE REPORT

Provision	Code Description	Company's Compliance or Explanation
<p><b>Chairman and Chief Executive Officer</b></p> <p><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></p>		
3.1 3.2 3.3	<p><b>Role of Chairman, CEO and Lead Independent Director</b></p>	<p>Dato' Teh Teck Tee is the Chairman, Dato' Sri Pek Kok Sam is the CEO of the Company, and Dato' Sri Mohd Jamidan Abdullah is the Lead Independent Director.</p> <p>The Chairman and CEO are not related and 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>

# CORPORATE GOVERNANCE REPORT

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 is 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.southernallianceminig.com">www.southernallianceminig.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 for 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>  <b>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</b></p>		
4.1	<p><b>Role of the Nominating Committee</b></p>	<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> </ul>

## CORPORATE GOVERNANCE REPORT

Provision	Code Description	Company's Compliance or Explanation
		<p>(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;</p> <p>(f) reviewing succession plans for the Executive Director;</p> <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	<p><b>Composition of the Nominating Committee</b></p>	<p>The NC 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:  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>



## CORPORATE GOVERNANCE REPORT

Provision	Code Description	Company's Compliance or Explanation
4.3 4.4 Rule 720(4) of the Catalist Rules	<b>Selecting, Appointment            and Re-appointment of            Directors</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 current needs and inadequacies the Board requires and the key attributes that an incoming director should have to complement and strengthen the Board, which is based on a matrix of the attributes of the existing Board and the requirements of the Group.</p> <p>After the Board 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 interview shortlisted candidates to assess their suitability before providing a recommendation for the Board's consideration and approval.</p> <p>For the re-appointment of Directors, the NC would assess the performance of the Director in accordance with the performance criteria set by the Board while considering the current needs of the Board before recommending the re-appointment of the Director to the Board for its consideration and approval, subject to his satisfactory assessment.</p> <p>The NC also conducts an annual review of the independence of Independent Directors 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.</p> <p>Sufficient information will accompany all resolutions for the Directors' appointments and re-appointments to enable the Board to make informed decisions. After reviewing and considering the NC's recommendations, the Board would make the decision to appoint the new director and/or propose the re-election of the incumbent director for shareholders' approval.</p> <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, 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>

## CORPORATE GOVERNANCE REPORT

Provision	Code Description	Company's Compliance or Explanation
		<p>The NC, with the respective members interested in the discussion having abstained from the deliberations, recommended that Dato' Teh Teck Tee and Dato' Sri Pek Kok Sam be nominated for re-election at the forthcoming AGM. The Board had accepted the NC's recommendation and had tabled the re-election of Dato' Teh Teck Tee and Dato' Sri Pek Kok Sam as Directors of the Company for shareholders' approval at the forthcoming AGM. Please refer to the Notice of AGM for the resolutions put forth in relation to the respective re-elections and details of Dato' Teh Teck Tee and Dato' Sri Pek Kok Sam required under Appendix 7F of the Catalist Rules disclosed on pages 59 to 69 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 Pek Kok Sam, being a member of the NC, has abstained from making any recommendation and/or participating in any deliberation of the NC in respect of the assessment of his own contributions and/or re-elections 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 to the maximum number of listed company board representations each Director may hold 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>

## CORPORATE GOVERNANCE REPORT

Provision	Code Description	Company's Compliance or Explanation
		<p>In FY2021, one (1) of the Directors held 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> <p>During FY2021, 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 all the Directors were able to and had diligently and adequately carried out their duties as Directors of the Company in FY2021. 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 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 59 to 69 of this annual report.</p>
Practice Guidance 4	<b>Alternate Directors</b>	The Company does not have any alternate Directors.

# CORPORATE GOVERNANCE REPORT

Provision	Code Description	Company's Compliance or Explanation																
<b>Board Performance</b> <b>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</b>																		
5.1	<b>Performance Criteria</b>	<p>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. The table below sets out the performance criteria, recommended by the NC and approved by the Board, to evaluate the effectiveness of the Board as a whole and assess the contribution by each Director.</p> <table border="1"> <thead> <tr> <th colspan="2"><b>Table 5.1 – Performance Criteria</b></th> </tr> <tr> <th><b>Board</b></th> <th><b>Individual Directors</b></th> </tr> </thead> <tbody> <tr> <td>1. Size and composition</td> <td>1. Commitment of time</td> </tr> <tr> <td>2. Information to the Board</td> <td>2. Knowledge and abilities</td> </tr> <tr> <td>3. Board procedures</td> <td>3. Teamwork</td> </tr> <tr> <td>4. Board risk management and internal control</td> <td>4. Independence and objectivity</td> </tr> <tr> <td>5. Strategic planning</td> <td>5. Integrity</td> </tr> <tr> <td>6. Standard of conduct</td> <td>6. Overall effectiveness</td> </tr> </tbody> </table> <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>	<b>Table 5.1 – Performance Criteria</b>		<b>Board</b>	<b>Individual Directors</b>	1. Size and composition	1. Commitment of time	2. Information to the Board	2. Knowledge and abilities	3. Board procedures	3. Teamwork	4. Board risk management and internal control	4. Independence and objectivity	5. Strategic planning	5. Integrity	6. Standard of conduct	6. Overall effectiveness
<b>Table 5.1 – Performance Criteria</b>																		
<b>Board</b>	<b>Individual Directors</b>																	
1. Size and composition	1. Commitment of time																	
2. Information to the Board	2. Knowledge and abilities																	
3. Board procedures	3. Teamwork																	
4. Board risk management and internal control	4. Independence and objectivity																	
5. Strategic planning	5. Integrity																	
6. Standard of conduct	6. Overall effectiveness																	



## CORPORATE GOVERNANCE REPORT

Provision	Code Description	Company's Compliance or Explanation
5.2	<b>Performance Review</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 and the NC for review and collective discussion with other Board members to address or recommend any areas for improvement and follow-up actions.</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 individual Director for FY2021 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 FY2021.</p> <p>All NC members have abstained from the voting or review process of any matters in connection with the assessment of his performance or re-appointment as a Director of the Company.</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 FY2021 as the NC is of the view that it has a sufficient level of objectivity in its evaluation process.</p>

# CORPORATE GOVERNANCE REPORT

Provision	Code Description	Company's Compliance or Explanation
<b>REMUNERATION MATTERS</b>		
<b>Procedures for developing remuneration policies</b>		
<b><i>Principle 6: The Board has a formal and transparent procedure for developing policies on director and executive remuneration, and for fixing the remuneration packages of individual directors and Key Management Personnel. No director is involved in deciding his or her own remuneration</i></b>		
6.1	<b>Role of Remuneration Committee</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 Management Personnel 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 determining 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. Each RC member will abstain 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>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 packages 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>

## CORPORATE GOVERNANCE REPORT

Provision	Code Description	Company's Compliance or Explanation
6.2	<b>Composition of Remuneration Committee</b>	<p>The RC 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 fixing the remuneration packages of Directors and Key Management Personnel.</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:  Dato' Gainneos Jacob Goldie – Chairman  Dato' Teh Teck Tee – Member  Dato' Sri Mohd Jamidan Abdullah – Member  Mr. Sim Chin Hoe – Member  Mr. Chin Chee Choon – Member</p>
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 FY2021.</p>
6.4	<b>Engagement of Remuneration Consultants</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 FY2021 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>		
<i>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</i>		
7.1 7.3	<b>Remuneration Framework</b>	<p>The Company'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 that total compensation has been linked 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>In determining such remuneration packages, the RC will ensure that they are adequate by considering, in consultation with the Chairman, 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. The Board believes that the current remuneration framework allows the Company to attract sufficiently qualified talent.</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 short-term 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>



## CORPORATE GOVERNANCE REPORT

Provision	Code Description	Company's Compliance or Explanation
		<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 RC has reviewed and is satisfied that the performance criteria were met for FY2021.</p> <p>The Company has also adopted the Southern Alliance Mining Performance Share Plan ("<b>Plan</b>") as a long-term incentive of the Group, which serves to encourage the Board and Management to develop a more robust business plan and invest in mines that will not only create but also enhance the value of the Group to benefit all stakeholders. Please refer to the next section for more information on the Plan.</p> <p>Dato' Sri Pek Kok Sam, the Executive Director and CEO of the Company, has a service agreement with the Company for an initial period of three (3) years upon listing of the Company ("<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 Company's offer document dated 16 June 2020 ("<b>Offer Document</b>").</p> <p>The RC is of the view that the Executive Director has met his performance criteria for FY2021 based on the Consolidated PBT.</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><b>Long-term Incentives</b></p>	<p>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>

## CORPORATE GOVERNANCE REPORT

Provision	Code Description	Company's Compliance or Explanation
		<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 RC. 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> <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% 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 granted 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); or</li> <li>(3) a 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>

## CORPORATE GOVERNANCE REPORT

Provision	Code Description	Company's Compliance or Explanation
7.2	<b>Remuneration Structure of Non-Executive Directors</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 Independent and Non-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 Directors are not overcompensated to the extent that their independence may be compromised.</p> <p>The RC has reviewed and assessed that the remuneration of the Independent and Non-Independent Non-Executive Directors for FY2021 is appropriate, considering the effort, time spent and responsibilities.</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 Directors 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 Directors 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 Directors and Key Management Personnel.</p>

# CORPORATE GOVERNANCE REPORT

Provision	Code Description	Company's Compliance or Explanation																																																																		
<p><b>Disclosure on Remuneration</b></p> <p><b>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.</b></p>																																																																				
8.1(a) and 8.3	<b>Remuneration Breakdown of Directors and CEO</b>	<p>A breakdown, showing the level and mix of each individual Director's remuneration for FY2021 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 contributions (%)</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>15</td> <td>85</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 colspan="6"><b>Remuneration Band</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 profit before income tax (before non-recurring exceptional items and minority interests for the relevant financial year) of the Group. As the Group's consolidated profit before tax for FY2021 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 contributions (%)</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	15	85	–	–	100	<b>Remuneration Band (Less than S\$250,000)</b>						<b>Remuneration Band</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
<b>Table 8.1 (a) – Remuneration of Directors</b>																																																																				
<b>Name</b>	<b>Base/Fixed Salary and statutory contributions (%)</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	15	85	–	–	100																																																															
<b>Remuneration Band (Less than S\$250,000)</b>																																																																				
<b>Remuneration Band</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																																																															



## CORPORATE GOVERNANCE REPORT

Provision	Code Description	Company's Compliance or Explanation																				
		<p>The RC 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 FY2021.</p>																				
8.1(b) and 8.3	<b>Remuneration Breakdown of Key Management Personnel</b>	<p>As at the date of this annual report, the Company has identified one (1) top 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 FY2021 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>75</td> <td>25<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 and a variable bonus annually.</p> <p>The Company believes that it should not disclose the remuneration paid to 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>There were no termination and retirement and post-employment benefits granted to the top Key Management Personnel during FY2021.</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	75	25 <sup>(1)</sup>	–	100
<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	75	25 <sup>(1)</sup>	–	100																		

# CORPORATE GOVERNANCE REPORT

Provision	Code Description	Company's Compliance or Explanation												
8.2	<b>Remuneration of Related Employees</b>	<p>Ms. Pek Siew Mei, the sister of our CEO, Dato' Sri Pek Kok Sam, is a manager in the sales department.</p> <p>Mr. Pek Kok Hing, the brother of our CEO, Dato' Sri Pek Kok Sam, is a manager in charge of information technology.</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>Name</th> <th>Relationship</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 Executive Director and CEO</td> </tr> <tr> <td>Mr. Pek Kok Hing</td> <td>Brother of Dato' Sri Pek Kok Sam, the Executive Director and CEO</td> </tr> <tr> <td>Mr. Pek Kok Hua</td> <td>Brother of Dato' Sri Pek Kok Sam, the Executive Director and CEO</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 whose remuneration exceeded S\$100,000 during FY2021.</p>	<b>Table 8.2 – Remuneration of Related Employees</b>		Name	Relationship	<b>Remuneration Band between S\$50,000 to S\$100,000</b>		Ms. Pek Siew Mei	Sister of Dato' Sri Pek Kok Sam, the Executive Director and CEO	Mr. Pek Kok Hing	Brother of Dato' Sri Pek Kok Sam, the Executive Director and CEO	Mr. Pek Kok Hua	Brother of Dato' Sri Pek Kok Sam, the Executive Director and CEO
<b>Table 8.2 – Remuneration of Related Employees</b>														
Name	Relationship													
<b>Remuneration Band between S\$50,000 to S\$100,000</b>														
Ms. Pek Siew Mei	Sister of Dato' Sri Pek Kok Sam, the Executive Director and CEO													
Mr. Pek Kok Hing	Brother of Dato' Sri Pek Kok Sam, the Executive Director and CEO													
Mr. Pek Kok Hua	Brother of Dato' Sri Pek Kok Sam, the Executive Director and CEO													
8.3	<b>Employee Share Scheme(s)</b>	Information on the Plan is set out under Principle 7 above and on page 40 of this annual report and further information can be found in the Offer Document.												
<p><b>ACCOUNTABILITY AND AUDIT</b></p> <p><b>Risk Management and Internal Controls</b></p> <p><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></p>														
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.												

## CORPORATE GOVERNANCE REPORT

Provision	Code Description	Company's Compliance or Explanation
		<p>The Group has engaged RSM Risk Advisory Pte. Ltd. ("<b>RSM</b>") 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 the internal auditor, 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 non-compliance 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>
9.2	<b>CEO and CFO Assurance</b>	<p>For FY2021, the Board has 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>In addition to the above, 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 will be 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 FY2021.</p>

## CORPORATE GOVERNANCE REPORT

Provision	Code Description	Company's Compliance or Explanation
		<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 for FY2021.</p>
<p><b>Audit Committee</b>  <b>Principle 10: The Board has an Audit Committee which discharges its duties objectively</b></p>		
10.1	<p><b>Role of the Audit Committee</b></p>	<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 of the internal control recommendations made by our internal and external auditors by our Group;</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 Catalyst 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> </ul>

## CORPORATE GOVERNANCE REPORT

Provision	Code Description	Company's Compliance or Explanation
		<p>(e) review our key financial risk areas, with a view to provide 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;</p> <p>(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;</p> <p>(g) review our Company's Corruption Preventive Policy Framework, which includes 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;</p> <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>

## CORPORATE GOVERNANCE REPORT

Provision	Code Description	Company's Compliance or Explanation
		<p>The Group's 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 internal auditor. 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. 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. There were no complaints, concerns of issues, and whistleblowing reports received by the AC in FY2021.</p>
10.2 10.3	<p><b>Composition of the Audit Committee</b></p>	<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, include 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
10.4	<b>Internal Audit Function</b>	<p>The Group has engaged IA Essential as the internal auditors of the Company, who reports directly to the AC and administratively to the CFO. The AC is responsible for the hiring, removal, evaluation and compensation of the accounting or auditing firm or corporation which the internal audit function of the Company is outsourced to and 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 FY2021, 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 developed by RSM 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.</p>
10.5	<b>Meeting Auditors in the Absence of the Management</b>	<p>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 FY2021, the AC has met with the IA and EA once without the presence of the Management.</p>

## CORPORATE GOVERNANCE REPORT

Provision	Code Description	Company's Compliance or Explanation
	<b>Summary of Audit Committee and Risk Management 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 FY2021 key audit matter ("KAM") 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 FY2021 Independent Auditors' Report with respect to the KAM.</p>
<b>SHAREHOLDER RIGHTS AND ENGAGEMENT</b>		
<b>Shareholder Rights and Conduct of General Meetings</b>		
<p><b>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.</b></p>		
11.1	<b>Shareholders' Participation at General Meetings</b>	<p>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.</p>
11.2	<b>Bundling of Resolutions</b>	<p>Each distinct issue is proposed as a separate resolution at general meetings unless they are closely related and are more appropriately tabled together. Reasons, and implications of why resolutions are bundled will be set out in the circulars sent out. 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.</p>

## CORPORATE GOVERNANCE REPORT

Provision	Code Description	Company's Compliance or Explanation
11.3	<b>Attendance at General Meetings</b>	All Directors, in particular the Chairman, 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>	<p>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 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.</p> <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 FY2021 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 beyond 30 June 2021, until it is revoked or amended by the Ministry of Law, giving the listed entities 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>

## CORPORATE GOVERNANCE REPORT

Provision	Code Description	Company's Compliance or Explanation
11.5	<b>Minutes of General Meetings</b>	All minutes of general meetings, including the substantial and relevant comments or queries raised by shareholders in relation to the meeting agenda and the responses from the Board and/or Management, will be made available to shareholders via SGXNET and on the Company's website at <a href="http://www.investor.southernallianceminig.com">www.investor.southernallianceminig.com</a> within one month from the date of the general meeting.
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 15.0% of the Group's net profit after tax ("<b>NPAT</b>") for FY2021 subject to, inter-alia, the Company's Dividend Factors.</p> <p>The Board is pleased to recommend a final one-tier tax exempt dividend of 1.6 Singapore cents per share for FY2021 ("<b>Final Dividend</b>"). The final dividend amounting to S\$7.824 million is subject to shareholders' approval at the forthcoming AGM to be held on 26 November 2021.</p> <p>The Final Dividend represents a pay-out ratio of 16.3% against the Group's FY2021 net profit.</p>

# CORPORATE GOVERNANCE REPORT

Provision	Code Description	Company's Compliance or Explanation
<p><b>Engagement with Shareholders</b>  <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></p>		
12.1	<p><b>Communication with Shareholders</b></p>	<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 at <a href="http://www.southernallianceminig.com">www.southernallianceminig.com</a>. 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 with shareholders is managed by the Executive Director and CFO. Communication is made through:</p> <ul style="list-style-type: none"> <li>(a) Annual reports 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 Catalyst 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) Analyst briefings and roadshow.</li> </ul> <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="http://www.southernallianceminig.com">www.southernallianceminig.com</a>.</p>
12.2	<p><b>Investor Relations Policy</b></p>	<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 two (2) investor briefing in FY2021 to meet with its institutional and retail investors.</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>

## CORPORATE GOVERNANCE REPORT

Provision	Code Description	Company's Compliance or Explanation
12.3	<b>Investor Engagement</b>	The Company conducts briefings to present its financial results to the media and analysts. Apart from the financial result announcement periods, the IR team will meet investors and analysts who wish to seek a better understanding of the Group's business and operations when necessary and appropriate. 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. These efforts enable 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 and through which the Company may respond to such questions.
<p><b>MANAGING STAKEHOLDERS RELATIONSHIPS</b></p> <p><b>Engagement with Stakeholders</b></p> <p><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></p>		
13.1, 13.2 and 13.3	<b>Stakeholders Management</b>	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 FY2021 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.



## CORPORATE GOVERNANCE REPORT

<b>COMPLIANCE WITH APPLICABLE CATALIST RULES</b>		
711A	<b>Sustainability Report</b>	The Group will be issuing its first sustainability report for FY2021 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(6)(A)	<b>Non-audit Fees</b>	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 FY2021 is RM 531,000 (84.6%). The non-audit fees paid/payable to the external auditors for the FY2021 is RM 97,000 (15.4%).
1204(6)(B)	<b>Confirmation by AC</b>	The AC is satisfied that the independence of the external auditors are not prejudiced as the non-audit services rendered during FY2021 were not substantial.  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 & Young LLP as the external auditors of the Company at the forthcoming AGM.
1204(6)(C)	<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 FY2021 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 FY2021 or if not then subsisting, entered into since the end of the previous financial year.
1204(10)	<b>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 FY2021 based on the assurance from the CEO and the CFO set out in page 45 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 being raised by the external auditors during the course of the statutory audit.
1204(10)(C)	<b>Adequacy of Internal Audit Function</b>	The AC is of the opinion that the internal audit function is independent, effective and adequately resourced.
1204(17)	<b>Interested Persons Transaction ("IPT")</b>	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.

## CORPORATE GOVERNANCE REPORT

		<p>The Group has obtained a general mandate from shareholders for the following IPTs including:</p> <p>(a) The sale of pipe coating materials by our Group to Aras Kuasa for onward sale to only our End Customer's Competitor;</p> <p>(b) The procurement of hiring and transportation services by our Group from Multiline Trading;</p> <p>(c) The purchase of lubricants by our Group from HChem Marketing;</p> <p>(d) The procurement of spare parts and equipment by our Group from Multiline Trading; and</p> <p>(e) The procurement of Shared Services by our Group from Aras Kuasa pursuant to the Shared Services Agreement.</p> <p>Save as disclosed in the table below, there were no interested person transactions of S\$100,000 and above during FY2021.</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;">300</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;">22,082</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;">1,340</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	–	300	Multiline Trading Sdn Bhd	Related party Entity of executive director and Chief Executive Officer, Dato' Sri Pek Kok Sam	–	22,082	Hchem Marketing (M) Sdn Bhd	Related party Entity of executive director and Chief Executive Officer, Dato' Sri Pek Kok Sam	–	1,340
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	–	300																			
Multiline Trading Sdn Bhd	Related party Entity of executive director and Chief Executive Officer, Dato' Sri Pek Kok Sam	–	22,082																			
Hchem Marketing (M) Sdn Bhd	Related party Entity of executive director and Chief Executive Officer, Dato' Sri Pek Kok Sam	–	1,340																			

## CORPORATE GOVERNANCE REPORT

		<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> <p>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 Catalyst Rules are complied with.</p>
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 Catalyst 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>
1204(21)	<b>Non-sponsor Fees</b>	<p>There were no non-sponsor fees paid/payable to the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. during FY2021.</p>

## CORPORATE GOVERNANCE REPORT

1204(22)	<b>Use of Proceeds</b>	<p>Pursuant to the IPO on 26 June 2020, the Company received S\$11.9 million as IPO net proceeds (“<b>IPO Net Proceeds</b>”).</p> <p>As at the date of this Report, the status on the use of the IPO Net Proceeds is as follows:</p> <table border="1" data-bbox="651 663 1434 1093"> <thead> <tr> <th data-bbox="659 663 975 734"><b>Use of IPO Net Proceeds</b></th> <th data-bbox="983 663 1129 734"><b>Allocated S\$'000</b></th> <th data-bbox="1137 663 1284 734"><b>Utilised S\$'000</b></th> <th data-bbox="1292 663 1434 734"><b>Balance S\$'000</b></th> </tr> </thead> <tbody> <tr> <td data-bbox="659 745 975 779">Further exploration activities</td> <td data-bbox="983 745 1129 779">4,000</td> <td data-bbox="1137 745 1284 779">(887)</td> <td data-bbox="1292 745 1434 779">3,113</td> </tr> <tr> <td data-bbox="659 790 975 862">Investment into mining equipment and infrastructure</td> <td data-bbox="983 790 1129 824">3,000</td> <td data-bbox="1137 790 1284 824">(3,000)</td> <td data-bbox="1292 790 1434 824">–</td> </tr> <tr> <td data-bbox="659 873 975 967">Acquisitions, joint ventures, strategic alliances and/or development of new mines</td> <td data-bbox="983 873 1129 907">1,000</td> <td data-bbox="1137 873 1284 907">(60)</td> <td data-bbox="1292 873 1434 907">940</td> </tr> <tr> <td data-bbox="659 978 975 1050">General working capital purposes</td> <td data-bbox="983 978 1129 1012">3,937</td> <td data-bbox="1137 978 1284 1012">(1,249)<sup>(1)</sup></td> <td data-bbox="1292 978 1434 1012">2,688</td> </tr> <tr> <td data-bbox="659 1061 975 1093">Total</td> <td data-bbox="983 1061 1129 1093">11,937</td> <td data-bbox="1137 1061 1284 1093">(5,196)</td> <td data-bbox="1292 1061 1434 1093">6,741</td> </tr> </tbody> </table> <p><b>Note:</b></p> <p>(1) S\$1.2 million was utilised as working capital of the Company to pay its ongoing professional expenses, payroll, director related expenses and bank charges.</p> <p>The above utilisation of the IPO Net Proceeds is in accordance with the intended use as stated in the Offer Document and re-allocated in accordance with the Company’s announcement dated 22 January 2021.</p> <p>The Company will continue to make periodic announcements on the utilisation of the balance of the IPO Net Proceeds 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. Pending such disbursement, funds have been placed in interest bearing deposits with licenced banks in Singapore.</p>	<b>Use of IPO Net Proceeds</b>	<b>Allocated S\$'000</b>	<b>Utilised S\$'000</b>	<b>Balance S\$'000</b>	Further exploration activities	4,000	(887)	3,113	Investment into mining equipment and infrastructure	3,000	(3,000)	–	Acquisitions, joint ventures, strategic alliances and/or development of new mines	1,000	(60)	940	General working capital purposes	3,937	(1,249) <sup>(1)</sup>	2,688	Total	11,937	(5,196)	6,741
<b>Use of IPO Net Proceeds</b>	<b>Allocated S\$'000</b>	<b>Utilised S\$'000</b>	<b>Balance S\$'000</b>																							
Further exploration activities	4,000	(887)	3,113																							
Investment into mining equipment and infrastructure	3,000	(3,000)	–																							
Acquisitions, joint ventures, strategic alliances and/or development of new mines	1,000	(60)	940																							
General working capital purposes	3,937	(1,249) <sup>(1)</sup>	2,688																							
Total	11,937	(5,196)	6,741																							

## ADDITIONAL INFORMATION

The dates of initial appointment of each Director to be re-elected at the forthcoming AGM are set out as follows:

<b>Name of Directors</b>	<b>Dato' Teh Teck Tee</b>	<b>Dato' Sri Pek Kok Sam</b>
Appointment	Non-Executive Non-Independent Chairman	Executive Director and CEO
Date of initial appointment	27 April 2020	19 September 2019
Date of last re-election	27 November 2020	27 November 2020
Directorship in other listed companies – Present	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 re-election as set out in the table disclosing the requirements of Appendix 7F of the Catalyst Rules below.	Please refer to the “Principal Commitments” as set out in the table for Dato' Sri Pek's re-election as set out in the table disclosing the requirements of Appendix 7F of the Catalyst Rules below.
Present principal commitments		

## 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	69
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 14 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 Gallan 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

<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> <li>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</li> </ul>	No

## ADDITIONAL INFORMATION

<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	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' 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 conducted limestone quarrying activities in Malaysia from 1993 to 2005.
Shareholding interest in the listed issuer and its subsidiaries	Dato' Sri Pek Kok Sam holds a direct interest in 343,845,000 ordinary shares in the Company. Dato' Sri Pek Kok Sam is deemed interested in 25,000 ordinary shares in the Company held through Remparan Sdn. Bhd, as he holds 99.99% of the issued share capital of Remparan Sdn. Bhd.
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.</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.  Rigid Paragon City Sdn. Bhd.  Ritz Atlantic Sdn. Bhd.  Royar Creative Wood Sdn. Bhd.</p>



## ADDITIONAL INFORMATION

	<p>Saba Citra Sdn. Bhd.  SAM Mineral Trade Sdn. Bhd.  Sam World Land Sdn. Bhd.  Setia Alam Mentari Sdn. Bhd.  Sin Agro Murni Sdn. Bhd.  South Atlantic Minerals Sdn. Bhd.  Sumber Alam Minerals (Sabah) 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.  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
<p>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?</p>	No

## ADDITIONAL INFORMATION

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
<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>ii. 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.

# FINANCIAL CONTENTS

71	DIRECTORS' STATEMENT
75	INDEPENDENT AUDITOR'S REPORT
79	CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
80	STATEMENTS OF FINANCIAL POSITION
81	STATEMENTS OF CHANGES IN EQUITY
83	CONSOLIDATED STATEMENT OF CASH FLOWS
85	NOTES TO THE FINANCIAL STATEMENTS
134	STATISTICS OF SHAREHOLDINGS
136	NOTICE OF ANNUAL GENERAL MEETING PROXY FORM



# DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 JULY 2021

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 subsidiaries (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 2021.

## 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 2021 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  
 Dato' Teh Teck Tee  
 Dato' Sri Mohd Jamidan Abdullah  
 Dato' Gainneos Jacob Goldie  
 Chin Chee Choon  
 Sim Chin Hoe

## 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.

## 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 subsidiaries) as stated below:

Name of director	Direct Interest		Deemed Interest	
	At the beginning of financial year	At the end of financial year	At the beginning of financial year	At the end of financial year
<b>Ordinary shares of the Company</b>				
Dato' Sri Pek Kok Sam	343,780,000	343,845,000	–	25,000
Dato' Teh Teck Tee	30,100,000	30,100,000	–	–

# DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 JULY 2021

## 4. DIRECTORS' INTERESTS IN SHARES OR DEBENTURES (CONTINUED)

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

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

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 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 and Directors of our Group 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 and 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 2021

## 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 four 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 2021

## 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 2021

# INDEPENDENT AUDITOR'S REPORT

FOR THE FINANCIAL YEAR ENDED 31 JULY 2021

## 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 subsidiaries (collectively, the "Group"), which comprise the statements of financial position of the Group and the Company as at 31 July 2021, 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 2021 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 2021

## Key audit matters (continued)

### Revenue recognition for sale of iron ore

The Group's main revenue is sale of iron ore. 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 amount of revenue recognised is based on the estimated transaction price which comprises of the contractual price, net of quality adjustments.

For the financial year ended 31 July 2021, revenue from sale of iron ore amounted to RM387,369,000. Revenue recognition is considered as a key audit matter because revenue is a key financial performance measure which could create an incentive for revenue to be recognised prematurely. Relevant areas from the revenue recognition perspective are accuracy of the recognised amounts, timing of revenue recognition and amount of quality adjustments.

As part of our audit procedures, we discussed with management to understand the Group's revenue recognition policy and process, including that of quality adjustments. We understood and performed test of controls on recording of revenue and cash receipts. Using data auditing techniques, we reperformed journal entry postings between revenue, trade receivables, contract assets and cash to understand and test transactions which are outside the expected range of a regular transaction. In order to rely on the data extracted, we reconciled journal entry transactional data provided from opening trial balance as of 1 August 2020 through to the closing trial balance as of 31 July 2021. We also performed testing, on a sample basis, to verify the accuracy of cash entries posted against trade receivables. This provided audit evidence for us to determine that the data extracted was reliable for the purposes of reperforming the journal entry postings between revenue, trade receivables, contract assets and cash. We performed sales cut off procedures by agreeing deliveries occurring before and after year end to supporting documentation, such as invoices, shipping documents and contracts with customer to establish that sales and corresponding trade receivables are properly recorded in the correct period. We performed review of credit notes, debit notes and invoices issued on a sample basis made subsequent to year end, checking that revenue are recorded appropriately in the correct period.

We also reviewed the adequacy of the Group's disclosures made in Note 2.16 and 4 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 2021

## 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 2021

## **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 subsidiaries 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 2021

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 JULY 2021

	Note	2021 RM'000	2020 RM'000
<b>Revenue</b>			
Revenue	4	387,369	254,245
Cost of sales		(179,413)	(147,135)
<b>Gross profit</b>		207,956	107,110
Other income	5	6,653	2,893
Other operating expenses		(662)	(448)
General and administrative expenses		(23,377)	(22,245)
Finance costs	6	(289)	(340)
<b>Profit before tax</b>	7	190,281	86,970
Income tax	9	(42,151)	(24,883)
<b>Profit for the year, representing total comprehensive income for the year, attributable to owners of the Company</b>		148,130	62,087
<b>Earnings per share</b>			
Basic and diluted	10	30.29	12.77

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

# STATEMENTS OF FINANCIAL POSITION

AS AT 31 JULY 2021

	Note	Group		Company	
		2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
<b>Non-current assets</b>					
Property, plant and equipment	11	56,536	37,138	-	-
Mine properties	13	22,538	26,059	-	-
Exploration and evaluation assets	14	6,768	440	-	-
Investment in subsidiaries	15	-	-	174,480	173,380
Deferred tax asset	9	-	3,464	-	-
Investment securities		39	39	-	-
		<b>85,881</b>	<b>67,140</b>	<b>174,480</b>	<b>173,380</b>
<b>Current assets</b>					
Inventories	16	4,911	8,847	-	-
Trade and other receivables	17	21,435	21,973	12,175	-
Contract assets	4	29,505	4,248	-	-
Prepayments		8,375	1,519	103	93
Cash and bank balances	18	281,145	149,866	21,784	37,072
Income tax recoverable		-	1,548	-	-
		<b>345,371</b>	<b>188,001</b>	<b>34,062</b>	<b>37,165</b>
<b>Total assets</b>		<b>431,252</b>	<b>255,141</b>	<b>208,542</b>	<b>210,545</b>
<b>Current liabilities</b>					
Lease and hire purchase liabilities	19	2,890	3,307	-	-
Trade and other payables	20	42,001	20,399	849	1,559
Income tax payable		15,359	-	-	-
		<b>60,250</b>	<b>23,706</b>	<b>849</b>	<b>1,559</b>
<b>Net current assets</b>		<b>285,121</b>	<b>164,295</b>	<b>33,213</b>	<b>35,606</b>
<b>Non-current liabilities</b>					
Lease and hire purchase liabilities	19	1,213	3,922	-	-
Deferred tax liabilities	9	3,179	-	-	-
		<b>4,392</b>	<b>3,922</b>	<b>-</b>	<b>-</b>
<b>Total liabilities</b>		<b>64,642</b>	<b>27,628</b>	<b>849</b>	<b>1,559</b>
<b>Net assets</b>		<b>366,610</b>	<b>227,513</b>	<b>207,693</b>	<b>208,986</b>
<b>Equity attributable to owners of the Company</b>					
Share capital	21	218,154	218,154	218,154	218,154
Retained earnings/(accumulated losses)		311,103	172,006	(10,461)	(9,168)
Merger reserve	23	(163,380)	(163,380)	-	-
		<b>365,877</b>	<b>226,780</b>	<b>207,693</b>	<b>208,986</b>
Preference shares	22	733	733	-	-
<b>Total equity</b>		<b>366,610</b>	<b>227,513</b>	<b>207,693</b>	<b>208,986</b>

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 2021

	Attributable to owners of the Company					
	Share capital RM'000 (Note 21)	Merger reserve RM'000 (Note 23)	Retained earnings RM'000	Total RM'000	Preference shares RM'000 (Note 22)	Total equity RM'000
<b>Group</b>						
<b>2021</b>						
<b>Opening balance at 1 August 2020</b>	<b>218,154</b>	<b>(163,380)</b>	<b>172,006</b>	<b>226,780</b>	<b>733</b>	<b>227,513</b>
Profit for the year representing total comprehensive income	-	-	148,130	148,130	-	148,130
<u>Transaction with owners</u>						
Dividends on ordinary and preference shares (Note 29)	-	-	(9,033)	(9,033)	-	(9,033)
<b>Closing balance at 31 July 2021</b>	<b>218,154</b>	<b>(163,380)</b>	<b>311,103</b>	<b>365,877</b>	<b>733</b>	<b>366,610</b>
<b>2020</b>						
<b>Opening balance at 1 August 2019</b>	<b>-*</b>	<b>38,725</b>	<b>124,699</b>	<b>163,424</b>	<b>733</b>	<b>164,157</b>
Profit for the year representing total comprehensive income	-	-	62,087	62,087	-	62,087
<u>Transactions 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 29)	-	-	(26,290)	(26,290)	-	(26,290)
Total transactions with owners	218,154	(173,380)	(43,505)	1,269	-	1,269
<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>218,154</b>	<b>(163,380)</b>	<b>172,006</b>	<b>226,780</b>	<b>733</b>	<b>227,513</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 2021

	Share capital RM'000	Accumulated losses RM'000	Total equity RM'000
	(Note 21)		
<b>Company</b>			
<b>2021</b>			
<b>Opening balance at 1 August 2020</b>	<b>218,154</b>	<b>(9,168)</b>	<b>208,986</b>
Profit for the year representing total comprehensive income	–	7,640	7,640
<u>Transaction with owners</u>			
Dividends on ordinary shares (Note 29)	–	<b>(8,933)</b>	<b>(8,933)</b>
<b>Closing balance at 31 July 2021</b>	<b>218,154</b>	<b>(10,461)</b>	<b>207,693</b>
<b>2020</b>			
<b>Opening balance at 19 September 2019 (date of incorporation)</b>	–*	–	–*
Loss for the period representing total comprehensive income	–	<b>(9,168)</b>	<b>(9,168)</b>
<u>Transactions with owners</u>			
Issuance of shares pursuant to the restructuring exercise	<b>173,380</b>	–	<b>173,380</b>
Issuance of new shares pursuant to an initial public offering exercise	<b>43,060</b>	–	<b>43,060</b>
Grant of equity-settled share-based payment in relation to IPO expenses	<b>2,301</b>	–	<b>2,301</b>
Capitalisation of listing expenses	<b>(587)</b>	–	<b>(587)</b>
Total transactions with owners	<b>218,154</b>	–	<b>218,154</b>
<b>Closing balance at 31 July 2020</b>	<b>218,154</b>	<b>(9,168)</b>	<b>208,986</b>

\* Less than RM1,000

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

# CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2021

	2021 RM'000	2020 RM'000
<b>Operating activities</b>		
Profit before tax	190,281	86,970
<u>Adjustments for:</u>		
Interest expenses	289	340
Interest income	(2,541)	(1,674)
Unrealised gain on foreign exchange	(1,478)	(39)
Depreciation of property, plant and equipment	9,231	6,433
Gain on disposal of property, plant and equipment	(960)	(35)
Amortisation of mine properties	3,521	4,459
Fair value loss on investment securities	-	43
Write-back of allowance for doubtful debts	-	(40)
Grant of equity-settled share-based payments in relation to IPO expenses	-	2,301
Total adjustments	8,062	11,788
<b>Operating cash flows before changes in working capital</b>	<b>198,343</b>	<b>98,758</b>
<u>Changes in working capital</u>		
Decrease in inventories	3,936	4,592
(Increase)/decrease in trade and other receivables and contract assets	(23,668)	9,175
(Increase)/decrease in prepayments	(6,856)	48
Increase/(decrease) in trade and other payables	18,141	(1,939)
Total working capital changes	(8,447)	11,876
<b>Cash flows from operations</b>	<b>189,896</b>	<b>110,634</b>
Income taxes paid	(19,079)	(347)
Interest received	2,541	1,674
Interest paid	(289)	(340)
<b>Net cash flows from operating activities</b>	<b>173,069</b>	<b>111,621</b>
<b>Investing activities</b>		
Investment in exploration and evaluation assets	(6,328)	(440)
Purchase of property, plant and equipment	(24,837)	(9,578)
Proceeds from disposal of property, plant and equipment	227	35
Withdrawal of pledged deposits	-	2,046
Placement of fixed deposits	(35,639)	-
<b>Net cash flows used in investing activities</b>	<b>(66,577)</b>	<b>(7,937)</b>

## CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2021

	2021 RM'000	2020 RM'000
<b>Financing activities</b>		
Repayment of term loans	–	(698)
Repayment of lease and hire-purchase liabilities	<b>(3,372)</b>	(2,427)
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	<b>(9,033)</b>	(26,290)
<b>Net cash (used in)/from financing activities</b>	<b>(12,405)</b>	13,058
<b>Net increase in cash and cash equivalents</b>	<b>94,087</b>	116,742
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>1,553</b>	–
<b>Cash and cash equivalents at beginning of financial year</b>	<b>149,866</b>	33,124
<b>Cash and cash equivalents at end of financial year</b>	<b>245,506</b>	149,866

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

	2021 RM'000	2020 RM'000
Cash and bank balances (Note 18)	<b>281,145</b>	149,866
Less:		
Deposits more than three months	<b>(35,639)</b>	–
Cash and cash equivalents at end of financial year	<b>245,506</b>	149,866

*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 2021

## 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 subsidiaries 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.

(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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2021

## 1. GENERAL INFORMATION (CONTINUED)

### 1.2 The Restructuring Exercise (continued)

*Transfer of businesses and entities under common control (continued)*

- (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.

- (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 sub-divided into 43 Shares. Pursuant to the Share Split, the issued and paid-up share capital of the Company is RM 173,380,000, 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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2021

## 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.

### 2.2 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:

<b>Description</b>	<b>Effective for annual periods beginning on or after</b>
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
Amendment to SFRS (I) 16: Covid-19-Related Rent Concessions beyond 30 June 2021	1 April 2021
Amendments to SFRS (I) 1-1 and SFRS(I) Practice Statement 2: Disclosure of Accounting Policies	1 January 2023
Amendments to SFRS (I) 1-8: Definition of Accounting Estimates	1 January 2023
Amendments to SFRS(I) 1-12: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to SFRS(I) 10 and SFRS(I) 1-28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

The directors expect that the adoption of the standards 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 2021

## 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 2021.

The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

### 2.4 Basis of consolidation and business combinations

#### (a) *Basis of consolidation*

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the end of the reporting period. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

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

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2021

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 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 subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates.

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period. 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.

### 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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2021

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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.

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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2021

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 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 subsidiaries is accounted for at cost, less impairment loss, if any.

### 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.

##### 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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2021

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.9 Financial instruments (continued)

#### (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.

### 2.10 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 2021

## 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;

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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2021

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 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.

#### (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.

#### (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.



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2021

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.15 Leases (continued)

#### (b) *Lease liabilities (continued)*

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.

#### (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.

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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2021

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.16 Revenue (continued)

#### (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.

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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2021

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

#### (b) *Production stripping (continued)*

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. 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.

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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2021

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

#### (b) *Production stripping (continued)*

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.

### 2.18 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 2021

## 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.

### 2.20 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 2021

## 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 subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, 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 subsidiaries, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

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

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

#### (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 2021

## 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 preference 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 convertible preference 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
- (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.



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2021

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 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.
- (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).

### 2.24 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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2021

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.24 Segment reporting (continued)

All revenue, operating expenses and assets and liabilities are derived from the operations based in Malaysia. The Group generates revenues from transactions with 2021: 3 (2020: 2) major customers, each making up greater than 10% of the Group's revenue, amounting to a total of RM330,829,000 (2019: RM169,993,000) as detailed below.

	Group	
	2021 RM'000	2020 RM'000
Customer 1	80,041	62,163
Customer 2	192,419	107,830
Customer 3	58,369	–
	<b>330,829</b>	<b>169,993</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.

### 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, income tax payable and deferred tax liabilities as at 31 July 2021 is Nil (2020: RM1,548,000), RM15,359,000 (2020: Nil) and RM3,179,000 (2020: Nil) respectively.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2021

## 3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

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

#### (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.

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).

#### (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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2021

## 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 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.

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.

#### *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 2021

## 3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

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

#### *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.

## 4. REVENUE

	Group	
	2021 RM'000	2020 RM'000
Sale of iron ores	<b>387,369</b>	254,245

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	
	2021 RM'000	2020 RM'000
Receivables from contracts with customers (Note 17)	<b>17,716</b>	21,244
Contract assets	<b>29,505</b>	4,248

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2021

## 4. REVENUE (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 RM Nil (2020: RM1,571,000) 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 27(a).

Significant changes in contract assets are explained as follows:

	Group	
	2021 RM'000	2020 RM'000
Contract assets reclassified to receivables	4,248	15,525

## 5. OTHER INCOME

	Group	
	2021 RM'000	2020 RM'000
Interest income from fixed deposits	2,541	1,674
Gain on disposal of property, plant equipment	960	35
Realised gain on foreign exchange	59	205
Rental income	-	329
Rendering of hiring and transportation services	180	80
Handling charges	495	-
Unrealised gain on foreign exchange	1,478	39
Insurance claim	-	93
Government grant	626	381
Sundry income	314	57
	<b>6,653</b>	<b>2,893</b>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2021

## 6. FINANCE COSTS

	Group	
	2021 RM'000	2020 RM'000
Interest expense on:		
- Term loans	-	7
- Overdrafts	-	8
- Lease liabilities	<b>289</b>	325
	<b>289</b>	340

## 7. PROFIT BEFORE TAX

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

	Group	
	2021 RM'000	2020 RM'000
Employee benefits expense (Note 8)	<b>24,622</b>	15,270
Fair value loss on investment securities	-	43
Depreciation of property, plant and equipment (Note 11)	<b>9,231</b>	6,433
Amortisation of mine properties (Note 13)	<b>3,521</b>	4,459
Tributes	<b>36,000</b>	28,500
Unrealised gain on foreign exchange	<b>(1,478)</b>	(39)
Realised gain on foreign exchange	<b>(59)</b>	(205)
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 17(b))	-	(40)

\* 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.

## 8. EMPLOYEE BENEFITS

	Group	
	2021 RM'000	2020 RM'000
Wages and salaries	<b>23,577</b>	14,457
Social security contributions	<b>120</b>	88
Statutory contributions to Employees Provident Fund	<b>925</b>	725
	<b>24,622</b>	15,270



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2021

## 9. INCOME TAX

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

The major components of income tax expense for the years ended 31 July 2021 and 2020 are:

	Group	
	2021 RM'000	2020 RM'000
Current income tax		
Current income taxation	40,122	401
Over provision in respect of previous years	(4,614)	–
	<b>35,508</b>	401
Deferred income tax		
Origination and reversal of temporary differences	6,742	24,482
Over provision in respect of previous years	(99)	–
	<b>6,643</b>	24,482
Income tax expense recognised in profit or loss	<b>42,151</b>	24,883

### (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 2021 and 2020 are as follows:

	Group	
	2021 RM'000	2020 RM'000
Profit before tax	<b>190,281</b>	86,970
Tax at the domestic rates applicable to profits in the countries where the Group operates	<b>45,826</b>	21,515
Adjustments:		
Non-deductible expenses	1,550	3,368
Income not subject to taxation	(512)	–
Over provision in respect of previous years	(4,713)	–
Income tax recognised in profit or loss	<b>42,151</b>	24,883

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 2021

## 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	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
<b>Deferred tax liabilities:</b>				
Differences in depreciation for tax purposes	(6,114)	(3,520)	2,594	260
<b>Deferred tax assets:</b>				
Losses available for offsetting against future taxable income	2,935	6,984	4,049	24,222
	<b>(3,179)</b>	3,464	<b>6,643</b>	24,482

#### Unutilised tax losses

At the end of the reporting period, the Group has no (2020: RM 29.1 million) unutilised tax losses that are available for offset against future taxable profits of the companies in which the losses arose.

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	
	2021	2020
Profit attributable to owners of the Company (RM'000)	148,130	62,087
Weighted average number of ordinary shares for basic earnings per shares computation ('000)	489,000	486,375
Basic and fully diluted basis EPS (Malaysian cents per share)	30.29	12.77

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2021

## 11. PROPERTY, PLANT AND EQUIPMENT

Group Cost	Construction	Buildings	Office	Motor	Plant and	Other	Furniture	Total
	in progress	RM'000	premises	vehicles	machinery	equipment	and fittings,	RM'000
	RM'000	RM'000	RM'000	and heavy-	RM'000	RM'000	containers,	RM'000
				duty mobile			signboard	
				equipment			and	
				RM'000			renovation	
							RM'000	
At 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)
Write-off	-	-	-	(122)	-	-	-	(122)
Transferred to plant and machinery	(1,837)	-	-	-	1,837	-	-	-
At 31 July 2020 and 1 August 2020	8,664	2,539	596	36,760	99,644	204	2,049	150,456
Additions	7,553	-	-	956	20,051	72	64	28,696
Disposals	-	-	-	(555)	(1,220)	-	-	(1,775)
Write-off	-	-	-	-	-	-	(37)	(37)
Transferred to plant and equipment	(16,065)	15,430	-	-	-	-	635	-
At 31 July 2021	152	17,969	596	37,161	118,475	276	2,711	177,340

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2021

## 11. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Group	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
Accumulated depreciation								
At 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)
Write-off	-	-	-	(122)	-	-	-	(122)
At 31 July 2020 and 1 August 2020	-	2,368	116	34,012	75,065	158	1,599	113,318
Depreciation charge for the year	-	744	188	542	7,618	19	120	9,231
Disposals	-	-	-	(555)	(1,159)	-	-	(1,708)
Write-off	-	-	-	-	-	-	(37)	(37)
At 31 July 2021	-	3,112	304	33,999	81,530	177	1,682	120,804
<b>Net carrying amount</b>								
At 31 July 2021	152	14,857	292	3,162	36,945	99	1,029	56,536
At 31 July 2020	8,664	171	480	2,748	24,579	46	450	37,138

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2021

## 11. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

During the year ended 31 July 2021, the Group acquired assets amounting to RM28,696,000 (31 July 2020: RM17,273,000) and disposed of assets amounting to RM67,000 (31 July 2020: RM Nil). The cash outflow on acquisition of property, plant and equipment amounted to RM24,837,000 (2020: RM9,578,000). Out of total proceeds from disposed assets amounted to RM1,027,000 (2020: RM35,000), the Group had received cash inflows from disposed assets of RM227,000 (2020: RM35,000). Accordingly, gain on disposal amounted to RM960,000 (2020: RM35,000).

### *Assets held under hire purchase*

The Group acquired plant and machinery, motor vehicles and heavy-duty mobile equipment with an aggregate cost of RM291,000 (2020: RM7,099,000) in 2021 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 2021 was RM4,853,000 (2020: 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 year:

	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
Amortisation	(116)	(236)	(497)	(849)
As at 31 July 2020	480	650	1,414	2,544
Amortisation	(188)	(236)	(497)	(921)
As at 31 July 2021	<b>292</b>	<b>414</b>	<b>917</b>	<b>1,623</b>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2021

## 12. LEASES (CONTINUED)

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.

*Lease and hire purchase liabilities*

	<b>Office premises RM'000</b>	<b>Motor vehicles and heavy-duty mobile equipment RM'000</b>	<b>Plant and machinery RM'000</b>	<b>Total RM'000</b>
<b>Group</b>				
As at 1 August 2020	491	944	5,794	7,229
Additions	–	246	–	246
Interest expense	20	42	227	289
Lease payments				
- Principal portion	(196)	(438)	(2,738)	(3,372)
- Interest portion	(20)	(42)	(227)	(289)
As at 31 July 2021	<b>295</b>	<b>752</b>	<b>3,056</b>	<b>4,103</b>
Current				2,890
Non-current				1,213
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	491	944	5,794	7,229
Current				3,307
Non-current				3,922

The maturity analysis of lease and hire purchase liabilities is disclosed in Note 27(b).

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2021

## 12. LEASES (CONTINUED)

Lease and hire purchase liabilities (continued)

The following are the amounts recognised in profit or loss:

	Group	
	2021 RM'000	2020 RM'000
Amortisation of right-of-use assets	921	849
Interest expenses on lease and hire purchase liabilities included in finance costs	289	325
Variable lease payments included in cost of sales	21,435	20,989
Expenses relating to short-term leases included in general and administrative expenses	37	18
Total amount recognised in profit or loss	<b>22,682</b>	22,181
Total cash outflows for leases and hire purchases	<b>20,993</b>	21,739

### *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 2021, variable payments expensed under this agreement, inclusive of non-lease elements amount to RM21,435,000 (2020: RM20,989,000) 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 2021

## 13. MINE PROPERTIES

	<b>Producing mine RM'000</b>	<b>Stripping activity asset RM'000</b>	<b>Total RM'000</b>
<b>Group</b>			
<b>Cost</b>			
At 1 August 2019, 31 July 2020, 1 August 2020 and 31 July 2021	18,259	46,404	64,663
<b>Accumulated amortisation</b>			
At 1 August 2019	10,078	24,067	34,145
Charge for the year	1,195	3,264	4,459
At 31 July 2020	11,273	27,331	38,604
Charge for the year	944	2,577	3,521
At 31 July 2021	12,217	29,908	42,125
<b>Net carrying amount</b>			
At 31 July 2021	6,042	16,496	22,538
At 31 July 2020	6,986	19,073	26,059

In FY2020, 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 amounted to RM1,535,000 decrease in amortisation charge for the financial year ended 31 July 2020. There is no change in the estimate in FY2021.

## 14. EXPLORATION AND EVALUATION ASSETS

	<b>Group</b>	
	<b>2021 RM'000</b>	<b>2020 RM'000</b>
<b>Cost</b>		
At 1 August	440	-
Additions	6,328	440
At 31 July	6,768	440
<b>Carrying amount</b>		
At 31 July	6,768	440

The carrying amount of the exploration and evaluation assets as at 31 July 2021 and 31 July 2020 relates to the exploration cost incurred on prospect sites located at the state of Johor, Malaysia. There are no exploration and evaluation expenditure expensed off in the consolidated statement of comprehensive income during the year.



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2021

## 15. INVESTMENT IN SUBSIDIARIES

	Company	
	2021 RM'000	2020 RM'000
Unquoted equity shares, at cost	174,480	173,380

### Composition of the Company

The Company has the following subsidiaries as at financial year ended 31 July 2021 and 2020:

Name	Country of incorporation and place of business	Principal activities	Proportion (%) of shareholdings held	
			2021 %	2020 %
Honest Sam Development Sdn. Bhd.*	Malaysia	Mining, processing and sales of iron ore, gold and other precious metals, base metals and minerals	60 <sup>^</sup>	60 <sup>^</sup>
SAM Mineral Trade Sdn. Bhd.*	Malaysia	Mining and quarrying of various minerals and materials	100	–
South Atlantic Minerals Sdn. Bhd.*	Malaysia	Mining and quarrying of various minerals and materials	100	–
Sumber Alam Minerals (Sabah) Sdn Bhd*	Malaysia	Mining and quarrying of various minerals and materials	100	–

\* Audited by Ernst & Young, Malaysia

<sup>^</sup> 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 22. 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 Development Sdn Bhd and therefore no amount was attributed to non-controlling interest. Dividends to CPS are recognised when declared.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2021

## 16. INVENTORIES

	Group	
	2021 RM'000	2020 RM'000
<b>Consolidated statement of financial position:</b>		
Iron ores	4,911	8,818
Consumables and spares	-	29
	<b>4,911</b>	<b>8,847</b>
<b>Consolidated statement of comprehensive income:</b>		
Cost of inventories sold	<b>110,511</b>	<b>91,531</b>

## 17. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
<b>Trade and other receivables</b>				
Third parties	17,716	18,423	-	-
Amounts due from related party	-	2,821	-	-
	<b>17,716</b>	<b>21,244</b>	<b>-</b>	<b>-</b>
<b>Other receivables</b>				
Third parties	2,023	351	-	-
Amounts due from subsidiaries	-	-	12,150	-
Interest receivable from placement of short- term deposits with licensed banks	418	192	25	-
Deposits	1,305	213	-	-
	<b>3,746</b>	<b>756</b>	<b>12,175</b>	<b>-</b>
Less: Allowance for impairment				
- Third parties	(27)	(27)	-	-
Other receivables, net	<b>3,719</b>	<b>729</b>	<b>12,175</b>	<b>-</b>
<b>Total trade and other receivables</b>	<b>21,435</b>	<b>21,973</b>	<b>12,175</b>	<b>-</b>
Add: Cash and bank balances (Note 18)	<b>281,145</b>	<b>149,866</b>	<b>21,784</b>	<b>37,072</b>
Total financial assets carried at amortised cost	<b>302,580</b>	<b>171,839</b>	<b>33,959</b>	<b>37,072</b>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2021

## 17. 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:

	<b>Group</b>	
	<b>2021</b>	<b>2020</b>
	<b>RM'000</b>	<b>RM'000</b>
Neither past due nor impaired	<b>11,379</b>	18,313
1 to 30 days past due and not impaired	<b>6,310</b>	2,931
61 to 90 days past due and not impaired	<b>27</b>	–
Trade receivables	<b>17,716</b>	21,244

#### 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 RM6,337,000 (2020: RM2,931,000) 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.

#### Expected credit losses

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

	<b>Group</b>	
	<b>2021</b>	<b>2020</b>
	<b>RM'000</b>	<b>RM'000</b>
<i>Movement in allowance accounts:</i>		
At 1 August	–	76
Written off	–	(76)
At 31 July	–	–

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2021

## 17. TRADE AND OTHER RECEIVABLES (CONTINUED)

### (b) Other receivables

The amounts due from subsidiaries mainly relates to advances to a subsidiary for general working capital purposes, capital and exploration and evaluation expenditures. These amounts are unsecured, interest-free and repayable on demand.

#### Expected credit losses

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

	Group	
	2021 RM'000	2020 RM'000
<i>Movement in allowance accounts:</i>		
At 1 August	27	75
Write-back	-	(40)
Written off	-	(8)
At 31 July	<b>27</b>	<b>27</b>

## 18. CASH AND BANK BALANCES

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Cash in hand and at banks	106,071	67,073	1,453	37,072
Short term deposits	175,074	82,793	20,331	-
	<b>281,145</b>	149,866	<b>21,784</b>	37,072

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 to twelve 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 2021 for the Group was 1.19% (2020: 2.28%) per annum.

Cash and short-term deposits denominated in foreign currencies as at 31 July are as follows:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
United States Dollar ("USD")	50,953	891	-	-
Singapore Dollar ("SGD")	36,889	41,741	21,452	37,127

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2021

## 19. LEASE AND HIRE PURCHASE LIABILITIES

	Maturity	Group	
		2021 RM'000	2020 RM'000
Secured lease liabilities (Note 12)			
Current	2022	2,890	3,307
Non-current	2025	1,213	3,922
<b>Total lease and hire purchase liabilities</b>		<b>4,103</b>	<b>7,229</b>

The remaining maturities of the loans and borrowings as at 31 July 2021 and 2020 are as follows:

	Group	
	2021 RM'000	2020 RM'000
On demand or within one year	2,890	3,307
More than 1 year and less than 2 years	1,077	2,809
More than 2 years and less than 5 years	136	1,113
	<b>4,103</b>	<b>7,229</b>

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

	2020	Cash flows	Non-cash changes		2021
	RM'000	RM'000	Acquisition RM'000	Other* RM'000	RM'000
Lease and hire purchase liabilities					
– current	3,307	(3,372)	–	1,278	1,213
– non-current	3,922	–	246	(1,278)	2,890
	<b>7,229</b>	<b>(3,372)</b>	<b>246</b>	<b>–</b>	<b>4,103</b>
	2019	Cash flows	Non-cash changes		2020
	RM'000	RM'000	Acquisition RM'000	Other* RM'000	RM'000
Borrowings					
– current	298	(698)	–	400	–
– non-current	400	–	–	(400)	–
	<b>698</b>	<b>(698)</b>	<b>–</b>	<b>–</b>	<b>–</b>
Lease and hire purchase liabilities					
– current	905	(2,427)	–	4,829	3,307
– non-current	1,159	–	7,592	(4,829)	3,922
	<b>2,064</b>	<b>(2,427)</b>	<b>7,592</b>	<b>–</b>	<b>7,229</b>
Total	<b>2,762</b>	<b>(3,125)</b>	<b>7,592</b>	<b>–</b>	<b>7,229</b>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2021

## 19. LEASE AND HIRE PURCHASE LIABILITIES (CONTINUED)

\* 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.

These lease liabilities are secured by a charge over the leased assets. The average discount rate implicit in the leases is 2.68% (2020: 2.67%) per annum.

## 20. TRADE AND OTHER PAYABLES

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
<b>Trade payables</b>				
Third parties	17,256	5,373	-	-
Amounts due to related parties	3,811	3,950	-	-
	<b>21,067</b>	<b>9,323</b>	<b>-</b>	<b>-</b>
<b>Other payables</b>				
Accruals	5,117	2,689	578	498
Amounts due to subsidiary	-	-	-	537
Third parties	493	342	93	31
Amounts due to directors	12,324	6,045	178	493
Tribute payables	3,000	2,000	-	-
	<b>20,934</b>	<b>11,076</b>	<b>849</b>	<b>1,559</b>
<b>Total trade and other payables</b>	<b>42,001</b>	<b>20,399</b>	<b>849</b>	<b>1,559</b>
Add: Lease and hire purchase liabilities (Note 19)	4,103	7,229	-	-
Total financial liabilities carried at amortised cost	<b>46,104</b>	<b>27,628</b>	<b>849</b>	<b>1,559</b>

### (a) Trade payables

These amounts are unsecured and non-interest bearing. Trade payables are normally settled on 60 days (2020: 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 2021 and 2020.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2021

## 20. TRADE AND OTHER PAYABLES (CONTINUED)

### (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. There are no outstanding balances between the Group and Aras Kuasa as at 31 July 2021.

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

Description	31 July 2020		
	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)	-	-

## 21. SHARE CAPITAL

### Group and Company

	2021		2020	
	No. of shares	RM'000	No. of shares	RM'000
<b>Issued and fully paid shares</b>				
As at 1 August	489,000,000	218,154	1	—*
Issue of Shares pursuant to the Restructuring Exercise (Note 1.2(f))	-	-	9,999,999	173,380
Share Split (Note 1.2(g))	-	-	430,000,000	-
Grant of equity-settled share-based payment in relation to IPO expenses	-	-	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>
At 31 July	<b>489,000,000</b>	<b>218,514</b>	<b>489,000,000</b>	<b>218,154</b>

\* Less than RM1,000

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2021

## 22. PREFERENCE SHARES

	Group			
	2021		2020	
	No. of shares	RM'000	No. of shares	RM'000
<u>Issued convertible preference shares ("CPS")</u>				
At 1 August and 31 July	<b>733,335</b>	<b>733</b>	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 Development Sdn Bhd ("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;
- (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.



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2021

## 23. 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.

## 24. 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	
	2021 RM'000	2020 RM'000
<u>Transactions with Aras Kuasa</u>		
Sale of iron ore	133	13,999
Hiring and transportation services rendered	-	30
Hiring and transportation services procured	-	(112)
Procurement of services	(168)	(114)
<u>Transactions with related parties</u>		
Hiring and transportation services rendered	-	50
Rental income	-	329
Hiring and transportation services procured	(21,910)	(19,757)
Purchase of lubricants, spare parts and equipment	(1,512)	(858)
Disposal of aged equipment	40	-

### (b) Compensation of key management personnel

	Group	
	2021 RM'000	2020 RM'000
Short-term employee benefits	15,567	8,522
Key management compensation comprises the following:		
Remuneration to Director of the Company	14,055	7,504
Directors' fees	638	475
Other key management personnel	615	290
Defined contributions	259	253
	15,567	8,522

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2021

## 25. COMMITMENTS

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	
	2021 RM'000	2020 RM'000
Capital commitments in respect of property, plant and equipment	-	2,948

## 26. 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>2021</b>		
<i>Financial liabilities:</i>		
Lease and hire purchase liabilities	4,102	4,103
<b>2020</b>		
<i>Financial liabilities:</i>		
Lease and hire purchase liabilities	7,257	7,229

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 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 2021

## 27. 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.

Trade receivables are mainly due from customers based in Malaysia. At the end of the reporting period, approximately 97% (2020: 94%) of the Group's trade receivables were due from 2 (2020: 4) 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 17 respectively. The Group does not hold collateral as security for its contract assets and financial assets.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2021

## 27. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (CONTINUED)

### (a) Credit risk (continued)

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.

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 2021 and 2020, no material loss allowances have been recorded for both contract assets and trade receivables.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2021

## 27. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (CONTINUED)

### (a) Credit risk (continued)

*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 17. 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 17.

### (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.

	<b>On demand or within one year RM'000</b>	<b>One to five years RM'000</b>	<b>More than five years RM'000</b>	<b>Total RM'000</b>
<b>Group</b>				
<b>2021</b>				
<b>Financial liabilities:</b>				
Trade and other payables	42,001	–	–	42,001
Lease and hire purchase liabilities	3,020	1,235	–	4,255
	<b>45,021</b>	<b>1,235</b>	<b>–</b>	<b>46,256</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
	<b>23,995</b>	<b>4,070</b>	<b>–</b>	<b>28,065</b>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2021

## 27. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (CONTINUED)

### (b) Liquidity risk (continued)

	On demand or within one year RM'000	One to five years RM'000	More than five years RM'000	Total RM'000
<b>Company</b>				
<b>2021</b>				
<b>Financial liabilities:</b>				
Trade and other payables	849	-	-	849
<b>2020</b>				
<b>Financial liabilities:</b>				
Trade and other payables	1,559	-	-	1,559

### (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 10% (2020: 4%) of the Group's costs are denominated in foreign currency and approximately 17% (2020: 17%) 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 and SGD exchange rates against the functional currency of the Group, with all other variables held constant.

#### *Sensitivity analysis for foreign currency risk*

	2021 RM'000	2020 RM'000
USD/RM		
– Strengthened 5% (2020: 5%)	1,937	184
– Weakened 5% (2020: 5%)	(1,937)	(184)
SGD/RM		
– Strengthened 5% (2020: 5%)	1,448	2,083
– Weakened 5% (2020: 5%)	(1,448)	(2,083)

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2021

## 28. 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 2021 and 2020.

	Group	
	2021 RM'000	2020 RM'000
Lease and hire purchase liabilities	4,103	7,229
Trade and other payables	42,001	20,399
Less: Cash and bank balances	<b>(281,145)</b>	(149,866)
Net cash	<b>(235,041)</b>	(122,238)
Equity attributable to the owners of the Group, representing total capital	<b>365,877</b>	226,780
Gearing ratio	<b>N.M.</b>	N.M.

N.M. – Not meaningful.

## 29. DIVIDENDS

	Group	
	2021 RM'000	2020 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 2020: 1.8 cents per share (2019: 15.8 cents per share)	<b>8,933</b>	17,290
<i>Dividends on convertible preference shares</i>		
– Final exempt (one-tier) dividend for 2020: 13.6 cents per share (2019: 13.6 cents per share)	<b>100</b>	100
	<b>9,033</b>	26,290
	<b>9,033</b>	43,505

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2021

## 29. DIVIDENDS (CONTINUED)

### **Proposed but not recognised as a liability as at 31 July:**

*Dividends on ordinary shares, subject to shareholders' approval at the AGM:*

– Final exempt (one-tier) dividend for 4.9 (2020: 1.8) cents per share

Company	
2021 RM'000	2020 RM'000
<b>24,180</b>	9,095

### **Declared and paid during the financial year:**

*Dividends on ordinary shares:*

– Final exempt (one-tier) dividend for 2020: 1.8 cents per share

Company	
2021 RM'000	2020 RM'000
<b>8,933</b>	–

## 30. EVENTS AFTER THE REPORTING PERIOD

### **Joint venture agreement**

On 16 July 2021, the Company announced that it had entered into a joint venture agreement (“Joint Venture Agreement”) with Duli Yang Maha Mulia Sultan Ibrahim Ibni Almarhum Sultan Iskandar (“DYMM” or “JV Partner”) to establish a joint venture company (“JV Company”). The Group decided to re-designate its wholly-owned dormant subsidiary, SAM Mineral Trade Sdn Bhd which has a share capital of RM1.00 comprising one (1) ordinary share, as the JV Company. In connection with the joint venture, the Company had entered into a mining operator agreement with the JV Partner on 16 July 2021 (“Mining Operator Agreement”), pursuant to which the JV Company shall carry out exploration work for gold and any other mineral or deposits and/or mining activities, amongst others, at the Tenggara mine, Johor (“Tenggara Mine Targeted Area”) (the Joint Venture Agreement and the Mining Operator Agreement, collectively, the “Proposed Joint Venture and Gold Mining Operation”).

The above arrangements were approved by the Company’s shareholders during its extraordinary general meeting which was held on 20 August 2021. The JV Company’s share capital was subsequently increased to RM100,000.00 comprising one hundred thousand (100,000) ordinary shares at RM1.00 each on 8 September 2021 through allotment of 84,999 new shares to the Company and 15,000 new shares to the JV Partner, in proportion to their shareholdings according to the terms and conditions of the Joint Venture Agreement. Consequently, the Company’s interest in the JV Company reduced to 85%. The restructuring exercise of the JV Company is not expected to have material impact to the Group’s net assets and earning per share for FY2022. The JV Company was subsequently renamed to Selatan Anjung Minerals Sdn Bhd on 23 September 2021.



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2021

## 30. EVENTS AFTER THE REPORTING PERIOD (CONTINUED)

### Update on COVID-19 Situation

On 16 September 2021, an employee of a subsidiary from the Chaah mine located in Johor, Malaysia was tested positive for COVID-19. The management of the Group activated its internal emergency response plan by shutting down and suspending all operations at the Chaah mine on the same day. As a precautionary measure, the Group's management also immediately mandated swab tests for the rest of the mine workers using self-test kits. The test results indicated that other mine workers may also have contracted COVID-19. This was immediately reported to the Ministry of Health of Malaysia (Kementerian Kesihatan Malaysia ("KKM")). Mine workers who self-tested positive for COVID-19 were then duly isolated within specially designated facility areas as identified by KKM.

Further confirmatory tests were also carried out by KKM at the mine, and it was confirmed on 19 September 2021 that a total number of 57 of the mine workers are COVID-19 positive. In light of the above, the Group performed full disinfection and sanitisation of the Chaah mine. As ordered by KKM, all COVID-19 positive mine workers were transferred to quarantine centres.

For the avoidance of doubt, the Chaah mine is a confined area that is segregated and no other persons, save for the mine workers, have access to the Chaah mine. The temporary closure of the Chaah mine from 16 September 2021 to 21 September 2021 as well as the operation below full capacity till end of September 2021 as the Group awaits for the recovery of the affected staff are not expected to have any material impact on the Group's financials for the financial year ending 31 July 2022. Meanwhile, the Group remains committed to adhering to the relevant COVID-19 guidelines prescribed by the KKM on a stringent basis, as well as to monitor the situation. The Board will also make the appropriate announcement(s) as and when there are material developments on this matter.

## 31. AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

The financial statements for the year ended 31 July 2021 were authorised for issue in accordance with a resolution of the directors on 28 October 2021.

## STATISTICS OF SHAREHOLDINGS

AS AT 8 OCTOBER 2021

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 8 OCTOBER 2021

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 – 99	1	0.39	99	0.00
100 – 1,000	17	6.59	10,900	0.00
1,001 – 10,000	150	58.14	833,501	0.17
10,001 – 1,000,000	80	31.01	6,509,700	1.33
1,000,001 AND ABOVE	10	3.87	481,645,800	98.50
	<b>258</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	48,698,400	9.96
3	LEE TEK MOOK @ LEE TEH MOH	30,100,000	6.16
4	TEH TECK TEE	30,100,000	6.16
5	ABN AMRO CLEARING BANK N.V.	6,860,700	1.40
6	LIM WEI HUNG	6,020,000	1.23
7	PHILLIP SECURITIES PTE LTD	5,267,300	1.08
8	OCBC SECURITIES PRIVATE LTD	5,087,900	1.04
9	LB VENTURE CAPITAL PTE LTD	2,951,500	0.60
10	CGS-CIMB SECURITIES (SINGAPORE) PTE LTD	2,780,000	0.57
11	LAI KAM FONG	853,700	0.17
12	DBS NOMINEES PTE LTD	804,300	0.16
13	CITIBANK NOMINEES SINGAPORE PTE LTD	602,100	0.12
14	CHANG YEW KWONG	400,000	0.08
15	IFAST FINANCIAL PTE LTD	302,600	0.06
16	MAYBANK KIM ENG SECURITIES PTE. LTD	292,100	0.06
17	TAN JIAO JIE CHERIE	267,700	0.05
18	LIM CHIA NIE	217,400	0.04
19	STEVE ANG CHA WEI	140,900	0.03
20	THAM KWAI FONG	140,000	0.03
	<b>TOTAL</b>	<b>485,666,600</b>	<b>99.30</b>

# STATISTICS OF SHAREHOLDINGS

AS AT 8 OCTOBER 2021

## SUBSTANTIAL SHAREHOLDER

As recorded in the Registered of Substantial Shareholders

Name of Shareholder	Direct Interest		Deemed Interest	
	No of Share	%	No of Share	%
Pek Kok Sam	343,845,000	70.32	25,000	0.01 <sup>(1)</sup>
Lee Tek Mook @ Lee Teh Moh	33,770,000	6.91	–	–
Teh Teck Tee	30,100,000	6.16	–	–

### Notes:

(1) Dato' Sri Pek Kok Sam is deemed interested in the shares of the Company held through Remparan Sdn. Bhd..

Dato' Sri Pek Kok Sam holds indirectly 99.99% of the issued share capital of Remparan Sdn. Bhd..

## PERCENTAGE OF SHAREHOLDING IN PUBLIC'S HANDS

Based on the information available to the Company as at 8 October 2021, approximately 15.39% 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, 26 November 2021 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 2021 together with the Auditors’ Report thereon. **(Resolution 1)**
2. To declare a final tax exempt (1-tier) dividend of S\$0.016 per ordinary share for the financial year ended 31 July 2021. **(Resolution 2)**
3. To re-elect Dato’ Sri Pek Kok Sam, as a Director of the Company, who is retiring by rotation pursuant to Regulation 96 of the Company’s Constitution.  
(See *Explanatory Note 1*) **(Resolution 3)**
4. To re-elect Dato’ Teh Teck Tee, as a Director of the Company, who is retiring by rotation pursuant to Regulation 96 of the Company’s Constitution.  
(See *Explanatory Note 2*) **(Resolution 4)**
5. To approve the payment of Directors’ fees of S\$228,800 for the financial year ending 31 July 2022. **(Resolution 5)**
6. To re-appoint Messrs Ernst & Young LLP as Auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 6)**
7. To transact any other ordinary business which may properly be transacted at an annual general meeting.

## SPECIAL BUSINESS

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

### 8. 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

## NOTICE OF ANNUAL GENERAL MEETING

- (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.
  - (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 3)*

**(Resolution 7)**

# NOTICE OF ANNUAL GENERAL MEETING

## 9. 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 4)*

**(Resolution 8)**

By Order of the Board

Lee Wei Hsiung/Wang Shin Lin, Adeline  
Company Secretaries

4 November 2021  
Singapore

### Explanatory Notes:

1. 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 2021 Annual General Meeting” of the Company’s Annual Report 2021.
2. 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 2021 Annual General Meeting” of the Company’s Annual Report 2021.
3. Ordinary Resolution 7 proposed in item 8 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.
4. Ordinary Resolution 8 proposed in item 9 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 of 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.

# 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.southernallianceminig.com](http://www.southernallianceminig.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 4 November 2021. This announcement may be accessed on SGXNET at <https://www.sgx.com/securities/company-announcements> and the Company's website at [www.southernallianceminig.com](http://www.southernallianceminig.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.southernallianceminig.com](http://www.southernallianceminig.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.

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 16 November 2021.

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 23 November 2021 (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.

7. 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.
8. 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).
9. 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.

## NOTICE OF ANNUAL GENERAL MEETING

10. All questions must be submitted no later than 10 a.m. on 18 November 2021 via any of the following means:
- (a) at the registration website at <https://conveneagm.com/sg/southernallianceminig>; or
  - (b) by email to [general@SAMiningLtd.com](mailto:general@SAMiningLtd.com); or
  - (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.
11. 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.
12. 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.southernallianceminig.com](http://www.southernallianceminig.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.



## 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.southernalliancemin.com](http://www.southernalliancemin.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 4 November 2021 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 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 16 November 2021). 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 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 26 November 2021 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 2021 together with the Auditors' Report thereon.			
2.	Declaration of a final tax exempt (1-tier) dividend of S\$0.016 per ordinary share for the financial year ended 31 July 2021.			
3.	Re-election of Dato' Sri Pek Kok Sam as a Director of the Company.			
4.	Re-election of Dato' Teh Teck Tee as a Director of the Company.			
5.	Approval for payment of Directors' fees of S\$228,800 for the financial year ending 31 July 2022.			
6.	Re-appointment of Messrs Ernst & Young LLP as Auditors and to authorise the Directors to fix their remuneration.			
7.	Authority to allot and issue shares.			
8.	Authority to allot and issue shares under the Southern Alliance Mining Performance Share Plan.			

\* 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 \_\_\_\_\_ 2021

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.southernallianceminig.com](http://www.southernallianceminig.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. 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 16 November 2021) 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 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 23 November 2021 (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 4 November 2021.

*This page has been intentionally left blank*

*This page has been intentionally left blank*





## Southern Alliance Mining Ltd.

(Company Registration No.: 201931423D)  
(Incorporated in the Republic of Singapore on 19 September 2019)

Registered office:  
80 Robinson Road  
#02-00 Singapore 068898  
Tel: +65-6236-3333  
Fax: +65-6236-4399  
Email: [info@sg.tricorglobal.com](mailto:info@sg.tricorglobal.com)

Principal place of business:  
Level 8 Menara Zenith  
Jalan Putra Square 6  
Putra Square  
25200 Kuantan  
Pahang Malaysia  
[www.southernallianceminig.com](http://www.southernallianceminig.com)

