



# SOUTHERN ALLIANCE MINING LTD.

(Company Registration No.: 201931423D)

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

## RESPONSIBLE & SUSTAINABLE

GROWING IN TANDEM  
WITH THE ENVIRONMENT

ANNUAL  
REPORT  
**2022**





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# 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, I am pleased to present to you Southern Alliance Mining Limited's ("**Southern Alliance Mining**", or "**SAM**", and together with its subsidiaries, the "**Group**") annual report for the financial year ended 31 July 2022 ("**FY2022**").

2021 began with a streak of challenging times that trickled into the first half of 2022, with fears of an imminent recession becoming graver than ever. The existing supply chain shortages triggered by COVID-19 lockdowns were aggravated by global geopolitical tensions. However, the world seemed to be getting a better hold of the pandemic as most nations lifted movement restrictions owing to the weaker virus variants and higher adaptability. Following this endemic approach, the Malaysian government decided to open the country's borders to vaccinated international travellers after almost two years<sup>1</sup> and set the nation on a growth path once again. While the current macroeconomic landscape poses uncertainties in the short to medium term, the Group is committed to building a multi-year growth story by ramping up and strengthening its operations through strategic investments in expansion and diversification.

## A LEAP TOWARDS STRATEGIC TRANSFORMATION

The commodities industry is highly susceptible to macroeconomic changes which exposes the Group's earnings capability to the price movement of a single commodity. Therefore, the Group strives to push for growth both organically and inorganically while strengthening our core capabilities in innovative ways.

In order to reduce our reliance on iron ore, the Group embarked on a diversification path as we entered into a joint venture to explore opportunities in the gold mining sector in 2021. Subsequently, the Group received the approval for carrying out exploration work for gold mining in January 2022. Since then, an extensive exploration program is ongoing in full force at the Tenggorah mine to carry out exploration and drilling activities at the key mineable areas that is aligned with the gold mineralisation. Moreover in September 2022, we also acquired one of our associate companies which was granted exploration approval for base metals in Sabah. While this diversification plan safeguards us from the consequences of over-reliance on one commodity going forward, we continue to deploy our resources towards maximising exploration activities to expand and optimise our core iron ore business.

In line with the Group's expansion strategy, we have been persistent in our efforts in exploring the Chaah mine to the best of our abilities and this has proven fruitful. In 1H FY2022, the extensive drilling revealed a +150 metre strike southern extension to the main ore zone. Subsequently, further drilling programs and laboratory analysis suggested a potential extension alongside the south-west extension block of the existing iron ore body. We are extremely happy to announce that as per the latest Independent Qualified Person Report dated 28 September 2022, the Group's iron ore resources have more than doubled as at 31 July 2022, compared to 31 July 2021. This inevitably will increase the life of mine of our Chaah Mine. We are also pleased to inform our shareholders that the Group is currently carrying out the Chaah Mine pit optimisation with the intention of producing a new mining plan and schedule in light of this development.

As part of the pit optimisation exercise, the Group will evaluate the best mining techniques to mine the steeper northern extension zone. We expect the positive material impact from this to arise only in the medium to long term. Moreover, directly west of the existing deposit, we have found a magnetite bearing unit which hosts late-stage quartz-sulphide veining. The Group is set on a growth trajectory,

<sup>1</sup> *The Straits Times: Malaysia to reopen border to international visitors from April 1*

ready to capitalise on new opportunities as economies rebound. This is only possible on the back of excellent leadership and the Group has made strategic decisions to ensure efficient personnel management. From 1 November 2022, Dato' Sri Pek Kok Sam ("Mr. Pek"), our ex-CEO, has been re-designated as the Managing Director and Mr Lim Wei Hung ("Mr. Lim"), our ex-CFO, has been appointed as the Executive Director and Chief Operating Officer of the Company. This will place Mr. Lim, working together with Mr. Pek, in the best position to channel their extensive mine development experience into spearheading the Group's transformation.

As our business expands and diversifies, we continue to 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 eight-fold year-on-year ("y-o-y") increase in the sale of crushed iron ore for the pipe coating industry in FY2022.

Since we first started on the Chaah mines in 2008 to now, the total iron production has increased to 6.9 million tonnes as of July 2022. Although the conversion rate of Indicated Mineral Resources to Iron Ore Reserves at the Chaah Mine was relatively lower for FY2022, compared to the high base of FY2021, however, we expect the conversion rate will improve once new pit optimisation is completed and an updated Mineral Reserve is reported. The details of our Chaah mine Mineral Resources are as per the tables below:

#### Total Iron Ore Mineral Resources as at 31 July 2022

Category	Million Tonne (Mt)	Grade (%)				Change in tonne (%)	Comments
		Fe	SiO <sub>2</sub>	Al <sub>2</sub> O <sub>3</sub>	P <sub>2</sub> O <sub>5</sub>		
<b>Gross attributable to license and net attributable to issuer</b>							
Measured (in situ)	-	-	-	-	-	-	Changes in tonnage are shown comparing the Mineral Resources from 31 July 2021 to 31 July 2022. The increase is due to the discovery of new Mineral Resources
Indicated (in situ)	9.3	50.3	18.3	2.7	1.6	107%	
Inferred (in situ)	6.4	48.0	22.5	2.4	0.9	256%	
Subtotal (in situ)	15.7	49.4	20.0	2.6	1.3	149%	
Measured (stockpiles)	-	-	-	-	-	-	
Indicated (stockpiles)	0.17	56.2	-	-	-	10%	
Inferred (stockpiles)	-	-	-	-	-	-	
Subtotal (stockpiles)	0.17	56.2	-	-	-	10%	
<b>Total</b>	<b>15.9</b>	<b>49.5</b>	-	-	-	<b>148%</b>	

#### Notes:

1. In situ resources reported at a cut off criterion of 30% Fe.
2. Mineral Resources is inclusive of Ore Reserve.
3. Total may not add due to rounding effects.
4. Changes are shown comparing Mineral Resources from July 2021 to July 2022.

As mentioned before, we are mindful that our business is strongly pegged to the price of iron ore as well as to a single mine, i.e., Chaah Mine. Therefore, we are actively moving towards a more diversified business model in order to provide greater sustainability to our earnings. Thus, the Group acquired two associate companies, alongside the gold mine JV, to expand into the mining of other base metals along with iron ore. As the company steadily expands operations, resource allocation and efficiency become even more important. In line with this, in 1Q FY2022, the Group commenced the construction of the foundation and other ancillaries for the purpose of installing a new line of 550-600 TPH crushing plant. The new crushing plant is in the commissioning stage and will centralise all crushing, grinding, and processing activities by directly linking the crushing plant with the ball mill. This will free up capital and limit the inefficiencies in the current business operations, thereby, helping us achieve higher economies of scale and efficiency. In addition, the new plant will be powered by power supply from the national grid and therefore is expected to be more efficient and cost effective. These objectives have been in the forefront of our infrastructure development at the Chaah mine and the Group will continue to further develop and improve our operational efficiency.

# CHAIRMAN'S MESSAGE



## FINANCIAL PERFORMANCE

The decrease in our revenue from RM387.4 million in FY2021 to RM178.7 million in FY2022 was attributed to the overburden removal activities in the Chaah Mine which is in line with the mine schedule. As a result, gross profit decreased to RM28.0 million in FY2022 from RM208.0 million in FY2021, while gross profit margin decreased to 15.7% in FY2022. The Group is supported by a strong balance sheet as net assets stood at RM358.2 million in FY2022.

We are investing into the future and the Group's financials for FY2022 reflect the effort we have put into becoming operationally efficient and shielding our earnings from extreme volatility in the future. Despite the current economic uncertainty, demand for iron ore from China is expected to rise given the government's massive infrastructure funding. Iron ore prices are expected to normalise going forward with an increase in supply from Australia and Brazil. Additionally, our core business will be further complemented by a very strong market outlook for gold which has historically outperformed other commodities in the most challenging times<sup>2</sup>.

## PROPOSED DIVIDEND

In recognition of the unwavering confidence that our shareholders have shown in our management, the Board of Directors have recommended a tax exempt one-tier final dividend of 0.22 Singapore cents per ordinary share, representing a total dividend pay-out of approximately S\$1.1 million or RM3.5 million and a pay-out ratio of approximately 21.25% of the Group's net profit after tax. The final dividend is subject to shareholders' approval at the forthcoming annual general meeting of the Company.

<sup>2</sup> Gold Hub: Gold mid-year outlook 2022

## IN CONCLUSION

The Group strives to build a strong financial and operational foundation that is capable of sustaining difficult times like these. At the same time, SAM strongly believes in conducting business responsibly, keeping all our stakeholders in mind. I am grateful for and sincerely appreciate all our shareholders, customers, business associates and suppliers for their long-standing support. Although we are in the business of mining scarce resources, sustainability lies at the core of our operations. To ensure this, we have appointed a Sustainability Committee that will help the Group meet its sustainability targets and help us do our part in preserving the environment and community for generations to come.

While the world is dealing with an economic downturn, nations, on the brighter side, seem to be getting a better hold of the Covid-19 pandemic. We will continue to monitor the market fundamentals and ensure we capitalise on every possible opportunity now and in the future. Amongst this economic uncertainty and tension, what has remained constant is our investors' loyalty and belief in the Group. I would like to take this opportunity to express my gratitude to all these investors who have stood by us throughout and we shall continue to deliver value to the best of our ability. Lastly, I would also like to thank our staff and management who have shown great agility and adapted to the new normal through sheer determination and hard work. It is through their support and forward-thinking mindset, that SAM is able to manoeuvre itself into a strategically sound path, ready to take on everything that comes our way as we embrace the future.

**Dato' Teh Teck Tee**  
**Non-Executive Non-Independent Chairman**





# MANAGING DIRECTOR'S MESSAGE



**Dato' Sri Pek Kok Sam**  
Managing Director

## DEAR VALUED SHAREHOLDERS,

FY2022 has been defined by a series of highs and lows, driven by a post-pandemic recovery stimulus but curbed by supply chain disruptions and inflationary pressures. While COVID-19 disrupted supply chains, it also reshaped the process to make it more efficient. While economic uncertainty rose, businesses across the world were forced to pivot and become adaptable in innovative ways to achieve higher operational efficiency. As a Group, we have continued to adapt to challenging circumstances and hence, been able to successfully navigate through the lows. Although the Group underperformed financially owing to calculated investments in overburden stripping activities, we believe that this investment will yield positive results toward our future cost savings as the stripping activities not only allow us to gain access to the existing ore body, but also to the newly discovered extended ore body. This was made possible through our investment of RM7.2 million (S\$2.3 million) in exploration activities which led to the discovery of a massive extension to the existing ore body, thus resulting in the doubling of our resources as at 31 July 2022 as compared to 31 July 2021. I believe that the Group is well-positioned to balance its operational investments with future outcome, maximising shareholder value.

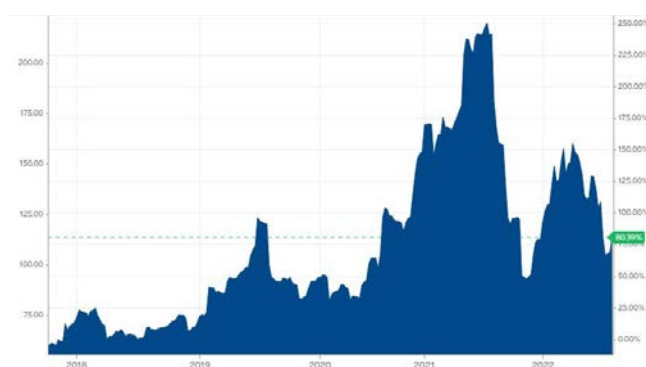
In this statement, I, as the Managing Director of the Group, would like to provide a detailed review of our financial and operational performance overlaid on our growth strategy and also discuss the market dynamics and prospects. I hope to convey a better understanding of our business and further strengthen your trust in us.

## MARKET REVIEW AND OUTLOOK

The entire world has been facing one challenge after the other since the start of the COVID-19 pandemic a couple of years ago. While we seem to have claimed victory over the virus, supply chain disruptions, geopolitical tensions and an imminent recession continue to cast a shadow of doubt. Malaysia, like most other countries, felt some respite as the Malaysian Prime Minister, Ismail Sabri Yaakob, decided to open the country's borders to vaccinated international travellers in April 2022, after almost two years<sup>1</sup>. Owing to higher vaccination rates leading to reduced deaths and significantly milder COVID-19 cases<sup>2</sup> for most of 2022, the country has successfully transitioned to the endemic approach to COVID-19.

Iron ore prices this year were highly volatile and are expected to stabilise in the coming year. The price for iron ore maintained a rising momentum through most of the first half of 2022, breaching the US\$160/t mark in April 2022<sup>3</sup> as can be seen from the chart below. This was driven by hindered supply due to COVID-19 slowdown and the ongoing disruptions in Russia and Ukraine, complemented by a boost in demand from China. However, these prices did not sustain themselves and fell below the US\$100/t mark in August 2022<sup>4</sup> given the headwinds for the steel industry due to reduced production capabilities and a weak real estate market in China.

### Iron Ore Price, 2018 – 2022 (Sourced: Business Insider)<sup>5</sup>



<sup>1</sup> The Straits Times: Malaysia to reopen border to international visitors from April 1

<sup>2</sup> The Straits Times: Malaysia records zero COVID-19 deaths for the first time since Dec 2020

<sup>3</sup> Business Insider: Iron Ore Prices

<sup>4</sup> Reuters: Column: Iron ore suffers short-term demand woes, longer-term China threat

<sup>5</sup> Business Insider

## MANAGING DIRECTOR'S MESSAGE

Despite the rising uncertainty in the global macroeconomic environment at the moment, we are cautiously optimistic of the outlook for the iron ore industry given the push for infrastructure development. The key market enabler would be the strong demand from China owing to the Chinese government's ~US\$75 billion fund pledged towards large infrastructure projects to stimulate economic activity<sup>6</sup>. On the supply side, while global production is set to increase by 3.2% in 2022 compared to 2021, labour shortages, restrictive taxation policies, rising costs and unfavourable weather conditions will pose a risk of global supply shortfalls in the near term, even from larger producers like Australia and Brazil.

We have been focusing our attention towards building the Group's financial and physical resources to strategically position us for the future, as and when the markets rebound and new opportunities arise. To support our positive expectations even further, the gold market outlook looks bright as it has proven to be a safe-haven for investors in tough times like these. Gold is set to not only remain resilient but also outperform other commodities<sup>7</sup> in 2022 and beyond.

### OPERATIONAL REVIEW AND GROWTH STRATEGY

As the COVID-19 pandemic phased out, there have been various tightening measures taken to curb excess demand and bring down inflation. Such moves including interest rate hikes have created a recessionary pressure that is bound to affect iron ore prices, especially in the short run. However, as global economies slowly bounce back towards equilibrium, demand for iron, specifically from China's steel sector, is expected to rise. In order to meet such demand and to be ready to tap on new opportunities, the Group has dedicated its assets and resources this year into further expanding, diversifying, and strengthening the business through a strategic transformation programme. To lead the Group on this growth path, we appointed Mr Lim Wei Hung ("Mr. Lim"), the Group CFO, as the Executive Director and Chief Operating Officer with effect from 1 November 2022. Supported by his extensive mine development experience previously as a Director in the Quarry Division of a large construction company and given his active involvement from the very start since he joined the Group more than nine (9) years ago, which included the establishment of the initial mineral resources and reserves under the JORC Reporting, he knows and understands our operations in detail. We are confident in his leadership abilities to drive the transformation programme and achieve positive results in the future.

<sup>6</sup> Reuters: Exclusive: China plans \$75 billion infrastructure fund to revive economy

<sup>7</sup> Gold Hub: Gold Mid-year outlook 2022







Since 2008, the Chaah mine has been the source for 6.9 million tonnes ("Mt") of iron ore and we are determined to continue unlocking the potential of this ore body further. Well thought-out exploration, drilling, and overburden removal activities to the existing ore body at the Southern Extension Zone led us to discover exciting extensions to our existing ore body. We are proud to announce that, as per the latest Independent Qualified Person Report dated 28 September 2022, the Group's iron ore resources have increased to 15.7Mt as of 31 July 2022, compared to 6.3Mt as of 31 July 2021.

Additionally, geological mapping and exploration holes drilled to test three discrete anomalies in the northern extension bore valuable results as it brought a magnetite bearing unit to our notice. We are currently exploring the most efficient mining techniques to extract this high-grade iron ore from the steeper northern zone and strengthen our foothold in the region.

As the Group ramps up its operations, the need for optimal allocation of resources in order to ensure efficiency becomes increasingly important. Currently, the extracted ore in the Chaah mine is sent to various crushing plants and then finally the ball mill. Each of these crushing and processing facilities are located at a considerable distance from each other. During 1Q FY2022, we commenced the construction of the foundation and other ancillaries for the purpose of installing a new line of our 550 – 600 tonne per hour (TPH) crushing centralise the entire process end-to-end. This will also help to reduce costs by replacing outdated plants, free up expected capital invested in large trucks and lead us to higher economies of scale. The plant is powered by the power supply from the national grid and therefore it will be more efficient and cost effective. The Group is currently in the midst of commissioning this plant.

Backed by a strong cash and bank balance, the Group is constantly on the lookout for potential acquisitions and joint venture opportunities. In FY2021, we entered into a joint venture ("JV") agreement with the Sultan of Johor to begin gold mining operations at the Tenggara Mines, the exploration approval for which was received in January 2022. The geological mapping to date has identified two broad N-S trending mineralised corridors where quartz veining is shedding fine free gold. The Group also acquired two associate companies in September 2022 to expand to other base metals. These projects are in line with one of our primary targets of diversifying our business operations into other metals to diminish over-sensitivity to a single commodity and improve sustainability of our earnings.

# MANAGING DIRECTOR'S MESSAGE



## FINANCIAL REVIEW

As we operate in the business of mining, our financial performance is naturally affected by the stage of operations at our mines. This year, as per the schedule, our resources were heavily focused on overburden removal and exploration activities. This naturally resulted in a lower production level for iron ore and subsequently decreased sales volume.

The Group's revenue decreased 53.9% year-on-year ("**yoy**") from RM387.4 million in FY2021 to RM178.7 million in FY2022. This was mainly attributable to intense overburden removal at the Chaah Mine, which resulted in lower volume of ore extraction in FY2022.

Despite the uncertainty in the environment, the sales volume for crushed iron ore saw an increase of approximately 834.8% yoy, from 428 dried metric tonnes ("**DMT**") in FY2021 to 4,001 DMT in FY2022. This was due to an increase in orders from the pipe coating industry. However, this increase was offset by a reduction in sales volume for iron ore concentrates and iron ore tailings with the volume for the latter falling by approximately 97,000 DMT or 98.6% yoy. Iron ore concentrates sales volume decreased by approximately 257,100 DMT or 42.8% yoy. Lower ore extracted and COVID-19 induced delays in mining activities can be regarded as the main reasons for this decrement.

The drop in revenue was marginally neutralised by a rise in average realised selling price ("**ARSP**") achieved by the Group. The ARSP of crushed iron ore and iron ore tailing increased by 61.8% yoy to reach RM696.62 per DMT and 110.7% yoy to reach RM241.89 per DMT respectively. On the other hand, the ARSP of iron ore concentrates fell to RM511.93 per DMT in FY2022, reflecting a decrease of 18.3% yoy.

As the Group reported a decrease in turnover, cost of sales also decreased by 16.0% to RM150.7 million in FY2022. The decrease in our cost of sales was as a result of a 43.0% yoy reduction in the processing cost of fuel and electricity cost, maintenance cost and subcontractors' fees and a decrease of 32.5% for FY2022 in the sales and related cost comprising logistic and port related cost, tributes and royalties. The drop in revenue outpaced the drop in cost of sales leading to a decrease in gross profit margin to 15.7% in FY2022 from 53.7% in FY2021. Net profit for FY2022 stood at RM16.3 million, compared to RM148.1 million in FY2021.

As at 31 July 2022, the Group continues to boast a strong balance sheet position with cash and bank balances of RM221.4 million and a net asset value per share of 73.12 Malaysian cents in FY2022, compared to 74.82 Malaysian cents in FY2021. Furthermore, basic and fully diluted earnings per share was 3.33 Malaysian cents for FY2022, compared to 30.29 Malaysian cents for FY2021.

Our financial position for FY2022 took a hit due to heightened stripping activities; however, this is only laying the foundation for prosperity in the future as our iron ore resources double up and we diversify into other metals. We are committed to rewarding our loyal shareholders for being patient and trusting our investment decisions. As a result, the Board of Directors has proposed a final dividend of 0.22 Singapore cents per ordinary share for FY2022, representing a pay-out of approximately 21.25% of the Group's net profit after tax, subject to shareholders' approval at the forthcoming annual general meeting of the Company.

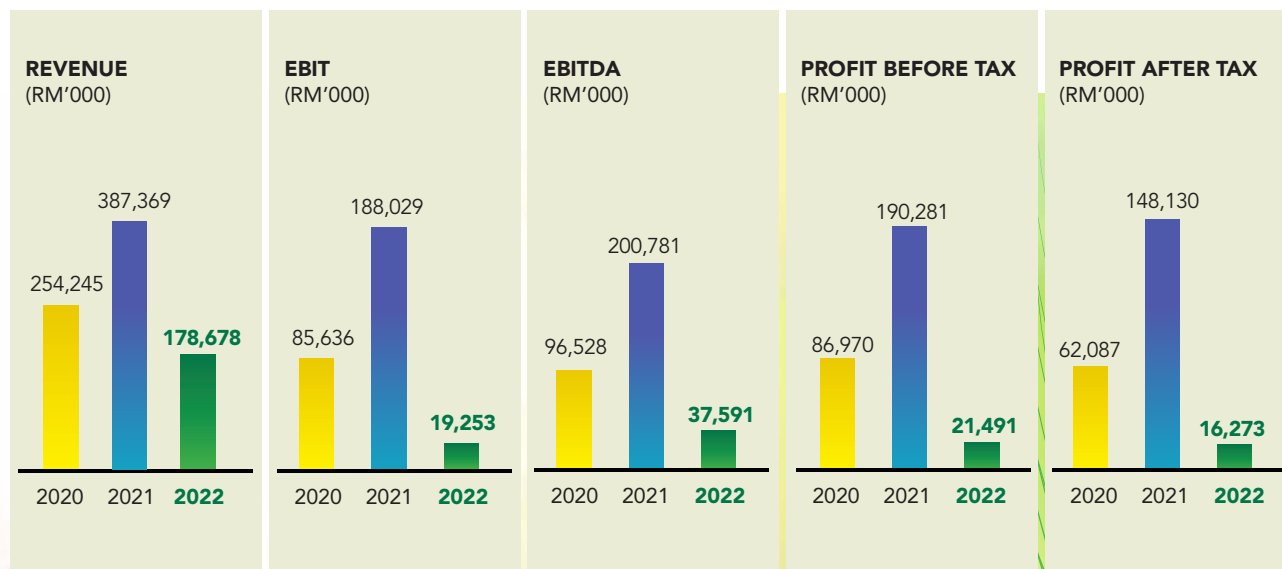
## A WORD OF APPRECIATION

With FY2022 came a number of challenges given the uncertain and highly volatile macroeconomic scenario. However, the Group trusts that the current strategic path is directed towards sustainable growth in the medium to long term. While investments can often take some time to materialise, I am confident that they will reap substantial benefits in the near future. Importantly, I would like to thank our management team and all our staff for their constant perseverance and firm efforts. My appreciation undoubtedly extends to all our other stakeholders including our shareholders, customers, suppliers and business associates for believing in us and supporting us year after year. I am determined to build a strong foundation for growth and lead the Group to a successful tomorrow.

**Dato' Sri Pek Kok Sam**  
Managing Director



## KEY FINANCIAL HIGHLIGHTS



Keys Parameters	FY2022	FY2021
EPS (Malaysian cents)	<b>3.33</b>	30.29
NAV (Malaysian cents)	<b>73.12</b>	74.82
EBITDA (RM'000)	<b>37,591</b>	200,781
EBIT (RM'000)	<b>19,253</b>	188,029

Liquidity Parameter	FY2022	FY2021
Working capital growth (%)	<b>-9%</b>	74%
Cash and bank balances growth (%)	<b>-21%</b>	88%
Gross liabilities (RM'000)	<b>36,406</b>	64,642
Net cash (RM'000)	<b>184,979</b>	216,503

Performance Parameter	FY2022	FY2021
Revenue growth (%)	<b>-54%</b>	52%
EBITDA growth (%)	<b>-81%</b>	108%
EBIT growth (%)	<b>-90%</b>	120%
GP growth (%)	<b>-87%</b>	94%
GP margin (%)	<b>16%</b>	54%
EBIT margin (%)	<b>11%</b>	49%

Investment Return Ratio	FY2022	FY2021
ROE (PAT as base)	<b>5%</b>	40%
ROE (PBT as base)	<b>6%</b>	52%
ROA (PAT as base)	<b>4%</b>	34%
ROA (PBT as base)	<b>5%</b>	44%
Dividend yield (%)	<b>0.4%</b>	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 14-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 2022, 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"). Currently, our Group is focusing on increasing the resources and reserves of our Chaah Mine, which is a producing mine, before shifting the focus to other iron ore mine. 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 2022

Southern Alliance Mining Ltd.  
(Singapore)



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	Mining, processing and sales of iron ore, gold and other precious metals, base metals and minerals	Malaysia	60.0%	100.0%
Selatan Anjung Minerals Sdn. Bhd. ("SELATAN")	28-Aug-2020 Malaysia	Mining, quarrying and trading of various minerals and materials.	Malaysia	85.0%	85.0%
South Atlantic Minerals Sdn. Bhd. ("SAMSB")	5-Oct-2020 Malaysia	Mining, quarrying and trading of various minerals and materials.	Malaysia	100.0%	100.0%
Sumber Alam Minerals (Sabah) Sdn. Bhd. ("SABAH")	16-Jul-2021 Malaysia	Mining, quarrying and trading of various minerals and materials.	Malaysia	100.0%	100.0%
Southern Atlantic Metal Sdn Bhd ("SAMetal")	16-Dec-2021 Malaysia	Mining, quarrying and trading of various minerals and materials.	Malaysia	50.0%	100.0%
Sri Aman Minerals Sdn Bhd ("SAMinerals")	9-Mar-2022	Mining, quarrying and trading of various minerals and materials.	Malaysia	100.0%	100.0%

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

# BOARD OF DIRECTORS





### 1. 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 15 years of experience in the iron ore exploration and mining industry, Dato' Teh is responsible for all customer relations of the business.

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

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

### 2. Dato' Sri Pek Kok Sam ("Dato' Sri Pek") Managing Director

Dato' Sri Pek has over 20 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.

### 3. 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 36 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.

### 4. Chin Chee Choon ("Mr Chin") Independent Director

Mr Chin Chee Choon was appointed to the Board as an independent director on 27 April 2020. Mr Chin is currently an Assurance and Audit Partner with Mazars LLP Singapore. He has more than 20 years of working experience in the area of auditing, risk advisory, IPO and sustainable reporting with the Big Four Accounting firms and a mid-tier accounting firm prior to joining Mazars.

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.

### 5. 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 JGCSSC, 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.

### 6. 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.

# BOARD OF DIRECTORS



## Mr Lim Wei Hung ("Mr. Lim") Executive Director & Chief Operating Officer

Mr. Lim Wei Hung is our Chief Operating Officer and Executive Director. He is responsible for carrying out mine development and expansion activities while actively focusing on diversification opportunities. He joined our Group as the Chief Financial Officer in July 2013 and was responsible for the management of the administrative and financial matters of our Group as well as setting up key technical departments concerning mining operations.

Prior to joining our Group, Mr. Lim served as the head of finance for Franky Construction Sdn. Bhd., a civil construction property development and mining contract group, where he oversaw various roles in finance, legal, audit, tax planning and credit control. From 2003 to 2005, he served as the acting manager of the quarry division in Franky Construction, where he was responsible for the bottom line and planned the capital expenditure and execution of the division, exposing him to mine development operations. He joined Franky Construction in 2000 as their group accountant.

Mr. Lim started his career with PricewaterhouseCoopers as an audit assistant and was later promoted to an audit senior. He serves as an alternate member of the Malaysian Chamber of Mine Council to Dato' Sri Pek Kok Sam and is also the chairperson of Tax Incentive Committee and Environment Impact Assessment Committee.

Mr. Lim holds a Bachelor of Accountancy from the University of Malaya. In 2000, Mr. Lim was admitted to the Malaysian Institute of Accountants as a Public Accountant. He is a certified member of the Malaysian Association of Certified Public Accountants. Mr. Lim is also registered as a Certified Financial Planner with Financial Planning Association of Malaysia.





# CORPORATE INFORMATION

## BOARD OF DIRECTORS

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

**Dato' Sri Pek Kok Sam**  
(Managing Director)

**Lim Wei Hung**  
(Executive Director & Chief Operating Officer)

**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**

## COMPANY SECRETARY

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.southernalliancemining.com

## CONTINUING SPONSOR

**PrimePartners Corporate Finance Pte. Ltd.**  
16 Collyer Quay  
#10-00 Collyer Quay Centre  
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

**Datgeo Sdn Bhd**  
Lot 10, Semambu Industrial Area  
25350, Kuantan  
Pahang, Malaysia.

**Competent Persons for Exploration Results and Mineral Resource: Bruce Andrew McDonald**  
(a member of the Australasian Institute of Mining and Metallurgy)

**Competent Person for Ore Reserves: Justin Eric Glanvill**  
(a member of the South African Council for Natural Scientific Professions)

**Competent Person for Resource Optimisation and Mining: Olivier Varaud**  
(a fellow of the Australasian Institute of 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  
25200 Kuantan Pahang Malaysia

# 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 2022 ("**FY2022**") 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 2001 of Singapore ("**Securities and Futures Act**") are duly complied with.

Provision	Code Description	Company's Compliance or Explanation
General	a) Has the Company complied with all the principles and provisions of the Code 2018?  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.	The Company has complied with the principles and provisions as set out in Code 2018 and the Practice Guidance where applicable.  Appropriate explanations have been provided in the relevant sections below where there are deviations from Code 2018 and the Practice Guidance.
	b) In what respect do these alternative corporate governance practices achieve the objectives of the principles and conform to the provisions of the Code?	Not applicable. The Company did not adopt any alternative corporate governance practices in FY2022.



# CORPORATE GOVERNANCE REPORT

Provision	Code Description	Company's Compliance or Explanation
<b>BOARD MATTERS</b> <b>The Board's Conduct of Affairs</b> <b>Principle 1: The Company is headed by an effective Board which is collectively responsible and works with Management for the long-term success of the Company</b>		
1.1	<b>Board Composition and Role of the Board</b>	<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> <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>

# CORPORATE GOVERNANCE REPORT

Provision	Code Description	Company's Compliance or Explanation																											
		<p>As at the date of this Report, the Board comprises seven (7) members as follows:</p> <table border="1"> <thead> <tr> <th colspan="3"><b>Table 1.1 – Composition of the Board</b></th> </tr> <tr> <th><b>Name of Director</b></th> <th><b>Designation</b></th> <th><b>Date of Appointment</b></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>Managing Director*</td> <td>19 September 2019</td> </tr> <tr> <td>Mr Lim Wei Hung</td> <td>Executive Director and Chief Operating Officer</td> <td>1 November 2022*</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> <p>* Dato' Sri Pek Kok Sam was re-designated from Chief Executive Officer to Managing Director of the Company with effect from 1 November 2022. There is no change to Mr. Pek's roles and responsibilities. Mr Lim Wei Hung was appointed as the Executive Director and Chief Operating Officer of the Company with effect from 1 November 2022 and ceased to be the Chief Financial Officer of the Company with effect from 31 October 2022. Please refer to the Company announcement dated 20 October 2022 for more details.</p>	<b>Table 1.1 – Composition of the Board</b>			<b>Name of Director</b>	<b>Designation</b>	<b>Date of Appointment</b>	Dato' Teh Teck Tee	Non-Executive Non-Independent Chairman	27 April 2020	Dato' Sri Pek Kok Sam	Managing Director*	19 September 2019	Mr Lim Wei Hung	Executive Director and Chief Operating Officer	1 November 2022*	Dato' Sri Mohd Jamidan Abdullah	Lead Independent Director	27 April 2020	Dato' Gainneos Jacob Goldie	Independent Director	27 April 2020	Mr Chin Chee Choon	Independent Director	27 April 2020	Mr Sim Chin Hoe	Independent Director	27 April 2020
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1.2	<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>																											



# CORPORATE GOVERNANCE REPORT

Provision	Code Description	Company's Compliance or Explanation						
		<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.</p> <p>Mr Lim Wei Hung, who was appointed as Executive Director and Chief Operating Officer of the Company with effect from 1 November 2022, completed the following mandatory training modules conducted by SID under mandatory training modules conducted by SID in FY2020 after the initial public offering of the Company.</p> <table border="1" data-bbox="676 884 1482 1115"> <thead> <tr> <th colspan="2" data-bbox="676 884 1482 925"><b>Table 1.2a – Listed Entity Director Programme (LED)</b></th> </tr> </thead> <tbody> <tr> <td data-bbox="676 929 967 969">Training Provider</td> <td data-bbox="970 929 1482 969">Listed Entity Directors Programme</td> </tr> <tr> <td data-bbox="676 974 967 1115">Singapore Institute of Directors</td> <td data-bbox="970 974 1482 1115"> <ol style="list-style-type: none"> <li>1. LED 1 - Listed Entity Director Essentials</li> <li>2. LED 2 - Board Dynamics</li> <li>3. LED 3 - Board Performance</li> <li>4. LED 4 - Stakeholder Engagement</li> </ol> </td> </tr> </tbody> </table> <p>In order to contribute to the Board and serve effectively, the Board recognises the importance of ongoing trainings as part of their continual professional development during the term of their appointment. Such trainings may relate to a particular subject area, committee membership, key developments in the Company's operating environment or specific trainings that are provided by accredited training providers such as SID.</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>	<b>Table 1.2a – Listed Entity Director Programme (LED)</b>		Training Provider	Listed Entity Directors Programme	Singapore Institute of Directors	<ol style="list-style-type: none"> <li>1. LED 1 - Listed Entity Director Essentials</li> <li>2. LED 2 - Board Dynamics</li> <li>3. LED 3 - Board Performance</li> <li>4. LED 4 - Stakeholder Engagement</li> </ol>
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# 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 Audit Committee 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, Catalist 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 FY2022 include:</p> <table border="1"> <thead> <tr> <th colspan="3"><b>Table 1.2b – Training(s) attended by Directors in FY2022</b></th> </tr> <tr> <th>Course Name</th> <th>Course Organiser</th> <th>Attendees</th> </tr> </thead> <tbody> <tr> <td>Foundation in Corporate Sustainability</td> <td>Global Compact Network Singapore</td> <td>Dato' Sri Mohd Jamidan Abdullah Mr Chin Chee Choon</td> </tr> <tr> <td>Sustainability E-Training for Directors</td> <td>Institute of Singapore Chartered Accountants</td> <td>Dato' Sri Pek Kok Sam Dato' Teh Teck Tee Mr Lim Wei Hung Dato' Sri Mohd Jamidan Abdullah Dato' Gainneos Jacob Goldie Mr Chin Chee Choon Mr Sim Chin Hoe</td> </tr> </tbody> </table>	<b>Table 1.2b – Training(s) attended by Directors in FY2022</b>			Course Name	Course Organiser	Attendees	Foundation in Corporate Sustainability	Global Compact Network Singapore	Dato' Sri Mohd Jamidan Abdullah Mr Chin Chee Choon	Sustainability E-Training for Directors	Institute of Singapore Chartered Accountants	Dato' Sri Pek Kok Sam Dato' Teh Teck Tee Mr Lim Wei Hung Dato' Sri Mohd Jamidan Abdullah Dato' Gainneos Jacob Goldie Mr Chin Chee Choon Mr Sim Chin Hoe
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# CORPORATE GOVERNANCE REPORT

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

# CORPORATE GOVERNANCE REPORT

Provision	Code Description	Company's Compliance or Explanation																												
		<p>The composition of the Board Committees as at the date of this Report are as follows:</p> <table border="1"> <thead> <tr> <th colspan="4"><b>Table 1.4 - Composition of the Board Committees</b></th> </tr> <tr> <th></th> <th><b>AC<sup>(1)</sup></b></th> <th><b>NC<sup>(2)</sup></b></th> <th><b>RC<sup>(3)</sup></b></th> </tr> </thead> <tbody> <tr> <td>Chairman</td> <td>Mr Chin Chee Choon</td> <td>Dato' Gainneos Jacob Goldie</td> <td>Dato' Gainneos Jacob Goldie</td> </tr> <tr> <td>Member</td> <td>Dato' Sri Mohd Jamidan Abdullah</td> <td>Dato' Sri Pek Kok Sam</td> <td>Dato' Teh Teck Tee</td> </tr> <tr> <td>Member</td> <td>Dato' Gainneos Jacob Goldie</td> <td>Dato' Sri Mohd Jamidan Abdullah</td> <td>Dato' Sri Mohd Jamidan Abdullah</td> </tr> <tr> <td>Member</td> <td>Mr Sim Chin Hoe</td> <td>Mr Sim Chin Hoe</td> <td>Mr Sim Chin Hoe</td> </tr> <tr> <td>Member</td> <td>–</td> <td>Mr Chin Chee Choon</td> <td>Mr Chin Chee Choon</td> </tr> </tbody> </table> <p><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>Table 1.4 - Composition of the Board Committees</b>					<b>AC<sup>(1)</sup></b>	<b>NC<sup>(2)</sup></b>	<b>RC<sup>(3)</sup></b>	Chairman	Mr Chin Chee Choon	Dato' Gainneos Jacob Goldie	Dato' Gainneos Jacob Goldie	Member	Dato' Sri Mohd Jamidan Abdullah	Dato' Sri Pek Kok Sam	Dato' Teh Teck Tee	Member	Dato' Gainneos Jacob Goldie	Dato' Sri Mohd Jamidan Abdullah	Dato' Sri Mohd Jamidan Abdullah	Member	Mr Sim Chin Hoe	Mr Sim Chin Hoe	Mr Sim Chin Hoe	Member	–	Mr Chin Chee Choon	Mr Chin Chee Choon
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Member	Mr Sim Chin Hoe	Mr Sim Chin Hoe	Mr Sim Chin Hoe																											
Member	–	Mr Chin Chee Choon	Mr Chin Chee Choon																											
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>																												



# CORPORATE GOVERNANCE REPORT

Provision	Code Description	Company's Compliance or Explanation																																												
		<p>In FY2022, the number of Board and Board Committee meetings held, and the attendance of each Board member are shown below. As Mr Lim Wei Hung was appointed to the Board with effect from 1 November 2022, his attendance to FY2022 Board and Board Committee meetings are not included below. Notwithstanding, he has attended all Board and Board Committee meetings in FY2022.</p> <table border="1"> <caption><b>Table 1.5 - Directors' Attendance</b></caption> <thead> <tr> <th rowspan="2"></th> <th colspan="4">Board Committees</th> </tr> <tr> <th>Board</th> <th>AC</th> <th>NC</th> <th>RC</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>		Board Committees				Board	AC	NC	RC	<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
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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>																																												

# CORPORATE GOVERNANCE REPORT

Provision	Code Description	Company's Compliance or Explanation
		<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	<p><b>Access to Management and Company Secretary</b></p>	<p>The Board has separate and independent access to the Chief Financial Officer ("<b>CFO</b>")/Financial Controller (with effect from 1 November 2022), other key persons of the Management ("<b>Key Management Personnel</b>"), external advisers (where necessary) and the Company Secretary at all times.</p> <p>The Company Secretary and/or his 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>



# CORPORATE GOVERNANCE REPORT

Provision	Code Description	Company's Compliance or Explanation
		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.
<b>Board Composition and Guidance</b> <b>Principle 2: The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the Company</b>		
2.1/ Rule 1204 (10B) of the Catalist Rules	<b>Board Composition and Independence Assessment of Directors</b>	<p>The Company complies with Code 2018 as while the Chairman of the Board (the "<b>Chairman</b>") is not independent, Independent Directors and Non-Executive Directors 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 seven (7) members, out of which one (1) is a Managing Director, one (1) is an Executive Director, four (4) are Independent Directors and one (1) is a Non-Executive Non-Independent Director.</p> <p>Dato' Teh Teck Tee – Non-Executive Non-Independent Chairman  Dato' Sri Pek Kok Sam – Managing Director ("<b>MD</b>")  Mr Lim Wei Hung – Executive Director ("<b>ED</b>") and Chief Operating Officer ("<b>COO</b>")  Dato' Sri Mohd Jamidan Abdullah – Lead Independent Director  Dato' Gainneos Jacob Goldie – Independent Director  Mr Chin Chee Choon – Independent Director  Mr Sim Chin Hoe – Independent Director</p> <p>The 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>

# CORPORATE GOVERNANCE REPORT

Provision	Code Description	Company's Compliance or Explanation
		<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>As the date of this Report, the NC has reviewed the independence of the Independent Directors and is satisfied that Dato' Sri Mohd Jamidan Abdullah, Dato' Gainneos Jacob Goldie, Mr Chin Chee Choon and Mr Sim Chin Hoe are independent in accordance with the Provision 2.1 of the Code 2018 and Rule 406(3)(d) of the Catalist Rules.</p> <p>There is no Director who is deemed independent by the Board, notwithstanding the existence of a relationship as stated in the Code 2018 and the Catalist Rules that would otherwise deem him not to be independent. There is currently no Independent Director who has served on the Board for more than nine (9) years since the date of his first appointment.</p>
2.2	<b>Independent Directors</b>	The current Board composition complies with Provision 2.2 of Code 2018 where Independent Directors make up a majority of the Board where the Chairman is not independent.
2.3	<b>Non-Executive Directors</b>	The current Board composition complies with Provision 2.3 of Code 2018 where Non-Executive Directors make up a majority of the Board.



# CORPORATE GOVERNANCE REPORT

Provision	Code Description	Company's Compliance or Explanation
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 seven (7) 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 seven (7) male Directors with an age group ranging from 49 to 70 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 Company is in the midst of formalising the Board's diversity 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 61 to 76 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 FY2022, the Independent Directors met at least 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
<b>Chairman and Managing Director</b> <b>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</b>		
3.1 3.2 3.3	<b>Role of Chairman, MD and Lead Independent Director</b>	<p>Dato' Teh Teck Tee is the Chairman, Dato' Sri Pek Kok Sam is the MD of the Company, and Dato' Sri Mohd Jamidan Abdullah is the Lead Independent Director.</p> <p>The Chairman and MD 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 MD are separate and distinct, each having their own areas of responsibilities. The distinctive separation of responsibilities between the Chairman and the MD 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 MD, 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>

# CORPORATE GOVERNANCE REPORT

Provision	Code Description	Company's Compliance or Explanation
		<p>The MD 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> <p>The Board is of the view that there is a clear division of responsibilities between the Chairman and the MD 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 MD and help the RC design and assess the Chairman's remuneration.</p>
<b>Board Membership</b>		
<b><i>Principle 4: The Board has a formal and transparent process for the appointment and re-appointment of directors, taking into account the need for progressive renewal of the Board</i></b>		
4.1	<b>Role of the Nominating Committee</b>	<p>The NC is guided by key terms of reference as follows:</p> <p>(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;</p>

# CORPORATE GOVERNANCE REPORT

Provision	Code Description	Company's Compliance or Explanation
		<p>(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;</p> <p>(c) deciding whether or not a Director is able to and has been adequately carrying out his duties as a Director;</p> <p>(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;</p> <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 and/or replacement of the Chairman, the MD and key management personnel;</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, MD 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>



# CORPORATE GOVERNANCE REPORT

Provision	Code Description	Company's Compliance or Explanation
4.2	<b>Composition of the Nominating Committee</b>	<p>The NC comprises four (4) Independent Directors and one (1) Managing 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 majority of the NC, including the Chairman of the NC, Dato' Gainneos Jacob Goldie, are Independent Directors. 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>
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>

# CORPORATE GOVERNANCE REPORT

Provision	Code Description	Company's Compliance or Explanation
		<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. Pursuant to Regulation 100 of the Company's Constitution, all newly appointed Directors ("<b>Retiring Directors</b>") shall retire and be eligible for re-election at the forthcoming AGM.</p> <p>The NC, with the respective members interested in the discussion having abstained from the deliberations, recommended that Dato' Sri Mohd Jamidan Abdullah and Dato' Gainneos Jacob Goldie and Mr Lim Wei Hung 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' Sri Mohd Jamidan Abdullah and Dato' Gainneos Jacob Goldie and Mr Lim Wei Hung 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' Sri Mohd Jamidan Abdullah and Dato' Gainneos Jacob Goldie and Mr Lim Wei Hung required under Appendix 7F of the Catalist Rules disclosed on pages 61 to 76 of this annual report.</p> <p>Dato' Sri Mohd Jamidan Abdullah will, upon re-election as a Director, remain as the Lead Independent Director of the Company, and member of the AC, NC and RC.</p> <p>Dato' Gainneos Jacob Goldie will, upon re-election as a Director, remain as an Independent Director of the Company. Chairman of the RC, Chairman of the NC and member of the AC.</p>

# CORPORATE GOVERNANCE REPORT

Provision	Code Description	Company's Compliance or Explanation
		<p>Mr Lim Wei Hung will, upon re-election as a Director, remain as an Executive Director and Chief Operating Officer of the Group.</p> <p>The Board considers Dato' Sri Mohd Jamidan Abdullah and Dato' Gainneos Jacob Goldie to be independent for the purposes of the Rule 704(7) of the Catalist Rules.</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> <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 FY2022, the Directors and Board Committee members had also attended all Board and Board Committees meetings respectively. In addition to the meetings, they have 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>



# CORPORATE GOVERNANCE REPORT

Provision	Code Description	Company's Compliance or Explanation																
		<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 FY2022. In coming to such conclusion, the NC had reviewed the declarations by each Director of their other principal commitments and listed company directorships (if any), 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 61 to 76 of this annual report.</p>																
Practice Guidance 4	<b>Alternate Directors</b>	The Company does not have any alternate Directors.																
<p><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></p>																		
5.1	<b>Performance Criteria</b>	<p>The NC has implemented a self-assessment questionnaire that requires each Director to assess the performance and effectiveness of the Board as a whole, each of the Board Committees and 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 used in the questionnaire, 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>	<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
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6. Standard of conduct	6. Overall effectiveness																	

# CORPORATE GOVERNANCE REPORT

Provision	Code Description	Company's Compliance or Explanation
		<p>The NC would review the questionnaire periodically to ensure that the questionnaire is able to provide an accurate and effective performance assessment taking into consideration industry standards and the economic climate with the objective to enhance long term shareholders value, thereafter propose amendments if any, to the Board for approval.</p> <p>The NC did not propose any changes to the performance criteria for FY2022 as compared to the previous financial year as the Board composition and the Group's principal business activities remained the same.</p>
5.2	<b>Performance Review</b>	<p>The Board assessment questionnaire has been developed for the Board to implement a formal annual process to assess the effectiveness of the Board as a whole and the contribution of each 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, and 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 Directors for FY2022 and is satisfied that the Board as a whole and each 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 FY2022.</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 FY2022 as the NC 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 Board a framework of remuneration for the Directors, MD 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 other benefits 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 Board a framework of remuneration for the Directors, MD 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 and recommending to the Board the service contracts of MD and COO and key management personnel and ensuring that such services contracts are fair and not excessively long or with onerous renewal/termination clauses;</li> <li>(d) reviewing the remuneration of employees who are related to the Directors, MD 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>(e) considering and approving termination payments, retirement payments, gratuities, ex-gratia payment, severance payments and other similar payments to key management personnel;</li> </ul>



# CORPORATE GOVERNANCE REPORT

Provision	Code Description	Company's Compliance or Explanation
		<p>(f) reviewing and approving any bonuses, pay increments and/or promotions for related employees who hold managerial positions; and</p> <p>(g) 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.</p>
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 FY2022.</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 FY2022 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> <b>Principle 7: The level and structure of remuneration of the Board and Key Management Personnel are appropriate and proportionate to the sustained performance and value creation of the Company, taking into account the strategic objectives of the Company</b>		
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 other benefits) 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>

# CORPORATE GOVERNANCE REPORT

Provision	Code Description	Company's Compliance or Explanation
		<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 ("<b>Consolidated PBT</b>")</li> </ol> <p>B. Qualitative performance criteria:</p> <ol style="list-style-type: none"> <li>1. Macro-economic factors;</li> <li>2. Current market and industry practices;</li> <li>3. Leadership; and</li> <li>4. Teamwork and commitments.</li> </ol> <p>The RC has reviewed and noted that the quantitative performance criteria was not met for FY2022. In view of the lower volume of ore extraction due to the Group's intense overburden removal activities resulting in a low Consolidated PBT, the quantitative performance criteria have not been met for FY2022. Save for the aforementioned, the remaining performance criteria were satisfied.</p> <p>Dato' Sri Pek Kok Sam, the MD 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 Consolidated PBT 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>Mr Lim Wei Hung, the newly appointed ED of the Company, has yet to enter into a formal service agreement with the Company. His remuneration package as an ED of the Company and his performance assessment will be disclosed and reviewed respectively in FY2023.</p>



# CORPORATE GOVERNANCE REPORT

Provision	Code Description	Company's Compliance or Explanation
		<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>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> <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, <i>inter alia</i>, 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>

# CORPORATE GOVERNANCE REPORT

Provision	Code Description	Company's Compliance or Explanation
		<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>
7.2	<p><b>Remuneration Structure of Non-Executive Directors</b></p>	<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 FY2022 is appropriate, considering the effort, time spent and responsibilities.</p>

# CORPORATE GOVERNANCE REPORT

Provision	Code Description	Company's Compliance or Explanation																																																																		
	<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>																																																																		
<p><b>Disclosure on Remuneration</b>  <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 MD</b>	<p>A breakdown, showing the level and mix of each individual Director's remuneration for FY2022 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>Name</th> <th>Base/Fixed Salary and statutory contributions (%)</th> <th>Bonus/variable performance bonus (%)</th> <th>Directors Fees (%)</th> <th>Other benefits (%)</th> <th>Total (%)</th> </tr> </thead> <tbody> <tr> <td colspan="6"><b>Remuneration Band (below S\$750,000)</b></td> </tr> <tr> <td>Dato' Sri Pek Kok Sam</td> <td>100</td> <td>-</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>	<b>Table 8.1 (a) - Remuneration of Directors</b>						Name	Base/Fixed Salary and statutory contributions (%)	Bonus/variable performance bonus (%)	Directors Fees (%)	Other benefits (%)	Total (%)	<b>Remuneration Band (below S\$750,000)</b>						Dato' Sri Pek Kok Sam	100	-	-	-	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
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# CORPORATE GOVERNANCE REPORT

Provision	Code Description	Company's Compliance or Explanation																				
		<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 FY2022 is below S\$8 million, there will be no incentive payment to Dato' Sri Pek Kok Sam.</p> <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 FY2022.</p>																				
8.1(b) and 8.3	<b>Remuneration Breakdown of Key Management Personnel</b>	<p>As at the date of this annual report, Mr Lim Wei Hung, the Chief Financial Officer (CFO) of the Company up to 31 October 2022 was the only key management personnel in FY2022. Ms Chong Yee Ching, who is appointed as the Financial Controller of the Company with effect from 1 November 2022 is currently the only key management personnel and her remuneration will be disclosed in the Corporate Governance Report for FY2023. The disclosure for the remuneration of the Company's Key Management Personnel (who are not Directors or the MD) for FY2022 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>Other benefits (%)</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>69</td> <td>31<sup>(1)</sup></td> <td>–</td> <td>100</td> </tr> </tbody> </table> <p><b>Note:</b></p> <p>(1) Pursuant to the appointment agreement entered into between Mr Lim Wei Hung and the Company, he is entitled to a fixed bonus equivalent to three (3) month's basic salary annually and variable bonus.</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>Other benefits (%)</b>	<b>Total (%)</b>	<b>Remuneration Band below S\$250,000</b>					Mr Lim Wei Hung	69	31 <sup>(1)</sup>	–	100
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# CORPORATE GOVERNANCE REPORT

Provision	Code Description	Company's Compliance or Explanation												
		<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 FY2022.</p>												
8.2	<b>Remuneration of Related Employees</b>	<p>Ms Pek Siew Mei, the sister of our MD, Dato' Sri Pek Kok Sam, was a manager in the sales department of the Company's principal subsidiary, Honest Sam Development Sdn Bhd ("<b>HSD</b>") up to 31 October 2022 and she is appointed as the Office Manager of HSD following her promotion with effect from 1 November 2022.</p> <p>Mr Pek Kok Hing, the brother of our MD, Dato' Sri Pek Kok Sam, is a manager in charge of information technology in HSD.</p> <p>Mr Pek Kok Hua, the brother of Dato' Sri Pek Kok Sam, is a manager in the purchasing department of HSD.</p> <p>The remuneration of the aforementioned related employees for FY2022 are as follows:</p> <table border="1"> <thead> <tr> <th colspan="2"><b>Table 8.2 - Remuneration of Related Employees</b></th> </tr> <tr> <th><b>Name</b></th> <th><b>Relationship</b></th> </tr> </thead> <tbody> <tr> <td colspan="2"><b>Remuneration Band between S\$50,000 to S\$100,000</b></td> </tr> <tr> <td>Ms Pek Siew Mei</td> <td>Sister of Dato' Sri Pek Kok Sam, the MD</td> </tr> <tr> <td>Mr Pek Kok Hing</td> <td>Brother of Dato' Sri Pek Kok Sam, the MD</td> </tr> <tr> <td>Mr Pek Kok Hua</td> <td>Brother of Dato' Sri Pek Kok Sam, the MD</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, MD or substantial shareholder whose remuneration exceeded S\$100,000 during FY2022.</p>	<b>Table 8.2 - Remuneration of Related Employees</b>		<b>Name</b>	<b>Relationship</b>	<b>Remuneration Band between S\$50,000 to S\$100,000</b>		Ms Pek Siew Mei	Sister of Dato' Sri Pek Kok Sam, the MD	Mr Pek Kok Hing	Brother of Dato' Sri Pek Kok Sam, the MD	Mr Pek Kok Hua	Brother of Dato' Sri Pek Kok Sam, the MD
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Mr Pek Kok Hua	Brother of Dato' Sri Pek Kok Sam, the MD													
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.												

# CORPORATE GOVERNANCE REPORT

Provision	Code Description	Company's Compliance or Explanation
<b>ACCOUNTABILITY AND AUDIT</b>		
<b>Risk Management and Internal Controls</b>		
<b>Principle 9: The Board is responsible for the governance of risk and ensures that Management maintains a sound system of risk management and internal controls, to safeguard the interests of the Company and its shareholders.</b>		
9.1	<b>Risk Governance</b>	<p>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.</p> <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>

# CORPORATE GOVERNANCE REPORT

Provision	Code Description	Company's Compliance or Explanation
9.2	<b>MD and CFO Assurance</b>	<p>For FY2022, the Board has received assurance from the MD and the CFO:</p> <ul style="list-style-type: none"> <li>(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</li> <li>(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.</li> </ul>
	<b>Board Conclusion</b>	<p>In addition, the external auditors will also highlight internal control weaknesses which have come to their attention in the course of their statutory audit. All external and internal audit findings and recommendations will be reported to the AC and discussions 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 agreed internal audit scope.</p> <p>Based on the assurance from the MD 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 FY2022.</p>



# CORPORATE GOVERNANCE REPORT

Provision	Code Description	Company's Compliance or Explanation
<b>Audit Committee</b>		
<b>Principle 10: The Board has an Audit Committee which discharges its duties objectively</b>		
10.1	<b>Role of the Audit Committee</b>	<p>In performing its functions in accordance with a set of terms of reference, the AC's principal responsibilities include, amongst others the following:</p> <ul style="list-style-type: none"> <li>(a) review, with the internal and external auditors, the audit plans, scope of work, their evaluation of our system of internal controls, audit reports, their management letters and our Management's response, and the results of audits compiled by our internal and external auditors, and will review, at regular intervals with the Management, the implementation 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 Catalist Rules and any other statutory and regulatory requirements, concerns and issues arising from their audits including any matters which the auditors may wish to discuss in the absence of the Management, where necessary, before submission to the Directors for approval;</li> <li>(c) reviewing the significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of the Company and any announcements relating to the Company's financial performance;</li> <li>(d) reviewing the assurance from the MD and the CFO on the financial records and financial statements of the Company;</li> <li>(e) making recommendations to the Board on: (i) the proposals to the shareholders on the appointment and any change of external auditors, if any; and (ii) the remuneration and terms of engagement of the external auditors;</li> <li>(f) 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> </ul>

# CORPORATE GOVERNANCE REPORT

Provision	Code Description	Company's Compliance or Explanation
		<p>(g) 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;</p> <p>(h) 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>(i) 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>(j) 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>(k) review transactions falling within the scope of Chapter 10 of the Catalist Rules, if any;</p> <p>(l) review the adequacy, effectiveness, independence, scope and results of the external audit and our Group's internal audit function;</p> <p>(m) review the effectiveness and adequacy of our Group's administrative, operating, internal accounting and financial control procedures; and</p> <p>(n) 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. The Company has confidentiality clauses that protect the identification of the whistleblower and ensures that the identity of the whistleblower is kept confidential. The Company is also committed to ensure the protection of the whistleblower against any detrimental or unfair treatment. The AC is responsible for the oversight and monitoring of the whistleblowing. 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 FY2022.</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:            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/Financial Controller (with effect from 1 November 2022). 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 FY2022, 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>



# CORPORATE GOVERNANCE REPORT

Provision	Code Description	Company's Compliance or Explanation
10.5	<b>Meeting Auditors in the Absence of the Management</b>	The AC meets with the internal and external auditors at least once annually to discuss audit findings and recommendations, without the presence of the Management. For FY2022, the AC has met with the IA and EA once without the presence of the Management.
	<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 FY2022 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 FY2022 Independent Auditors' Report with respect to the KAM.</p>
<b>SHAREHOLDER RIGHTS AND ENGAGEMENT</b> <b>Shareholder Rights and Conduct of General Meetings</b> <i><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></i>		
11.1	<b>Shareholders' Participation at General Meetings</b>	All Shareholders are treated fairly and equitably, and the Group strives to disclose information on all major developments that could materially impact the Group in a timely manner. Shareholders are entitled to attend the general meetings of shareholders and are afforded the opportunity to participate effectively in and vote at general meetings of shareholders.

# CORPORATE GOVERNANCE REPORT

Provision	Code Description	Company's Compliance or Explanation
11.2	<b>Bundling of Resolutions</b>	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 Catalist Rules. All votes cast, for or against or abstain, and the respective percentages, in respect of each resolution are tallied and disclosed at the meeting and an announcement with the detailed results showing the numbers of votes cast for and against for each resolution and the respective percentage will be released via SGXNET after the general meetings.
11.3	<b>Attendance at General Meetings</b>	The Board welcomes questions from shareholders who have an opportunity to raise issues either informally or formally before or at the general meetings of shareholders. 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 notice in its the annual report and announcements released via SGXNET, at least 14 days before the meeting. 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 not implemented due to authentication and other security related concerns.</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, recording 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 20.0% of the Group's net profit after tax ("<b>NPAT</b>") for FY2022 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 0.22 Singapore cents per share for FY2022 ("<b>Final Dividend</b>"). The final dividend amounting to S\$1.075 million is subject to shareholders' approval at the forthcoming AGM to be held on 28 November 2022.</p> <p>The Final Dividend represents a pay-out ratio of 21.25% against the Group's FY2022 NPAT.</p>

# CORPORATE GOVERNANCE REPORT

Provision	Code Description	Company's Compliance or Explanation
<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>		
12.1	<b>Communication with Shareholders</b>	<p>The Company believes in high standards of transparent corporate disclosure and is committed to disclose to its shareholders, the information in a timely and fair manner via SGXNET and the Company's website 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. 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 1967 of Singapore and Singapore Financial Reporting Standards and the Catalist Rules;</li> <li>(b) Half-yearly announcements containing a summary of the financial information and affairs of the Group for the reported period;</li> <li>(c) Press releases on major developments of the Group; and</li> <li>(d) 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	<b>Investor Relations Policy</b>	<p>The Company solicits feedback from and addresses the concerns of shareholders (including institutional and retail investors) via investors/ analyst briefings and the corporate email address on its website. The Company held two(2) investor briefing in FY2022 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 Executive Director who is responsible for integrating operation, 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>	<p>The Board considers the Company's obligations to its shareholders and also the interests of its material stakeholders as the relationships with material stakeholders may have an impact on the Company's long-term sustainability.</p> <p>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 and the Company undertakes an annual review in identifying its material stakeholders. The Board has identified its stakeholders as customers, employees, suppliers, landlords, investors, media, government institutions and the communities. The Company also assesses the material environmental, social and governance factors that affects the Group.</p> <p>The Company maintains its Company's website to communicate and engage with the stakeholders to ensure that the business interests of the Group are balanced against the needs and interests of its stakeholders. Please refer to the Group's sustainability report for FY2022 for details on the commitment made by the Company in fostering the creation of long-term value for the stakeholders and sustainable development of the global economy.</p>

# CORPORATE GOVERNANCE REPORT

COMPLIANCE WITH APPLICABLE CATALIST RULES		
711A	<b>Sustainability Report</b>	The Group has issued its sustainability report for FY2022 on 10 November 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 FY2022 is RM659,000 (90.4%). The non-audit fees paid/payable to the external auditors for the FY2022 is RM70,000 (9.6%).
1204(6)(B)	<b>Confirmation by AC</b>	<p>The AC is satisfied that the independence of the external auditors is not prejudiced as the non-audit services rendered during FY2022 were not substantial.</p> <p>Having reviewed, amongst other, the scope and quality of the audit and independence of the external auditor, the AC has recommended and the Board has approved the nomination for re-appointment of Ernst &amp; Young LLP as the external auditors of the Company at the forthcoming AGM.</p>
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 MD, any Director, or controlling shareholder, which are either still subsisting at the end of FY2022 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 MD, any Director, or controlling shareholder, which are either still subsisting at the end of FY2022 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 FY2022 based on the assurance from the MD and the CFO set out in page 47 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.

# CORPORATE GOVERNANCE REPORT

## COMPLIANCE WITH APPLICABLE CATALIST RULES

1204(17)

### Interested Persons Transaction ("IPT")

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.

The Group has obtained a general mandate from shareholders for the following IPTs including:

- a. The procurement of hiring and transportation services by our Group from Multiline Trading;
- b. The purchase of lubricants by our Group from HChem Marketing;
- c. The procurement of spare parts and equipment by our Group from Multiline Trading; and
- d. The procurement of Shared Services by our Group from Aras Kuasa pursuant to the Shared Services Agreement.

Save as disclosed in the table below, there were no interested person transactions of S\$100,000 and above during FY2022.

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
Multiline Trading Sdn Bhd	Related party Entity of Managing Director, Dato' Sri Pek Kok Sam	-	11,657
Hchem Marketing (M) Sdn Bhd	Related party Entity of Managing Director, Dato' Sri Pek Kok Sam	-	1,484

# CORPORATE GOVERNANCE REPORT

COMPLIANCE WITH APPLICABLE CATALIST RULES		
		<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 Catalist 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 Catalist Rules. The Company, Directors and executives shall not deal in the Company's shares on short-term considerations or if they are in possession of price sensitive information and during the period commencing one (1) month prior to release of the full-year financial results announcement and its interim financial results announcements and ending on the date of the announcement of the results. Directors and senior management are also expected to observe insider-trading laws at all times even when dealing in securities within permitted trading periods while in possession or price-sensitive information.</p> <p>In general, the Group's policy encourages Directors, officers and employees of the Group to not deal in Company's securities on short term considerations. The policy is to ensure that the Company's Directors, officers, employees of the Group are aware of their legal obligations towards the dealing of securities of the Company. Persons who are in possession of unpublished material price sensitive information and use such information for their own material gain are committing an offence of insider trading.</p>
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 FY2022.</p>



# CORPORATE GOVERNANCE REPORT

## COMPLIANCE WITH APPLICABLE CATALIST RULES

1204(22)

### Use of Proceeds

Pursuant to the IPO on 26 June 2020, the Company received S\$11.9 million as IPO net proceeds ("**IPO Net Proceeds**").

As at the date of this Report, the status on the use of the IPO Net Proceeds is as follows:

Use of IPO Net Proceeds	Allocated S\$'000	Utilised S\$'000	Balance S\$'000
Further exploration activities	4,000	(3,484)	516
Investment into mining equipment and infrastructure	3,000	(3,000)	–
Acquisitions, joint ventures, strategic alliances and/or development of new mines	1,000	(1,000)	–
General working capital purposes	3,937	(1,973) <sup>(1)</sup>	1,964
Total	11,937	(9,457)	2,480

**Notes:**

(1) S\$2.0 million was utilised as working capital of the Company to pay its ongoing professional expenses, directors' insurance and training fees and bank charges.

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.

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.

## 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>Mr Lim Wei Hung</b>	<b>Dato' Sri Mohd Jamidan Abdullah</b>	<b>Dato' Gainneos Jacob Goldie</b>
Appointment	Executive Director and Chief Operating Officer	Lead Independent Director	Independent Director
Date of initial appointment	1 November 2022	27 April 2020	27 April 2020
Date of last re-election	N/A	27 November 2020	27 November 2020
Directorship in other listed companies – Present	N/A	N/A	N/A
Directorship in other listed companies and/or other principal commitments – Past (in the last five years)	N/A	N/A	N/A
Present principal commitments	Selatan Anjung Sdn Bhd  RE Jaya Timur Sdn Bhd	Indodeluxe Sdn. Bhd.	CJ&J Property Trading Limited  Jacob Goldie S.S. Chew Advocates & Solicitors ("JGSSC")

## ADDITIONAL INFORMATION

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

	<b>Mr Lim Wei Hung</b>
Date of Appointment	1 November 2022
Age	50
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 Mr Lim Wei Hung for re-appointment as an Executive Director. The Board have reviewed and concluded that Mr Lim Wei Hung possesses the requisite experience, knowledge and capabilities to assume the duties and responsibilities as an Executive Director of the Company.
Whether appointment is executive, and if so, the area of responsibility	Executive.  - Overseeing the mining operation, mining and all technical, compliance reporting - Managing stakeholders' relationship.
Job Title	Executive Director and Chief Operating Officer
Professional qualifications	Bachelor of Accounting from University of Malaya  Chartered Accountant with The Malaysian Institute of Accountants  Certified Public Accountant with The Malaysian Institute of Certified Public Accountants
Working experience and occupation(s) during the past 10 years	June 2020 to 31 October 2022 Southern Alliance Mining Ltd Chief Financial Officer  July 2013 to June 2020 Honest Sam Development Sdn Bhd Chief Financial Officer  October 2000 to July 2013 Franky Construction Sdn Bhd Head of Finance and Director of the group's quarry arm
Shareholding interest in the listed issuer and its subsidiaries	6,020,000 shares

## ADDITIONAL INFORMATION

Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	No
Conflict of interest (including any competing business)	No
Undertaking (in the format set out in Appendix 7H) under Rule 720(1) has been submitted to the listed issuer	Yes
Other Principal Commitments (for the last 5 years)	N/A
Present	Selatan Anjung Minerals Sdn Bhd RE Jaya Timur Sdn Bhd
<b>Disclose the following matters concerning an appointment of director, managing director, 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

## ADDITIONAL INFORMATION

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
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



## ADDITIONAL INFORMATION

<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> <li>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,</li> </ul> <p>in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?</p>	No

## ADDITIONAL INFORMATION

<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>	<p>No</p>
<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. Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable).</p>	<p>N/A. This is a re-election of director.</p>

## ADDITIONAL INFORMATION

	<b>Dato' Sri Mohd Jamidan Abdullah</b>
Date of Appointment	27 April 2020
Age	64
Country of principal residence	Malaysia
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The Board of Directors of the Company has considered, among others, the recommendation of the NC and assessed the qualifications and experience and suitability of Dato' Sri Mohd Jamidan Abdullah for re-appointment as a Director, member of the AC, RC and NC of the Company. The Board have reviewed and concluded that Dato' Sri Mohd Jamidan Abdullah possess the requisite experience, knowledge and capabilities to assume the duties and responsibilities as a Director of the Company.
Whether appointment is executive, and if so, the area of responsibility	No
Job Title	Lead Independent Director
Professional qualifications	N/A
Working experience and occupation(s) during the past 10 years	Dato' Sri Mohd Jamidan has worked for the Malaysian Anti-Corruption Agency from 1983 up until his retirement in January 2018, rising from an Officer to the Deputy Commissioner (Management and Professionalism), a post he held from 2015 to 2018.
Shareholding interest in the listed issuer and its subsidiaries	Nil
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	No
Conflict of interest (including any competing business)	No
Undertaking (in the format set out in Appendix 7H) under Rule 720(1) has been submitted to the listed issuer	Yes
Other Principal Commitments (for the last 5 years)	N/A
Present	Indodeluxe Sdn. Bhd.

## ADDITIONAL INFORMATION

**Disclose the following matters concerning an appointment of director, managing director, 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.**

<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



## ADDITIONAL INFORMATION

<p>j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of :-</p> <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> <li>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,</li> </ul> <p>in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?</p>	No
<p>k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?</p>	No

## ADDITIONAL INFORMATION

Disclosure applicable to the appointment of Director only	
<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. Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable).</p>	<p>N/A. This is a re-election of director.</p>

## ADDITIONAL INFORMATION

	<b>Dato' Gainneos Jacob Goldie</b>
Date of Appointment	27 April 2020
Age	55
Country of principal residence	Malaysia
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The Board of Directors of the Company has considered, among others, the recommendation of the NC and assessed the qualifications and experience and suitability of Dato' Gainneos Jacob Goldie for re-appointment as a Director, Chairman of the NC and RC, and member of the AC of the Company. The Board have reviewed and concluded that Dato' Gainneos Jacob Goldie possess the requisite experience, knowledge and capabilities to assume the duties and responsibilities as a Director of the Company.
Whether appointment is executive, and if so, the area of responsibility	No
Job Title	Independent Director
Professional qualifications	Dato' Gainneos Jacob Goldie is a member of the Pahang State Bar Committee.
Working experience and occupation(s) during the past 10 years	Dato' Gainneos Jacob Goldie has been the managing partner of JGSSC since 2000 and is the head of litigation, specialising in civil and commercial litigation involving debt recovery, construction disputes, arbitration and matters pertaining to mining laws.
Shareholding interest in the listed issuer and its subsidiaries	Nil
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	No
Conflict of interest (including any competing business)	No
Undertaking (in the format set out in Appendix 7H) under Rule 720(1) has been submitted to the listed issuer	Yes
Other Principal Commitments (for the last 5 years)	N/A
Present	CJ&J Property Trading Limited Jacob Goldie S.S. Chew Advocates & Solicitors

## ADDITIONAL INFORMATION

<p><b>Disclose the following matters concerning an appointment of director, managing director, 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



## ADDITIONAL INFORMATION

<p>j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of :-</p> <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> <li>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,</li> </ul> <p>in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?</p>	No
<p>k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?</p>	No

## ADDITIONAL INFORMATION

### Disclosure applicable to the appointment of Director only

Any prior experience as a director of an issuer listed on the Exchange?

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.

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. 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).

N/A. This is a re-election of director.

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# DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 JULY 2022

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 2022.

## 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 2022 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.

# DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 JULY 2022

## 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 1967, 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	343,845,000	343,845,000	25,000	25,000
Dato' Teh Teck Tee	30,100,000	30,100,000	–	–

By virtue of Section 7 of the Singapore Companies Act 1967, 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 2022.

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.



# DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 JULY 2022

## 5. Options and Performance share plan (cont'd)

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.

## 6. Audit committee

The audit committee (the "AC") carried out its functions in accordance with Section 201B (5) of the Singapore Companies Act 1967, 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 internal and 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

# DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 JULY 2022

## 6. Audit committee (cont'd)

- 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.

## 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  
27 October 2022

# INDEPENDENT AUDITOR'S REPORT

FOR THE FINANCIAL YEAR ENDED 31 JULY 2022

**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 2022, 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 Singapore Companies Act 1967 (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 2022 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 2022

## Key audit matters (cont'd)

### 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 2022, revenue from sale of iron ore amounted to RM 178,678,000. 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 2021 through to the closing trial balance as of 31 July 2022. 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 Note 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 2022

## 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 2022

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

- 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  
27 October 2022

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 JULY 2022

	Note	2022 RM'000	2021 RM'000
<b>Revenue</b>	4	<b>178,678</b>	387,369
Cost of sales		(150,674)	(179,413)
<b>Gross profit</b>		<b>28,004</b>	207,956
Other income	5	7,299	6,653
Other operating expenses		(1,372)	(662)
General and administrative expenses		(11,992)	(23,377)
Finance costs	6	(448)	(289)
<b>Profit before tax</b>	7	<b>21,491</b>	190,281
Income tax	9	(5,218)	(42,151)
<b>Profit for the year, representing total comprehensive income for the year, attributable to owners of the Company</b>		<b>16,273</b>	148,130
<b>Earnings per share</b>			
Basic and diluted	10	<b>3.33</b>	30.29

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

# STATEMENTS OF FINANCIAL POSITION

AS AT 31 JULY 2022

	Note	Group		Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<b>Non-current assets</b>					
Property, plant and equipment	11	74,543	56,536	–	–
Mine properties	13	25,497	22,538	–	–
Exploration and evaluation assets	14	13,017	6,768	–	–
Investment in subsidiaries	15	–	–	174,565	174,480
Investment securities		39	39	–	–
Investment in redeemable preference shares	16	–	–	10,000	–
		<b>113,096</b>	<b>85,881</b>	<b>184,565</b>	<b>174,480</b>
<b>Current assets</b>					
Inventories	17	5,468	4,911	–	–
Trade and other receivables	18	26,067	21,435	3,725	12,175
Contract assets	4	1,979	29,505	–	–
Prepayments		2,039	8,375	137	103
Cash and bank balances	19	221,385	281,145	31,570	21,784
Income tax recoverable		24,538	–	–	–
		<b>281,476</b>	<b>345,371</b>	<b>35,432</b>	<b>34,062</b>
<b>Total assets</b>		<b>394,572</b>	<b>431,252</b>	<b>219,997</b>	<b>208,542</b>
<b>Current liabilities</b>					
Lease and hire purchase liabilities	20	5,239	2,890	–	–
Trade and other payables	21	17,448	42,001	742	849
Income tax payable		–	15,359	–	–
		<b>22,687</b>	<b>60,250</b>	<b>742</b>	<b>849</b>
<b>Net current assets</b>		<b>258,789</b>	<b>285,121</b>	<b>34,690</b>	<b>33,213</b>
<b>Non-current liabilities</b>					
Lease and hire purchase liabilities	20	6,289	1,213	–	–
Deferred tax liabilities	9	7,430	3,179	–	–
		<b>13,719</b>	<b>4,392</b>	<b>–</b>	<b>–</b>
<b>Total liabilities</b>		<b>36,406</b>	<b>64,642</b>	<b>742</b>	<b>849</b>
<b>Net assets</b>		<b>358,166</b>	<b>366,610</b>	<b>219,255</b>	<b>207,693</b>

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

# STATEMENTS OF FINANCIAL POSITION

AS AT 31 JULY 2022

	Note	Group		Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<b>Equity attributable to owners of the Company</b>					
Share capital	22	218,154	218,154	218,154	218,154
Treasury shares	22	(467)	–	(467)	–
Retained earnings/(accumulated losses)		303,111	311,103	1,568	(10,461)
Merger reserve	24	(163,380)	(163,380)	–	–
		<b>357,418</b>	365,877	<b>219,255</b>	207,693
Preference shares	23	733	733	–	–
Non-controlling interest		15	–	–	–
<b>Total equity</b>		<b>358,166</b>	366,610	<b>219,255</b>	207,693

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 2022

	Attributable to owners of the Company					Preference shares RM'000 (Note 23)	Non-controlling interests RM'000	Total equity RM'000
	Share capital RM'000 (Note 22)	Treasury shares RM'000 (Note 22)	Merger reserve RM'000 (Note 24)	Retained earnings RM'000	Total RM'000			
<b>Group</b>								
<b>2022</b>								
<b>Opening balance at 1 August 2021</b>	218,154	-	(163,380)	311,103	365,877	733	-	366,610
Profit for the year representing total comprehensive income	-	-	-	16,273	16,273	-	-	16,273
<u>Transactions with owners</u>								
Purchase of treasury shares	-	(467)	-	-	(467)	-	-	(467)
Dividends on ordinary and preference shares (Note 30)	-	-	-	(24,265)	(24,265)	-	-	(24,265)
Total transactions with owners	-	(467)	-	(24,265)	(24,732)	-	-	(24,732)
Partial disposal of an investment in a subsidiary	-	-	-	-	-	-	15	15
<b>Closing balance at 31 July 2022</b>	<b>218,154</b>	<b>(467)</b>	<b>(163,380)</b>	<b>303,111</b>	<b>357,418</b>	<b>733</b>	<b>15</b>	<b>358,166</b>
<b>2021</b>								
<b>Opening balance at 1 August 2020</b>	218,154	-	(163,380)	172,006	226,780	733	-	227,513
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 30)	-	-	-	(9,033)	(9,033)	-	-	(9,033)
<b>Closing balance at 31 July 2021</b>	<b>218,154</b>	<b>-</b>	<b>(163,380)</b>	<b>311,103</b>	<b>365,877</b>	<b>733</b>	<b>-</b>	<b>366,610</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 2022

	Share capital RM'000 <u>(Note 21)</u>	Treasury shares RM'000 <u>(Note 21)</u>	Accumulated losses RM'000 <u></u>	Total equity RM'000 <u></u>
<b>Company</b>				
<b>2022</b>				
<b>Opening balance at 1 August 2021</b>	<b>218,154</b>	–	<b>(10,461)</b>	<b>207,693</b>
Profit for the year representing total comprehensive income	–	–	<b>36,194</b>	<b>36,194</b>
<u>Transactions with owners</u>				
Purchase of treasury shares	–	<b>(467)</b>	–	<b>(467)</b>
Dividends on ordinary shares (Note 30)	–	–	<b>(24,165)</b>	<b>(24,165)</b>
<b>Closing balance at 31 July 2022</b>	<b>218,154</b>	<b>(467)</b>	<b>1,568</b>	<b>219,255</b>
<b>2021</b>				
<b>Opening balance at 1 August 2020</b>	218,154	–	(9,168)	208,986
Profit for the year representing total comprehensive income	–	–	7,640	7,640
<u>Transaction with owners</u>				
Dividends on ordinary shares (Note 30)	–	–	(8,933)	(8,933)
<b>Closing balance at 31 July 2021</b>	<b>218,154</b>	<b>–</b>	<b>(10,461)</b>	<b>207,693</b>

*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 2022

	2022 RM'000	2021 RM'000
<b>Operating activities</b>		
Profit before tax	21,491	190,281
<u>Adjustments for:</u>		
Interest expenses	448	289
Interest income	(2,686)	(2,541)
Unrealised gain on foreign exchange	(3,728)	(1,478)
Depreciation of property, plant and equipment	13,707	9,231
Gain on disposal of property, plant and equipment	(418)	(960)
Amortisation of mine properties	4,631	3,521
Total adjustments	11,954	8,062
<b>Operating cash flows before changes in working capital</b>	<b>33,445</b>	<b>198,343</b>
<u>Changes in working capital</u>		
(Increase)/decrease in inventories	(557)	3,936
Decrease/(increase) in trade and other receivables and contract assets	22,673	(23,668)
Decrease/(increase) in prepayments	6,336	(6,856)
(Decrease)/increase in trade and other payables	(25,124)	18,141
Total working capital changes	3,328	(8,447)
<b>Cash flows from operations</b>	<b>36,773</b>	<b>189,896</b>
Income taxes paid	(40,864)	(19,079)
Interest received	2,686	2,541
Interest paid	(448)	(289)
<b>Net cash (used in)/from operating activities</b>	<b>(1,853)</b>	<b>173,069</b>
<b>Investing activities</b>		
Investment in exploration and evaluation assets	(6,249)	(6,328)
Purchase of property, plant and equipment	(19,402)	(24,837)
Proceeds from disposal of property, plant and equipment	420	227
Placement of term deposits	(852)	(35,639)
Expenditures on stripping activity assets	(6,469)	-
<b>Net cash used in investing activities</b>	<b>(32,552)</b>	<b>(66,577)</b>

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 2022

	2022 RM'000	2021 RM'000
<b>Financing activities</b>		
Repayment of lease and hire-purchase liabilities	(5,105)	(3,372)
Purchase of treasury shares	(467)	-
Dividend paid on ordinary and preference shares	(24,265)	(9,033)
<b>Net cash used in financing activities</b>	<b>(29,837)</b>	<b>(12,405)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(64,242)</b>	94,087
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>3,630</b>	1,553
<b>Cash and cash equivalents at beginning of financial year</b>	<b>245,506</b>	149,866
<b>Cash and cash equivalents at end of financial year</b>	<b>184,894</b>	245,506

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

	2022 RM'000	2021 RM'000
Cash and bank balances (Note 19)	221,385	281,145
Less:		
Deposits more than three months	(36,491)	(35,639)
<b>Cash and cash equivalents at end of financial year</b>	<b>184,894</b>	245,506

*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 2022

## 1. General information

### 1.1 The Company

The Company was incorporated on 19 September 2019 under the Singapore Companies Act 1967 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.

## 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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2022

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

### 2.2 Standards issued but not yet effective

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

Description	Effective for annual periods beginning on or after
Amendments to SFRS(I) 1-1: Classification of Liabilities as Current or Non-current	1 January 2023
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.

### 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 2022.

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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2022

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

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

#### (a) Basis of consolidation (cont'd)

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 2022

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

### 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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2022

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

### 2.6 Property, plant and equipment (cont'd)

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

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

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

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

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

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in profit or loss in the year the asset is derecognised.

### 2.7 Impairment of non-financial assets

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

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2022

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

### 2.7 Impairment of non-financial assets (cont'd)

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

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

For assets, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss.

### 2.8 Subsidiary

A subsidiary is an investee that is controlled by the Group. The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. In the Company's statement of financial position, investment in 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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2022

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

### 2.9 Financial instruments (cont'd)

#### (a) Financial assets (cont'd)

##### 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.

#### (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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2022

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

### 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.

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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2022

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

### 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.

### 2.14 Employee benefits

#### (a) Short-term benefits

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



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2022

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

### 2.14 Employee benefits (cont'd)

#### (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 2022

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

### 2.15 Leases (cont'd)

#### (b) Lease liabilities (cont'd)

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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2022

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

### 2.16 Revenue (cont'd)

#### (a) Sale of iron ores (cont'd)

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

#### (b) Rendering of hiring and transportation services

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

### 2.17 Stripping (waste removal) costs

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

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

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

There are two types of stripping activity:

#### (a) Development stripping

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

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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2022

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

### 2.17 Stripping (waste removal) costs (cont'd)

#### (a) *Development stripping (cont'd)*

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

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

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

#### (b) *Production stripping*

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

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

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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2022

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

### 2.17 Stripping (waste removal) costs (cont'd)

#### (b) Production stripping (cont'd)

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.

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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2022

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

### 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.

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.



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2022

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

### 2.19 Exploration and evaluation assets (cont'd)

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
- (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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2022

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

### 2.20 Taxes (cont'd)

#### (b) *Deferred tax (cont'd)*

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 2022

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

### 2.20 Taxes (cont'd)

#### (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 2022

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

### 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 2022

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

### 2.24 Segment reporting (cont'd)

All revenue, operating expenses and assets and liabilities are derived from the operations based in Malaysia. The Group generates revenues from transactions with 2022: 2 (2021: 3) major customers, each making up greater than 10% of the Group's revenue, amounting to a total of RM163,311,000 (2021: RM330,829,000) as detailed below.

	Group	
	2022 RM'000	2021 RM'000
Customer 1	60,477	80,041
Customer 2	102,834	192,419
Customer 3	-	58,369
	<b>163,311</b>	<b>330,829</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 2022 is RM24,538,000 (2021: Nil), Nil (2021: RM15,359,000) and RM7,430,000 (2021: RM3,179,000) respectively.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2022

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

### 3.1 Judgements made in applying accounting policies (cont'd)

#### (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 2022

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

### 3.1 Judgements made in applying accounting policies (cont'd)

#### (c) Impairment of mine properties and property, plant and equipment ("mining assets") (cont'd)

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.

#### (d) Exploration and evaluation assets

The future recoverability of capitalised exploration and evaluation expenditure is dependent on several factors, including whether the Group decides to exploit the related area of interest, if not, whether it can successfully recover the related exploration and evaluation asset through sale. Factors which could impact the future recoverability include the level of ore reserves and mineral resources, future technological changes which could impact the cost of mining, future legal changes (including changes to environmental restoration obligations) and changes to commodity prices.

In addition, exploration and evaluation expenditure is capitalised if activities in the area of interest have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves. To the extent that it is determined in the future that this capitalised expenditure should be written off, this will reduce profits and net assets in the period in which this determination is made. The carrying amount of the Group's exploration and evaluation expenditure at 31 July 2022 is disclosed in Note 14.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2022

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

### 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.

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 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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2022

## 4. Revenue

	Group	
	2022 RM'000	2021 RM'000
Sale of iron ores	<b>178,678</b>	387,369

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	
	2022 RM'000	2021 RM'000
Receivables from contracts with customers (Note 18)	<b>10,358</b>	17,716
Contract assets	<b>1,979</b>	29,505

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.

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

Significant changes in contract assets are explained as follows:

	Group	
	2022 RM'000	2021 RM'000
Contract assets reclassified to receivables	<b>29,505</b>	4,248

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2022

## 5. Other income

	Group	
	2022 RM'000	2021 RM'000
Interest income from fixed deposits	2,686	2,541
Gain on disposal of property, plant equipment	418	960
Realised gain on foreign exchange	125	59
Rendering of hiring and transportation services	204	180
Handling charges	-	495
Unrealised gain on foreign exchange	3,728	1,478
Insurance claim	96	-
Government grant	-	626
Sundry income	42	314
	<b>7,299</b>	<b>6,653</b>

## 6. Finance costs

	Group	
	2022 RM'000	2021 RM'000
Interest expense on:		
- Lease liabilities	448	289

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2022

## 7. Profit before tax

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

	Group	
	2022 RM'000	2021 RM'000
Employee benefits expense (Note 8)	12,508	24,622
Depreciation of property, plant and equipment (Note 11)	13,707	9,231
Amortisation of mine properties (Note 13)	4,631	3,521
Tributes	35,500	36,000
Unrealised gain on foreign exchange	(3,728)	(1,478)
Realised gain on foreign exchange	(125)	(59)

## 8. Employee benefits

	Group	
	2022 RM'000	2021 RM'000
Wages and salaries	11,420	23,577
Social security contributions	111	120
Statutory contributions to Employees Provident Fund	977	925
	<b>12,508</b>	<b>24,622</b>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2022

## 9. Income tax

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

The major components of income tax expense for the years ended 31 July 2022 and 2021 are:

	Group	
	2022 RM'000	2021 RM'000
<i>Current income tax</i>		
Current income taxation	897	40,122
Under/(over) provision in respect of previous years	70	(4,614)
	<b>967</b>	<b>35,508</b>
<i>Deferred tax</i>		
Origination and reversal of temporary differences	4,239	6,742
Under/(over) provision in respect of previous years	12	(99)
	<b>4,251</b>	<b>6,643</b>
Income tax expense recognised in profit or loss	<b>5,218</b>	<b>42,151</b>

### (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 2022 and 2021 are as follows:

	Group	
	2022 RM'000	2021 RM'000
Profit before tax	<b>21,491</b>	190,281
Tax at the domestic rates applicable to profits in the countries where the Group operates	<b>5,255</b>	45,826
Adjustments:		
Non-deductible expenses	717	1,550
Income not subject to taxation	(836)	(512)
Under/(over) provision of income tax in respect of previous years	82	(4,713)
Income tax recognised in profit or loss	<b>5,218</b>	<b>42,151</b>

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 2022

## 9. Income tax (cont'd)

### (b) Relationship between income tax and profit before tax (cont'd)

Deferred tax relates to the following:

	Group			
	Consolidated statement of financial position		Consolidated statement of comprehensive income	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<b>Deferred tax liabilities:</b>				
Differences in depreciation for tax purposes	(7,430)	(6,114)	1,316	2,594
<b>Deferred tax assets:</b>				
Losses available for offsetting against future taxable income	-	2,935	2,935	4,049
	<b>(7,430)</b>	<b>(3,179)</b>	<b>4,251</b>	<b>6,643</b>

## 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	
	2022	2021
Profit attributable to owners of the Company (RM'000)	16,273	148,130
Weighted average number of ordinary shares for basic earnings per shares computation ('000)	488,854	489,000
Basic and fully diluted basis EPS (Malaysian cents per share)	3.33	30.29

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2022

## 11. Property, plant and equipment

Group Cost	Construction in progress		Buildings	Office premises	Motor vehicles and heavy- duty mobile equipment	Plant and machinery	Other equipment	Furniture and fittings, containers, signboard and renovation	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 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)	
Transfer	(16,065)	15,430	-	-	-	-	635	-	
At 31 July 2021 and 1 August 2021	152	17,969	596	37,161	118,475	276	2,711	177,340	
Additions	11,579	2,931	675	589	15,749	-	1,314	32,837	
Disposals	-	-	-	-	(825)	-	-	(825)	
At 31 July 2022	<b>11,731</b>	<b>20,900</b>	<b>1,271</b>	<b>37,750</b>	<b>133,399</b>	<b>276</b>	<b>4,025</b>	<b>209,352</b>	

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2022

## 11. Property, plant and equipment (cont'd)

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
<b>Accumulated depreciation</b>								
At 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)	(1,153)	-	-	(1,708)
Write-off	-	-	-	-	-	-	(37)	(37)
At 31 July 2021 and 1 August 2021	-	3,112	304	33,999	81,530	177	1,682	120,804
Depreciation charge for the year*	-	1,685	388	672	11,751	20	312	14,828
Disposals	-	-	-	-	(823)	-	-	(823)
At 31 July 2022	-	<b>4,797</b>	<b>692</b>	<b>34,671</b>	<b>92,458</b>	<b>197</b>	<b>1,994</b>	<b>134,809</b>
<b>Net carrying amount</b>								
At 31 July 2022	<b>11,731</b>	<b>16,103</b>	<b>579</b>	<b>3,079</b>	<b>40,941</b>	<b>79</b>	<b>2,031</b>	<b>74,543</b>
At 31 July 2021	152	14,857	292	3,162	36,945	99	1,029	56,536

### Note:

\* During the year ended 31 July 2022, the Group has incurred a total depreciation of RM14,828,000 which included an amount of RM1,121,000 capitalised as stripping activity assets and RM13,707,000 charged to profit or loss.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2022

## 11. Property, plant and equipment (cont'd)

During the year ended 31 July 2022, the Group acquired assets amounting to RM32,837,000 (2021: RM28,696,000) and disposed of assets amounting to RM2,000 (2021: RM67,000). The cash outflow on acquisition of property, plant and equipment amounted to RM19,402,000 (2021: RM24,837,000). Out of total proceeds from disposed assets amounted to RM420,000 (2021: RM1,027,000), the Group had received cash inflows from disposed assets of RM420,000 (2021: RM227,000). Accordingly, gain on disposal amounted to RM418,000 (2021: RM960,000).

### Assets held under hire purchase

The Group acquired plant and machinery, motor vehicles and heavy-duty mobile equipment with an aggregate cost of RM13,718,000 (2021: RM291,000) in 2022 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 2022 was RM14,856,025 (2021: RM4,853,000).

### 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 2020	480	650	1,414	2,544
Amortisation	(188)	(236)	(497)	(921)
As at 31 July 2021	292	414	917	1,623
Additions	675	-	-	675
Amortisation	(388)	(237)	(497)	(1,122)
As at 31 July 2022	<b>579</b>	<b>177</b>	<b>420</b>	<b>1,176</b>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2022

## 12. Leases (cont'd)

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

	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 2021	295	752	3,056	4,103
Additions	675	341	11,514	12,530
Interest expense	37	29	382	448
Lease payments				
- Principal portion	(396)	(434)	(4,275)	(5,105)
- Interest portion	(37)	(29)	(382)	(448)
As at 31 July 2022	<b>574</b>	<b>659</b>	<b>10,295</b>	<b>11,528</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	295	752	3,056	4,103
<b>2022</b>				
Current				<b>5,239</b>
Non-current				<b>6,289</b>
<b>2021</b>				
Current				2,890
Non-current				1,213

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2022

## 12. Leases (cont'd)

### *Lease and hire purchase liabilities (cont'd)*

The following are the amounts recognised in profit or loss:

	Group	
	2022 RM'000	2021 RM'000
Amortisation of right-of-use assets	1,122	921
Interest expenses on lease and hire purchase liabilities included in finance costs	448	289
Variable lease payments included in cost of sales	9,804	21,435
Expenses relating to short-term leases included in general and administrative expenses	38	37
Total amount recognised in profit or loss	<b>11,412</b>	<b>22,682</b>
Total cash outflows for leases and hire purchases	<b>14,463</b>	<b>20,993</b>

### *Agreement with lease component*

The Group has an agreement with a third party for the processing of iron ore that contains an operating lease component pertaining to the underlying plant and equipment where the Group is the lessee. The payments required under the agreement depends on the actual amount of iron ore processed, among others such as the agreed contractual rates and the market price of iron ore. All the payments under this agreement are variable in nature and are recognised as expenses as incurred. For the financial year ended 31 July 2022, variable payments expensed under this agreement, inclusive of non-lease elements amount to RM9,804,000 (2021: RM21,435,000) 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 2022

## 13. Mine properties

	Producing mine RM'000	Stripping activity asset RM'000	Total RM'000
<b>Group</b>			
<b>Cost</b>			
At 1 August 2020, 31 July 2021 and 1 August 2021	18,259	46,404	64,663
Addition during the year	–	7,590	7,590
At 31 July 2022	<b>18,259</b>	<b>53,994</b>	<b>72,253</b>
<b>Accumulated amortisation</b>			
At 1 August 2020	11,273	27,331	38,604
Charge for the year	944	2,577	3,521
At 31 July 2021 and 1 August 2021	12,217	29,908	42,125
Charge for the year	891	3,740	4,631
At 31 July 2022	<b>13,108</b>	<b>33,648</b>	<b>46,756</b>
<b>Net carrying amount</b>			
At 31 July 2022	<b>5,151</b>	<b>20,346</b>	<b>25,497</b>
At 31 July 2021	6,042	16,496	22,538

During the year ended 31 July 2022, the Group has capitalised RM7,590,000 as stripping activity assets which consist of non-cash depreciation capitalised of RM1,121,000 and cash outflow of RM6,469,000 incurred for stripping activities.

## 14. Exploration and evaluation assets

	Group	
	2022 RM'000	2021 RM'000
<b>Cost</b>		
At 1 August	6,768	440
Additions	6,249	6,328
At 31 July	<b>13,017</b>	6,768
<b>Carrying amount</b>		
At 31 July	<b>13,017</b>	6,768

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2022

## 14. Exploration and evaluation assets (cont'd)

The carrying amount of the exploration and evaluation assets as at 31 July 2022 and 31 July 2021 mainly 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.

## 15. Investment in subsidiaries

	Company	
	2022 RM'000	2021 RM'000
Unquoted equity shares, at cost	174,565	174,480

### Composition of the Company

The Company has the following subsidiaries as at financial year ended 31 July 2022 and 2021:

Name	Country of incorporation and place of business	Principal activities	Proportion (%) of shareholdings held	
			2022 %	2021 %
Honest Sam Development Sdn. Bhd.*	Malaysia	Mining, processing and sales of iron ore, gold and other precious metals, base metals and minerals	60 <sup>(1)</sup>	60 <sup>(1)</sup>
Selatan Anjung Minerals Sdn. Bhd.* (formerly known as SAM Mineral Trade Sdn. Bhd.)	Malaysia	Mining and quarrying of various minerals and materials	85 <sup>(2)</sup>	100
South Atlantic Minerals Sdn. Bhd.*	Malaysia	Mining, quarrying and trading of various minerals and materials	100	100
Sumber Alam Minerals (Sabah) Sdn Bhd*	Malaysia	Mining, quarrying and trading of various minerals and materials	100	100
Southern Atlantic Metal Sdn Bhd*	Malaysia	Mining, quarrying and trading of various minerals and materials	50 <sup>(3)</sup>	–
Sri Aman Minerals Sdn Bhd*	Malaysia	Mining, quarrying and trading of various minerals and materials	100	–

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2022

## 15. Investment in subsidiaries (cont'd)

### Composition of the Company (cont'd)

\* Audited by Ernst & Young, Malaysia

- (1) The Company holds 60% of shareholdings in Honest Sam and the remaining 40% shareholdings are held by the Bumiputera Shareholders through Convertible Preference Shares ("CPS") as disclosed in Note 23. These CPS are convertible at the sole discretion of Honest Sam into 1 ordinary share of Honest Sam for a minimal consideration of RM100 and do not carry any voting rights. Accordingly, the Company has 100% effective ownership interest and voting rights in Honest Sam Development Sdn Bhd and therefore no amount was attributed to non-controlling interest. Dividends to CPS are recognised when declared.
- (2) On 8 September 2021, SAM Mineral Trade Sdn Bhd has increased its share capital to RM100,000 comprising 100,000 unit ordinary shares at RM1.00 each through allotment of 84,999 unit of new shares to the Company and 15,000 new shares to a new shareholder, Duli Yang Maha Mulia Sultan Ibrahim Ibni Almarhum Sultan Iskandar, who is not related to any of the Directors or substantial shareholders of the Company. Consequently, the Company's interest in SAM Mineral Trade Sdn Bhd reduced from 100% to 85%. On 23 September 2021, SAM Mineral Trade Sdn Bhd was renamed to Selatan Anjung Minerals Sdn Bhd.
- (3) On 13 July 2022, Southern Atlantic Metal Sdn Bhd has increased its share capital to RM2.00 comprising two (2) ordinary shares at RM1.00 each through allotment of one (1) unit of new ordinary share at RM1.00 to a new shareholder, Mr Tan Choon Hock, who is not related to any of the Directors or substantial shareholders of the Company. Consequently, the Company's interest in Southern Atlantic Metal Sdn Bhd reduced from 100% to 50%. In view that the terms of the new shareholder agreement have not been finalised at 31 July 2022, the Company continues to account for the investment as a subsidiary.

## 16. Investment in redeemable preference shares

	Company	
	2022 RM'000	2021 RM'000
Redeemable preference shares ("RPS")	10,000	–

On 10 March 2022, the Company subscribed to 1,000 units of redeemable cumulative preference shares issued by its subsidiary, Selatan Anjung Minerals Sdn Bhd, at RM10,000 per unit.

The salient features of the RPS are as follows:

- (a) The value of the RPS shall be RM10,000 per unit only;
- (b) It shall carry a cumulative dividend rate of 5% per annum or such other rate as may be determined by the Board of Directors whichever is higher from the respective date of issuance of the RPS until the date of the redemption of the RPS;
- (c) It shall be redeemable at any time at the option of the Company by notice to the holders of the RPS in the proportion based on their respective holdings of RPS, at the redemption price for each RPS being the aggregate of:
  - (i) The issue price for each such RPS; and
  - (ii) Any accrued and unpaid dividends in respect of each such RPS for the period; and
- (d) The RPS have a maturity period of ten (10) years from the date of issuance and maybe redeemed at any time one (1) year after the issuance.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2022

## 17. Inventories

	Group	
	2022 RM'000	2021 RM'000
<b>Consolidated statement of financial position:</b>		
Iron ores	5,468	4,911
<b>Consolidated statement of comprehensive income:</b>		
Cost of inventories sold	102,258	110,511

## 18. Trade and other receivables

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<b>Trade receivables</b>				
Third parties	10,358	17,716	-	-
<b>Other receivables</b>				
Third parties	10,681	2,023	15	-
Amounts due from subsidiaries	-	-	3,478	12,150
Interest receivable from placement of short- term deposits with licensed banks	280	418	36	25
Deposits	4,775	1,305	-	-
Dividend receivable on RPS	-	-	196	-
	15,736	3,746	3,725	12,175
Less: Allowance for impairment				
- Third parties	(27)	(27)	-	-
Other receivables, net	15,709	3,719	3,725	12,175
<b>Total trade and other receivables</b>	26,067	21,435	3,725	12,175
Add: Cash and bank balances (Note 19)	221,385	281,145	31,570	21,784
Total financial assets carried at amortised cost	247,452	302,580	35,295	33,959

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2022

## 18. Trade and other receivables (cont'd)

### (a) Trade receivables

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

#### Aging analysis of trade receivables

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

	Group	
	2022 RM'000	2021 RM'000
Neither past due nor impaired	10,358	11,379
1 to 30 days past due and not impaired	-	6,310
61 to 90 days past due and not impaired	-	27
Trade receivables	<b>10,358</b>	<b>17,716</b>

#### 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 Nil (2021: RM 6,337,000) 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

There is no movement in allowance for expected credit losses of trade receivables computed based on lifetime ECL since FY2021.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2022

## 18. Trade and other receivables (cont'd)

### (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	
	2022 RM'000	2021 RM'000
<i>Movement in allowance accounts:</i>		
At 1 August	27	27
Write-back	-	-
Written off	-	-
At 31 July	<b>27</b>	<b>27</b>

## 19. Cash and bank balances

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Cash in hand and at banks	<b>104,493</b>	106,071	<b>12,143</b>	1,453
Short term deposits	<b>116,892</b>	175,074	<b>19,427</b>	20,331
	<b>221,385</b>	281,145	<b>31,570</b>	21,784

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 2022 for the Group was 1.23% (2021: 1.19%) per annum.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2022

## 19. Cash and bank balances (cont'd)

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

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
United States Dollar ("USD")	47,001	50,953	–	–
Singapore Dollar ("SGD")	44,438	36,889	29,671	21,452

## 20. Lease and hire purchase liabilities

	Maturity	Group	
		2022 RM'000	2021 RM'000
Secured lease liabilities (Note 12)			
Current	2023	5,239	2,890
Non-current	2025	6,289	1,213
<b>Total lease and hire purchase liabilities</b>		<b>11,528</b>	<b>4,103</b>

The remaining maturities of the loans and borrowings as at 31 July 2022 and 2021 are as follows:

	Group	
	2022 RM'000	2021 RM'000
On demand or within one year	5,239	2,890
More than 1 year and less than 2 years	4,348	1,077
More than 2 years and less than 5 years	1,941	136
	<b>11,528</b>	<b>4,103</b>



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2022

## 20. Lease and hire purchase liabilities (cont'd)

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

	2021	Cash flows	Non-cash changes		2022
	RM'000	RM'000	Acquisition RM'000	Other* RM'000	RM'000
Lease and hire purchase liabilities					
- current	1,213	(5,105)	–	9,131	5,239
- non-current	2,890	–	12,530	(9,131)	6,289
Total	4,103	(5,105)	12,530	–	11,528

	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
Total	7,229	(3,372)	246	–	4,103

\* 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 2.42% (2021: 2.68%) per annum.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2022

## 21. Trade and other payables

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<b>Trade payables</b>				
Third parties	8,229	17,256	-	-
Amounts due to related parties	2,852	3,811	-	-
	<b>11,081</b>	<b>21,067</b>	<b>-</b>	<b>-</b>
<b>Other payables</b>				
Accruals	2,983	5,117	591	578
Third parties	384	493	151	93
Amounts due to directors	-	12,324	-	178
Tribute payables	3,000	3,000	-	-
	<b>6,367</b>	<b>20,934</b>	<b>742</b>	<b>849</b>
<b>Total trade and other payables</b>	<b>17,448</b>	<b>42,001</b>	<b>742</b>	<b>849</b>
Add: Lease and hire purchase liabilities (Note 20)	11,528	4,103	-	-
Total financial liabilities carried at amortised cost	<b>28,976</b>	<b>46,104</b>	<b>742</b>	<b>849</b>

### (a) Trade payables

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

### (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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2022

## 22. Share capital and treasury shares

	Group and Company			
	2022		2021	
	No. of shares	RM'000	No. of shares	RM'000
Share capital				
Issued and fully paid ordinary shares	<b>489,000,000</b>	<b>218,514</b>	489,000,000	218,154
Treasury shares				
As at 1 August	-	-	-	-
Purchased during the year	<b>211,000</b>	<b>467</b>	-	-
At 31 July	<b>211,000</b>	<b>467</b>	-	-

As at 31 July 2022, the Company's total issued shares is 488,789,000 ordinary shares (31 July 2021: 489,000,000) excluding 211,000 shares held as treasury shares (31 July 2021: Nil).

Treasury shares relate to ordinary shares of the Company that is held by the Company.

## 23. Preference shares

	Group			
	2022		2021	
	No. of shares	RM'000	No. of shares	RM'000
<u>Issued convertible preference shares</u> (“CPS”)				
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;

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2022

## 23. Preference shares (cont'd)

- (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.

## 24. Merger reserve

Merger reserve represents the difference between the purchase consideration paid and the carrying value of net assets of entities acquired under common control. These amounts are not distributable under the relevant laws and regulations.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2022

## 25. Related party disclosures

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

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

	Group	
	2022 RM'000	2021 RM'000
<u>Transactions with related parties</u>		
Sale of iron ore	–	133
Procurement of services	(28)	(168)
Hiring and transportation services procured	(10,522)	(21,910)
Purchase of lubricants, spare parts and equipment	(2,616)	(1,512)
Disposal of aged equipment	–	40

### (b) Compensation of key management personnel

	Group	
	2022 RM'000	2021 RM'000
Short-term employee benefits	3,684	15,567

Key management compensation comprises the following:

Remuneration to Director of the Company	1,988	14,055
Directors' fees	720	638
Other key management personnel	703	615
Defined contributions	273	259
	<b>3,684</b>	<b>15,567</b>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2022

## 26. 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	
	2022 RM'000	2021 RM'000
Capital commitments in respect of property, plant and equipment	<b>34,700</b>	–

## 27. Fair value of assets and liabilities

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

	Fair value RM'000	Carrying amount RM'000
<b>Group</b>		
<b>2022</b>		
<i>Financial liabilities:</i>		
Lease and hire purchase liabilities	<b>11,522</b>	<b>11,528</b>
<b>2021</b>		
<i>Financial liabilities:</i>		
Lease and hire purchase liabilities	4,102	4,103

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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2022

## 27. Fair value of assets and liabilities (cont'd)

### (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.

## 28. Financial risk management objectives and policies

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

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

### (a) Credit risk

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

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

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



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2022

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

### (a) Credit risk (cont'd)

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 100% (2021: 97%) of the Group's trade receivables were due from 2 (2021: 2) customers.

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

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2022

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

### (a) Credit risk (cont'd)

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 2022 and 2021, no material loss allowances have been recorded for both contract assets and trade receivables.

#### *Financial assets that are neither past due nor impaired*

Information regarding trade and other receivables that are neither past due nor impaired is disclosed in Note 18. Trade and other receivables that are neither past due nor impaired are with credit worthy debtors with good payment record with the Group. Deposits with licensed banks that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

#### *Financial assets that are either past due or impaired*

Information regarding financial assets that are either past due or impaired is disclosed in Note 18.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2022

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

### (b) Liquidity risk

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

*Analysis of financial instruments by remaining contractual maturities*

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

	On demand or within one year RM'000	One to five years RM'000	More than five years RM'000	Total RM'000
<b>Group</b>				
<b>2022</b>				
<b>Financial liabilities:</b>				
Trade and other payables	17,448	-	-	17,448
Lease and hire purchase liabilities	5,675	6,523	-	12,198
	<b>23,123</b>	<b>6,523</b>	<b>-</b>	<b>29,646</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>Company</b>				
<b>2022</b>				
<b>Financial liabilities:</b>				
Trade and other payables	742	-	-	742
<b>2021</b>				
<b>Financial liabilities:</b>				
Trade and other payables	849	-	-	849

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2022

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

### (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 7% (2021: 10%) of the Group's costs are denominated in foreign currency and approximately 2% (2021: 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*

	2022 RM'000	2021 RM'000
USD/RM		
- Strengthened 5% (2021: 5%)	1,786	1,937
- Weakened 5% (2021: 5%)	(1,786)	(1,937)
SGD/RM		
- Strengthened 5% (2021: 5%)	1,762	1,448
- Weakened 5% (2021: 5%)	(1,762)	(1,448)

## 29. Capital management

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

The Group monitors capital using a gearing ratio. The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 July 2022 and 2021.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2022

## 29. Capital management (cont'd)

Lease and hire purchase liabilities	
Trade and other payables	
Less: Cash and bank balances	
Net cash	
Equity attributable to the owners of the Group, representing total capital	
Gearing ratio	

Group	
2022 RM'000	2021 RM'000
11,528	4,103
17,448	42,001
(221,385)	(281,145)
(192,409)	(235,041)
357,418	365,877
N.M.	N.M.

N.M. - Not meaningful.

## 30. Dividends

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

#### *Dividends on ordinary shares:*

- Final exempt (one-tier) dividend for 2021: 4.9 cents per share  
(2020: 1.8 cents per share)

#### *Dividends on convertible preference shares*

- Final exempt (one-tier) dividend for 2021: 13.6 cents per share  
(2020: 13.6 cents per share)

Group	
2022 RM'000	2021 RM'000
24,165	8,933
100	100
24,265	9,033

### **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 0.71 (2021: 4.9) cents per share

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

#### *Dividends on ordinary shares:*

- Final exempt (one-tier) dividend for 2022: 4.9 cents  
(2021: 1.8 cents) per share

Company	
2022 RM'000	2021 RM'000
3,458	24,180
24,165	8,933

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2022

## 31. Events after the reporting period

There are no known subsequent events which have led to adjustments to this set of interim consolidated financial statements.

On 4 August 2022, the Company has diluted its shareholding in Sri Aman Minerals Sdn Bhd from 100% to 50% through the transfer of one (1) unit of ordinary share in Sri Aman Minerals Sdn Bhd to a new joint venture partner, Mr Tan Choon Hock, who is not related to any of the Directors or substantial shareholders of the Company. Sri Aman Minerals Sdn Bhd will venture into exploration activity in the state of Sabah.

Subsequent to the year end, the Group has, on 28 September 2022, entered into two (2) share sale agreements with unrelated parties to acquire 49% and 50% stake in two (2) joint venture companies as below:

- a) On 28 September 2022, our subsidiary company, Honest Sam Development Sdn Bhd, has acquired 50% share in Rigid Temau Sdn Bhd ("RT") from two (2) individual shareholders, Mr Jimmy Chin and Mr Johnny Chin, who are not related to any of the Directors or substantial shareholders of the Company, for a cash consideration of RM12,000,000. RT is an iron ore mining company operating an iron ore mine in the State of Pahang. RT is expected to commence its iron ore production by end of year 2022. The purchase consideration is derived based on RT's exploration results and stockpile available on site. Based on the audited financial statements for the financial year ended 31 December 2021, RT recorded net liabilities of RM84,428. Our Group funded the acquisition by utilising the IPO Net Proceeds of S\$940,000, and the balance is paid by way of our Group internal funding.
- b) On 28 September 2022, our wholly-owned subsidiary, Sumber Alam Minerals (Sabah) Sdn Bhd has acquired 49% share in Maha Hijau Sdn Bhd ("MH") from Ms Chua Pei Zhe, who is not related to any of the Directors or substantial shareholders of the Company, for a cash consideration of RM2,998,800. MH has obtained an exploration approval to conduct exploration for base metal in the State of Sabah. The purchase consideration is derived based on willing buyer willing seller basis. MH was incorporated on 22 February 2022 and is non-operating at the time of acquisition and the net asset value amounted to RM598,000 as at 31 July 2022. Our Group funded the acquisition by way of our internal funding.

The acquisitions are not expected to materially affect our Group financial performance for the FY2023.

## 32. Authorisation of financial statements for issue

The financial statements for the year ended 31 July 2022 were authorised for issue in accordance with a resolution of the directors on 27 October 2022.

# STATISTICS OF SHAREHOLDINGS

AS AT 17 OCTOBER 2022

Number of Ordinary Shares in Issue : 489,000,000

Number of Subsidiary Holdings Held : Nil

Number of Treasury Shares Held : 211,000<sup>(1)</sup>

Class of Shares : Ordinary

Voting Rights : One vote each ordinary share held

## DISTRIBUTION OF SHAREHOLDERS BY SIZE OF SHAREHOLDINGS AS AT 17 OCTOBER 2022

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	% <sup>(2)</sup>
1 - 99	1	0.42	99	0.00
100 - 1,000	14	5.93	8,500	0.00
1,001 - 10,000	133	56.36	733,401	0.15
10,001 - 1,000,000	81	34.32	6,711,600	1.37
1,000,001 AND ABOVE	7	2.97	481,335,400	98.48
	<b>236</b>	<b>100.00</b>	<b>488,789,000</b>	<b>100.00</b>

### Notes:

(1) Representing 0.04% of total number of Ordinary Shares in Issue

(2) Based on 488,789,000 shares (excluding shares held as treasury shares)

## TWENTY LARGEST SHAREHOLDERS

NO.	SHAREHOLDER'S NAME	NO. OF SHARES	% <sup>(2)</sup>
1	UOB KAY HIAN PTE LTD	428,208,300	87.61
2	LEE TEK MOOK @ LEE TEH MOH	30,100,000	6.16
3	ABN AMRO CLEARING BANK N.V.	6,523,400	1.33
4	PHILLIP SECURITIES PTE LTD	5,430,600	1.11
5	OCBC SECURITIES PRIVATE LTD	5,029,200	1.03
6	CGS-CIMB SECURITIES (SINGAPORE) PTE LTD	3,092,400	0.63
7	LB VENTURE CAPITAL PTE LTD	2,951,500	0.60
8	LAI KAM FONG	917,900	0.19
9	CITIBANK NOMINEES SINGAPORE PTE LTD	531,900	0.11
10	CHANG YEW KWONG	400,000	0.08
11	IFAST FINANCIAL PTE LTD	345,800	0.07
12	TIGER BROKERS (SINGAPORE) PTE LTD	344,000	0.07
13	NG KIANG THONG	285,100	0.06
14	DBS NOMINEES PTE LTD	269,000	0.06
15	TAN JIAO JIE CHERIE	267,700	0.05
16	MAYBANK KIM ENG SECURITIES PTE. LTD	252,200	0.05
17	LIM CHIA NIE	217,400	0.04
18	TAY THIAM HUAT	169,300	0.03
19	STEVE ANG CHA WEI	140,900	0.03
20	THAM KWAI FONG	140,000	0.03
	<b>TOTAL</b>	<b>485,616,600</b>	<b>99.34</b>



# STATISTICS OF SHAREHOLDINGS

AS AT 17 OCTOBER 2022

## SUBSTANTIAL SHAREHOLDER

As record in the Registered of Substantial Shareholders

Name of Shareholder	Direct Interest		Deemed Interest	
	No of Shares	%	No of Shares	%
Pek Kok Sam	343,845,000	70.35	25,000	0.1 <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 HAND

Based on the information available to the Company as at 17 October 2022, approximately 15.35% 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 at Suntec Singapore Convention & Exhibition Centre, Level 3, Room 334 on Monday, 28 November 2022 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 2022 together with the Auditors' Report thereon. **(Resolution 1)**
2. To declare a final tax exempt (1-tier) dividend of S\$0.0022 per ordinary share for the financial year ended 31 July 2022. **(Resolution 2)**
3. To re-elect Dato' Sri Mohd Jamidan Abdullah, as a Director of the Company, who is retiring by rotation pursuant to Regulation 96 of the Company's Constitution. **(Resolution 3)**  
(See Explanatory Note 1)
4. To re-elect Dato' Gainneos Jacob Goldie, as a Director of the Company, who is retiring by rotation pursuant to Regulation 96 of the Company's Constitution. **(Resolution 4)**  
(See Explanatory Note 2)
5. To re-elect Lim Wei Hung, as a Director of the Company, who is retiring by rotation pursuant to Regulation 100 of the Company's Constitution. **(Resolution 5)**  
(See Explanatory Note 3)
6. To approve the payment of Directors' fees of S\$311,800 for the financial year ending 31 July 2023. **(Resolution 6)**
7. To re-appoint Messrs Ernst & Young LLP as Auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 7)**
8. 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:

### 9. **Authority to allot and issue shares**

That pursuant to Section 161 of the Companies Act 1967 of Singapore (the "**Companies Act**") and Rule 806 of the Listing Manual Section B: Rules of Catalyst ("**Catalist Rules**") of the Singapore Exchange Securities Trading Limited ("**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,

# NOTICE OF ANNUAL GENERAL MEETING

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

- (b) notwithstanding that the authority conferred by this Ordinary Resolution may have ceased to be in force, issue Shares in pursuance of any Instrument made or granted by the Directors of the Company while this Resolution was in force, provided that:
- (1) the aggregate number of Shares to be issued pursuant to this Resolution (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) shall not exceed 100% of the Company's total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of Shares to be issued other than on a pro-rata basis to existing shareholders of the Company (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) shall not exceed 50% of the Company's total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below) or such other limit as may be prescribed by the Catalist Rules as at the date of this resolution in force;
  - (2) subject to such calculation and adjustments as may be prescribed by the SGX-ST, for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (1) above, the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company, at the time this Resolution is passed after adjusting for:
    - (a) new Shares arising from the conversion or exercise of the Instruments or any convertible securities;
    - (b) new Shares arising from exercising share options or vesting of share awards, provided that the share options or share awards (as the case may be) were granted in compliance with Part VIII of Chapter 8 of the Catalist Rules; and
    - (c) any subsequent bonus issue, consolidation or subdivision of Shares,

adjustments in accordance with Rule 806(3)(a) or Rule 806(3)(b) of the Catalist Rules are only to be made in respect of new shares arising from convertible securities, share options or share awards which were issued and outstanding or subsisting at the time of passing of the resolution approving the mandate.
  - (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 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 4)

**(Resolution 8)**

# NOTICE OF ANNUAL GENERAL MEETING

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

That pursuant to Section 161 of the Companies Act 1967 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. **(Resolution 9)**  
 (See Explanatory Note 5)

## 11. Renewal of Share Purchase Mandate

That:

- (a) for the purposes of Sections 76C and 76E of the Companies Act 1967 (the "**Companies Act**"), and such other laws and regulations as may for the time being be applicable, approval be and is hereby given for the exercise by the Directors of all the powers of the Company to purchase or otherwise acquire issued ordinary shares in the share capital of the Company ("**Shares**") not exceeding in aggregate the Prescribed Limit (as hereafter defined), at such price(s) as may be determined by the Directors from time to time up to the Maximum Price (as hereafter defined), whether by way of:
- (i) on-market share purchases ("**Market Purchase**"), transacted on the Singapore Exchange Securities Trading Limited ("**SGX-ST**") or as the case may be, other stock exchange ("**Other Exchange**") for the time being on which the Shares may be listed or quoted, through one or more duly licensed stockbrokers appointed by the Company for the purpose; and/or
  - (ii) off-market share purchases ("**Off-Market Purchase**") (if effected otherwise than on the SGX-ST and/or the Other Exchange, as the case may be) in accordance with an equal access scheme(s) as may be determined or formulated by the Directors as they may consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Companies Act and the Catalist Rules;

and otherwise in accordance with all other laws, regulations and rules of the SGX-ST as may for the time being be applicable (the "**Share Purchase Mandate**");

- (b) any Share that is purchased or otherwise acquired by the Company pursuant to the Share Purchase Mandate shall, at the absolute discretion of the Directors, either be cancelled, transferred for the purposes of or pursuant to any share incentive scheme(s) implemented or to be implemented by the Company, or held in treasury and dealt with in accordance with the Companies Act;
- (c) unless revoked or varied by the Company in general meeting, the authority conferred on the Directors pursuant to the Share Purchase Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the passing of this resolution and the expiring on the earlier of:
  - (i) the conclusion of the next annual general meeting of the Company or the date on which such annual general meeting of the Company is required by law to be held;

# NOTICE OF ANNUAL GENERAL MEETING

- (ii) the date on which the purchases or acquisitions of Shares pursuant to the Share Purchase Mandate are carried out to the full extent mandated; or
  - (iii) the date on which the authority contained in the Share Purchase Mandate is varied or revoked by an ordinary resolution of the shareholders of the Company in general meeting;
- (d) for the purposes of this resolution:

**"Prescribed Limit"** means 10% of the total issued ordinary share capital of the Company (excluding any treasury shares and subsidiary holdings) as at the date of passing of this resolution, unless the Company has effected a reduction of the share capital of the Company in accordance with the applicable provisions of the Companies Act, at any time during the Relevant Period, in which event the total number of Shares of the Company shall be taken to be the total number of Shares of the Company as altered after such capital reduction (excluding any treasury shares and subsidiary holdings);

**"Relevant Period"** means the period commencing from the date on this resolution is passed and expiring on the date of the next annual general meeting of the Company is held or is required by law to be held, or the date on which the purchases of the Shares are carried out to the full extent mandated, whichever is earlier, unless prior to that, it is varied or revoked by resolution of the shareholders of the Company in general meeting;

**"Maximum Price"** in relation to the Shares to be purchased, means an amount (excluding brokerage, commission, applicable goods and services tax and other related expenses) not exceeding:

- (i) in the case of a Market Purchase, 105% of the Average Closing Price of the Shares; and
- (ii) in the case of an Off-Market Purchase, 120% of the Average Closing Price of the Shares,

where:

**"Average Closing Price"** means the average of the closing market prices of the Shares over the last five (5) Market Days on which the Shares are transacted on Catalist immediately preceding the date of the Market Purchase by the Company or, as the case may be, the date of the making of the offer pursuant to the Off-Market Purchase, and deemed to be adjusted, in accordance with the Catalist Rules, for any corporate action that occurs during the relevant five (5)-day period and the day which the purchases are made;

**"date of making of the offer"** means the date on which the Company makes an offer for the purchase or acquisition of Shares from Shareholders, stating therein the relevant terms of the equal access scheme for effecting the Off-Market Purchase; and

**"Market Day"** means a day on which the SGX-ST is open for trading in securities;

# NOTICE OF ANNUAL GENERAL MEETING

- (e) the Directors and/or any of them be and are hereby authorised to complete and do all such acts and things (including, without limitation, executing such documents as may be required) as they and/or he may consider desirable, expedient or necessary to give effect to the transactions contemplated by this resolution.  
(See *Explanatory Note 6*) **(Resolution 10)**

## 12. **Renewal of Shareholders' Mandate for Interested Persons Transactions**

- (a) That approval be and is hereby given for the purpose of Chapter 9 of the Catalist Rules for any of the Entities at Risk (as defined in the Appendix to the Annual report ("**Appendix**") to enter into any of the transactions falling within the types of interested persons transactions ("**IPTs**") (particulars of which are set out in the Appendix) with the Interested Persons in accordance with the guidelines of the Company for IPTs as set out in the Appendix, and subject to the review procedures for such IPTs as set out in the Appendix (the "**IPT Mandate**");
- (b) That such approval shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company;
- (c) That the Audit Committee of the Company be and is hereby authorised to take such action as it deems proper in respect of review procedures for the IPTs and/or to modify or implement such procedures as may be necessary to take into consideration any amendment to Chapter 9 of the Catalist Rules which may be prescribed by the SGX-ST from time to time; and
- (d) That the Directors of the Company and each of them be and are hereby authorised to do all such acts and things (including without limitation executing all such documents as may be required) as they may consider expedient or necessary or in the interest of the Company to give effect to the transactions contemplated and/or authorised by the proposed IPT Mandate and/or this Resolution. **(Resolution 11)**  
(See *Explanatory Note 7*)

By Order of the Board

Lee Wei Hsiung  
Company Secretary

11 November 2022  
Singapore

# NOTICE OF ANNUAL GENERAL MEETING

## Explanatory Notes:

1. Dato' Sri Mohd Jamidan Abdullah will, upon re-election as a Director of the Company, remain as Lead Independent Director and continue as a Member of the Nominating Committee, Remuneration Committee and Audit Committee. Key information on Dato' Sri Mohd Jamidan Abdullah required pursuant to Rule 720(5) of the Catalist Rules can be found under "Additional Information on Directors Seeking Re-election at 2022 Annual General Meeting" of the Company's Annual Report 2022. The Board considers Dato' Sri Mohd Jamidan Abdullah to be independent for the purposes of the Rule 704(7) of the Catalist Rules.
2. Dato' Gainneos Jacob Goldie will, upon re-election as a Director of the Company, remain as the Non-Executive Independent Director and continue as a Chairman of the Nominating and Remuneration Committees and a Member of the Audit Committee. Key information on Dato' Gainneos Jacob Goldie required pursuant to Rule 720(5) of the Catalist Rules can be found under "Additional Information on Directors Seeking Re-election at 2022 Annual General Meeting" of the Company's Annual Report 2022. The Board considers Dato' Gainneos Jacob Goldie to be independent for the purposes of the Rule 704(7) of the Catalist Rules.
3. Lim Wei Hung will, upon re-election as a Director of the Company, remain as the Executive Director. Key information on Lim Wei Hung required pursuant to Rule 720(5) of the Catalist Rules can be found under "Additional Information on Directors Seeking Re-election at 2022 Annual General Meeting" of the Company's Annual Report 2022.
4. Ordinary Resolution 8 proposed in item 9 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.
5. Ordinary Resolution 9 proposed in item 10 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.
6. Ordinary Resolution 10 proposed in item 11 above, if passed, will empower the Directors, effective until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held or such authority is varied or revoked by the Company at a general meeting, whichever is earliest, to make purchases (whether by way of Market Purchases or Off-Market Purchases on an equal access scheme) from time to time of up to 10% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) at prices up to but not exceeding the Maximum Price. The rationale for, the authority and limitation on, the sources of funds to be used for the purchase or acquisition including the amount of financing and the financial effects of the purchase or acquisition of Shares by the Company.

Please refer to the Appendix for more details.

7. Ordinary Resolution 11 proposed in item 12 above, if passed, will renew the IPT Mandate for certain transactions with interested persons and empower the Directors of the Company from the date of the above meeting until the date of the next Annual General Meeting to do all acts necessary to give effect to the Resolution. This authority will, unless previously revoked or varied at a general meeting, expire at the conclusion of the next Annual General Meeting of the Company.

In accordance with the requirements under Chapter 9 of the Catalist Rules, Dato' Sri Pek Kok Sam and Dato' Teh Teck Tee, will abstain from voting, and will ensure that their associates abstain from voting, on Ordinary Resolution 11 relating to the IPT Mandate.

## Notes

1. The AGM is being convened, and will be held at Suntec Singapore Convention & Exhibition Centre, Level 3, Room 334, pursuant to the COVID-19 (Temporary Measures) (Control Order) Regulations 2020. Any reference to a time of day is made by reference to Singapore time. There will be no option for Shareholders of the Company ("**Shareholders**") to participate virtually.

Printed copies of this Notice of AGM will not be sent to members of the Company. Instead, all the documents (including the Annual Report 2022, Appendix, the proxy form and the Notice of AGM) will be published electronically on SGXNET at <https://www.sgx.com/securities/company-announcements> and the Company's website at [www.southernallianceminig.com](http://www.southernallianceminig.com).



# NOTICE OF ANNUAL GENERAL MEETING

## 2. Appointment of Proxies

A member entitled to attend and vote at the AGM, who is not a relevant intermediary (as defined in Section 181 of the Companies Act 1967), is entitled to appoint one or two proxies to attend and vote in his/her stead. Where a member appoints more than one proxy, the appointments shall be invalid unless he/she/it specifies the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy.

A member who is a relevant intermediary entitled to attend and vote at the AGM is entitled to appoint more than one proxy to attend and vote instead of the member, but each proxy must be appointed to exercise the rights attached to a different shareholding held by such member. Where such member appoints more than one proxy, it should annex to the Proxy Form the list of proxies, setting out, in respect of each proxy, the name, address, email address, NRIC/Passport Number and proportion of shareholding (number of shares and percentage) in relation to which each proxy has been appointed. For the avoidance of doubt, a CPF Agent Bank/SRS Operator who intends to appoint CPF/SRS investors as its proxies shall comply with this paragraph. The appointments shall be invalid unless the member specifies the number of shares in relation to which each proxy has been appointed in the Proxy Form.

Members may also vote at the AGM by appointing the Chairman of the AGM as his/her/its proxy to vote on their behalf.

The instrument appointing the 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 10.00 a.m. on Friday, 25 November 2022 (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.

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.

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).

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.

Where a member (whether individual or corporate) appoints the Chairman of the AGM (or other than the Chairman of the Meeting) 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 (or other than the Chairman of the Meeting) 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 Friday, 18 November 2022.

A proxy need not be a member of the Company.

**In view of the current COVID-19 situation in Singapore, members are strongly encouraged to submit completed Proxy Forms electronically via email.**

# NOTICE OF ANNUAL GENERAL MEETING

## 3. Question and answer

Members can submit their questions related to the resolutions to be tabled at the AGM live at the AGM.

In order for members and CPF and SRS investors to submit questions in advance of the AGM, the questions must be submitted in the following manner by Friday, 18 November 2022:

- (i) via email to the Company, at [general@SAMiningLtd.com](mailto:general@SAMiningLtd.com); or
- (ii) 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.

The Company will address all substantial and relevant questions raised at the AGM during the AGM itself and will address all substantial and relevant questions submitted in advance of the AGM 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) by 10.00 a.m. on Wednesday, 23 November 2022, which is at least 48 hours prior to the closing date and time for the lodgment of the proxy forms of 10.00 a.m. on Friday, 25 November 2022. After the cut-off time for the submission of questions, if there are subsequent clarifications sought, or follow-up questions, this may be addressed at the AGM. The Company will publish the minutes of the AGM on SGXNET and the minutes will include the responses to the substantial and relevant questions which are addressed during the AGM.

Due to the constantly evolving Covid-19 situation in Singapore, the Company may be required to change the arrangements for the AGM at short notice. Members are advised check the announcement on SGXNET for the latest updates on the status of the AGM.

### **Personal Data Privacy:**

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

# APPENDIX

## APPENDIX DATED 11 NOVEMBER 2022

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

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

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

This Appendix is issued by Southern Alliance Mining Ltd. (the "**Company**") together with the 2022 Annual Report. The purpose of the Appendix is to provide Shareholders with the rationale for and information relating to, and to seek Shareholders' approval for the Proposed Renewal of Share Purchase Mandate and the Proposed Renewal of IPT General Mandate to be tabled at the 2022 AGM. The Notice of AGM and the accompanying proxy form are enclosed with the Annual Report which can be found on (i) the SGX-ST's website at <https://www.sgx.com/securities/company-announcements>; and (ii) our Company's corporate website at [www.southernallianceminig.com](http://www.southernallianceminig.com).

*If you have sold or transferred all your Shares, you should immediately forward this Appendix, the Notice of AGM and the accompanying proxy form to the purchaser or the transferee or to the bank, stockbroker or agent through whom the sale or the transfer was effected for onward transmission to the purchaser or the transferee.*

*This Appendix has been reviewed by the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. (the "**Sponsor**"). It has not been examined or approved by the Singapore Exchange Securities Trading Limited (the "**Exchange**") and the Exchange assumes no responsibility for the contents of this document, including the correctness of any of the statements or opinions made or reports contained in this document.*

*The contact person for the Sponsor is Mr Shervyn Essex, 16 Collyer Quay, #10-00 Collyer Quay Centre, Singapore 049318, [sponsorship@ppcf.com.sg](mailto:sponsorship@ppcf.com.sg).*



## **SOUTHERN ALLIANCE MINING LTD.**

(Company Registration Number. 201931423D)  
(Incorporated in the Republic of Singapore)

### **APPENDIX**

#### **IN RELATION TO**

- (I) PROPOSED RENEWAL OF THE SHARE PURCHASE MANDATE; AND**
- (II) PROPOSED RENEWAL OF THE IPT GENERAL MANDATE.**

# APPENDIX

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# APPENDIX

## DEFINITIONS

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

- "2021 EGM"** : The EGM of the Company that was held on 26 November 2021
- "2022 Annual Report"** : The annual report of the Company for the financial year ended 31 July 2022
- "2022 AGM"** : The annual general meeting of the Company to be convened and held at Suntec Singapore Convention Exhibition Centre, Level 3, Room 334 on 28 November 2022 at 10.00 a.m., the notice of which is set out on pages 148 of the 2022 Annual Report
- "AGM"** : The annual general meeting of the Company
- "Appendix"** : This appendix dated 11 November 2022 in relation to the Proposed Renewal of the Share Purchase Mandate and the Proposed Renewal of IPT General Mandate
- "Annual Agreement"** : Has the meaning ascribed to it in Section 3.8(a) of this Appendix
- "Aras Kuasa"** : Aras Kuasa Sdn. Bhd.
- "associated company"** : In relation to a corporation, means:
- (a) any corporation in which the corporation or its subsidiary has, or the corporation and its subsidiary together have, a direct interest in voting shares of not less than 20.0% but not more than 50.0% of the total votes attached to all the voting shares in the corporation; or
  - (b) any corporation, other than a subsidiary of the corporation or a corporation which is an associated company by virtue of paragraph (a), the policies of which the corporation or its subsidiary, or the corporation together with its subsidiary, is or are able to control or influence materially
- "Audit Committee"** : The audit committee of the Company for the time being or from time to time, as the case may be
- "August 2021 EGM"** : The EGM that was held on 20 August 2021
- "Average Closing Price"** : The average of the closing market prices of a Share over the last five (5) Market Days on which the Shares are transacted on Catalist immediately preceding the date of the Market Purchase by the Company or, as the case may be, the date of the making of the offer pursuant to the Off-Market Purchase, and deemed to be adjusted, in accordance with the Catalist Rules, for any corporate action that occurs after the relevant five-day period

# APPENDIX

<b>"Board" or "Board of Directors"</b>	:	The board of directors of the Company for the time being or from time to time, as the case may be
<b>"Catalist"</b>	:	The Catalist board of the SGX-ST
<b>"Catalist Rules"</b>	:	The SGX-ST Listing Manual Section B: Rules of Catalist, as may be amended, modified or supplemented from time to time
<b>"CDP"</b>	:	The Central Depository (Pte) Limited
<b>"Managing Director" or "MD"</b>	:	The Managing Director of the Company for the time being
<b>"Financial Controller" or "FC"</b>	:	The Financial Controller of the Company for the time being
<b>"Companies Act"</b>	:	The Companies Act 1967 of Singapore, as may be amended, modified or supplemented from time to time
<b>"Company"</b>	:	Southern Alliance Mining Ltd.
<b>"Constitution"</b>	:	The constitution of the Company, as may be amended, modified or supplemented from time to time
<b>"Date of Listing"</b>	:	The admission of the Company to Catalist on 26 June 2020
<b>"Directors"</b>	:	The directors of the Company as at the Latest Practicable Date
<b>"EPS"</b>	:	Earnings per Share
<b>"FY2022"</b>	:	Financial year ended 31 July 2022
<b>"Group"</b>	:	The Company and its subsidiaries, collectively
<b>"HChem Marketing"</b>	:	HChem Marketing (M) Sdn. Bhd.
<b>"Interested Person"</b>	:	(a) a Director, Chief Executive Officer, or Controlling Shareholder; or  (b) an associate of any such Director, Chief Executive Officer, or Controlling Shareholder
<b>"Interested Person Transaction"</b>	:	A transaction between an entity at risk and an Interested Person

## APPENDIX

<b>"IPT General Mandate"</b>	:	The general mandate obtained from the Shareholders pursuant to Chapter 9 of the Catalist Rules, authorising the Group, in its ordinary course of business, to enter into the transactions specified in paragraph 3.6 of this Appendix with any Mandated Interested Persons which are necessary for its day-to-day operations, provided that all such transactions are carried out on normal commercial terms and are not prejudicial to the interests of our Company and its minority Shareholders, subject to the guidelines and review procedures for such transactions
<b>"IRB"</b>	:	The Malaysian Inland Revenue Board
<b>"IRB Guidelines"</b>	:	The Malaysian Transfer Pricing Guidelines 2012 including updated Guidelines issued by IRB in July 2017
<b>"Latest Practicable Date"</b>	:	28 October 2022, being the latest practicable date prior to the date of this Appendix
<b>"Malaysian Transfer Pricing Rules"</b>	:	Refers to the Gazette Order P.U.(A) 132 Income Tax (Transfer Pricing) Rules 2012
<b>"Mandated Interested Person"</b>	:	Any person as defined in paragraph 3.5 of this Appendix
<b>"Mandated Interested Person Transaction"</b>	:	Any transaction as defined in paragraph 3.6 of this Appendix
<b>"Market Day"</b>	:	A day on which the SGX-ST is open for trading in securities
<b>"Market Purchase"</b>	:	Has the meaning ascribed to it in Section 2.3.3(a) of this Appendix
<b>"MAS"</b>	:	The Monetary Authority of Singapore
<b>"Maximum Number of Shares"</b>	:	Has the meaning ascribed to it in Section 2.3.1 of this Appendix
<b>"Maximum Price"</b>	:	Has the meaning ascribed to it in Section 2.3.4 of this Appendix
<b>"Multiline Trading"</b>	:	Multiline Trading Sdn. Bhd.
<b>"Notice of AGM"</b>	:	The notice of the 2022 AGM
<b>"NTA"</b>	:	Net tangible assets
<b>"Offer Document"</b>	:	The offer document dated 16 June 2020 issued by the Company (registered by the SGX-ST, acting as an agent on behalf of the Monetary Authority of Singapore on 16 June 2020) in respect of the Listing
<b>"Off-Market Purchase"</b>	:	Has the meaning ascribed to it in Section 2.3.3(b) of this Appendix



# APPENDIX

<b>“Proposed Renewal of the Share Purchase Mandate”</b>	:	Has the meaning ascribed it Section 2.3 of the Appendix
<b>“Proposed Renewal of the IPT General Mandate”</b>	:	Has the meaning ascribed to it in Section 3.1 of this Appendix
<b>“SGX-ST”</b>	:	Singapore Exchange Securities Trading Limited
<b>“SFA”</b>	:	The Securities and Futures Act 2001 of Singapore, as may be amended, modified or supplemented from time to time
<b>“Share Purchase(s)”</b>	:	The purchase or acquisition by the Company of its own Shares pursuant to the Share Purchase Mandate
<b>“Share Purchase Mandate”</b>	:	The general mandate to enable the Company to purchase or otherwise acquire its issued Shares
<b>“Shared Services”</b>	:	The information technology services that Aras Kuasa provides to the Group
<b>“Shared Services Agreement”</b>	:	Has the meaning ascribed to it in Section 3.8(c)(i) of this Appendix
<b>“Shared Services Cost”</b>	:	Has the meaning ascribed to it in Section 3.8(c)(i) of this Appendix
<b>“Shareholders”</b>	:	Registered holders of Shares except that where the registered holder is CDP, the term “Shareholders” shall, in relation to such Shares and where the context admits, mean the persons named as Depositors in the Depository Register and whose Securities Accounts maintained with CDP are credited with the Shares.
<b>“Shares”</b>	:	Ordinary shares in the capital of the Company
<b>“SIC”</b>	:	The Securities Industry Council of Singapore
<b>“Sponsor”</b>	:	PrimePartners Corporate Finance Pte. Ltd.
<b>“Substantial Shareholder”</b>	:	A person who has an interest or interests in one (1) or more voting shares in the Company, and the total votes attached to that share, or those shares, is not less than 5% of the total votes attached to all the voting shares in the Company
<b><u>Currencies and Units</u></b>		
<b>“S\$” and “cents”</b>	:	Singapore dollars and cents respectively, the lawful currency of the Republic of Singapore
<b>“RM” and “sen”</b>	:	Malaysian ringgit and sen respectively, the lawful currency of Malaysia
<b>“%” or “per cent.”</b>	:	Per centum or percentage

# APPENDIX

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

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

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

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

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

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

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

# APPENDIX

## LETTER TO SHAREHOLDERS

### SOUTHERN ALLIANCE MINING LTD.

(Company Registration Number: 201931423D)  
(Incorporated in the Republic of Singapore)

#### Board:

Dato' Teh Teck Tee (Non-Executive Non-Independent Chairman)  
Dato' Sri Pek Kok Sam (Managing Director)  
Dato' Sri Mohd Jamidan Abdullah (Lead Independent Director)  
Mr Lim Wei Hung (Executive Director and Chief Operating Officer)  
Mr Chin Chee Choon (Independent Director)  
Mr Sim Chin Hoe (Independent Director)  
Dato' Gainneos Jacob Goldie (Independent Director)

#### Registered Office:

80 Robinson Road  
#02-00  
Singapore 068898

11 November 2022

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

Dear Sir / Madam

#### 1. INTRODUCTION

1.1. We refer to the Notice of AGM which is set out on pages 148 to 155 of the 2022 Annual Report and published on (i) the SGX-ST's website at <https://www.sgx.com/securities/company-announcements>; and (ii) the Company's corporate website at [www.southernallianceminig.com](http://www.southernallianceminig.com). Pursuant to Chapter 9 of the Catalist Rules, the Directors intend to seek Shareholders' approval at the 2022 AGM for the following matters:

- (i) the Proposed Renewal of the Share Purchase Mandate; and
- (ii) the Proposed Renewal of the IPT General Mandate.

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

1.3. Shareholders should read this Appendix carefully and consider the recommendation of the Directors in paragraph 5 of this Appendix.

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## 2. PROPOSED RENEWAL OF THE SHARE PURCHASE MANDATE

### 2.1. BACKGROUND

Shareholders had approved the Share Purchase Mandate at the August 2021 EGM to enable the Company to buy-back or otherwise acquire issued Shares. At the 2021 EGM, the Share Purchase Mandate was renewed. The authority conferred on the Directors under the current Share Purchase Mandate will expire at the AGM to be held on 28 November 2022 at 10.00 a.m. Accordingly, the Directors propose to seek the approval of Shareholders for the Proposed Renewal of the Share Purchase Mandate.

### 2.2. RATIONALE FOR THE SHARE PURCHASE MANDATE

The rationale for the Company to undertake Share Purchases, is as follows:

- (a) in line with international practice, the Share Purchase Mandate will provide the Company with greater flexibility in managing its capital and maximising return to its Shareholders. To the extent that the Company has capital and surplus funds which are in excess of its financial needs, taking into account its growth and expansion plans, the Share Purchase Mandate will facilitate the return of excess cash and surplus funds to Shareholders in an expedient, effective and cost-efficient manner;
- (b) in managing its business, the Group strives to increase Shareholders' value by improving, *inter alia*, the return on equity and a Share Purchase is one way by which the return on equity may be enhanced;
- (c) Share Purchases may help mitigate short-term market volatility in the Company's share price, offset the effects of short-term speculation and bolster Shareholders' confidence;
- (d) insofar as it is permitted by law, the Share Purchase Mandate will permit the Directors to undertake Share Purchases which will enable the Directors to utilise the Shares which are purchased or acquired and held as treasury shares to satisfy the Company's obligation to furnish Shares to participants under the Southern Alliance Mining PSP, thus giving the Company greater flexibility to select the method of providing Shares to its employees which would be most beneficial to the Company and its Shareholders;
- (e) all things being equal, purchases or acquisitions of Shares pursuant to the Share Purchase Mandate will result in a lower number of issued Shares being used for the purpose of computing EPS, if the purchased Shares are subsequently cancelled or during the period such Shares are held as treasury shares. Therefore, Share Purchases under the Share Purchase Mandate will improve the Company's EPS, which in turn is expected to have a positive impact on the fundamental value of the Shares;
- (f) Shares purchased under the Share Purchase Mandate will enable the Directors to utilise the Shares which are purchased or acquired and held as treasury shares to be sold for cash or transferred as consideration for the acquisition of shares in or assets of another company or assets of a person, which may be less dilutive than if new Shares were issued for this purpose; and

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- (g) the Share Purchase Mandate will provide the Company the flexibility to undertake share repurchases at any time, subject to market conditions, during the period when the Share Purchase Mandate is in force.

Share Purchases will only be undertaken if it can benefit the Company and Shareholders. Shareholders should note that Share Purchases may not be carried out to the full limit as authorised. No Share Purchases will be made in circumstances which would have or may have a material adverse effect on the liquidity and capital adequacy position and listing status of the Company and/or the Group as a whole.

## 2.3. AUTHORITY AND LIMITS OF THE SHARE PURCHASE MANDATE

The authority and limitations placed on purchases or acquisitions of Shares by the Company under the Share Purchase Mandate, if renewed at the forthcoming AGM ("**Proposed Renewal of the Share Purchase Mandate**"), are summarised below:

### 2.3.1. Maximum Number of Shares

Only Shares which are issued and fully paid-up may be purchased or acquired by the Company. The total number of Shares which may be purchased or acquired by the Company pursuant to the Share Purchase Mandate shall not exceed 10% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) of the Company as at the date of the AGM on which the resolution authorising the Proposed Renewal of the Share Purchase Mandate is passed. Treasury shares and subsidiary holdings will be disregarded for purposes of computing the 10% limit.

Purely for illustration purposes, on the basis of 488,789,000 Shares in issue (excluding treasury shares and subsidiary holdings) as at the Latest Practicable Date and assuming no further Shares are issued on or prior to the forthcoming AGM, not more than 48,878,900 Shares, representing 10% of 488,789,000 Shares may be purchased by the Company pursuant to the Share Purchase Mandate.

### 2.3.2. Duration of Authority

Purchases or acquisitions of Shares may be made, at any time and from time to time, on and from the date of the forthcoming AGM at which the renewal of the Share Purchase Mandate is approved, up to the earliest of:

- (a) the date on which the next AGM is held or required by law to be held;
- (b) the date on which the purchases or acquisitions of Shares by the Company pursuant to the Share Purchase Mandate are carried out to the full extent mandated; or
- (c) the date on which the authority conferred by the Share Purchase Mandate is revoked or varied by Shareholders in general meeting.

The Share Purchase Mandate may be renewed at each AGM or other general meetings of the Company.

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### 2.3.3. Manner of Purchases or Acquisitions of Shares

Purchases or acquisitions of Shares may be made by way of:

- (a) on-market share purchase(s) ("**Market Purchase**"), transacted on the SGX-ST, through one or more duly licensed stockbrokers appointed by the Company for the purpose; and/or
- (b) off-market share purchase(s) ("**Off-Market Purchase**") effected pursuant to an equal access scheme in accordance with Section 76C of the Companies Act and the Catalist Rules.

The Directors may impose such terms and conditions which are not inconsistent with the Share Purchase Mandate, the Constitution, the Catalist Rules and the Companies Act, as they consider fit in the interests of the Company in connection with or in relation to any equal access scheme or schemes.

An Off-Market Purchase pursuant to an equal access scheme must, however, satisfy all the following conditions:

- (i) offers for the purchase or acquisition of Shares shall be made to every person who holds Shares to purchase or acquire the same percentage of their Shares;
- (ii) all of the abovementioned persons shall be given a reasonable opportunity to accept the offers made; and
- (iii) the terms of all the offers shall be the same, except that there shall be disregarded:
  - (a) differences in consideration attributable to the fact that offers may relate to Shares with different accrued dividend entitlements;
  - (b) differences in consideration attributable to the fact that the offers relate to Shares with different amounts remaining unpaid (if applicable); and
  - (c) differences in the offers introduced solely to ensure that each person is left with a whole number of Shares.

If the Company wishes to make an Off-Market Purchase in accordance with an equal access scheme, the Company must, as required under Rule 870 of the Catalist Rules, issue an offer document to all Shareholders containing at least the following information:

- (i) the terms and conditions of the offer;
- (ii) the period and procedures for acceptances;
- (iii) the reasons for the proposed Share Purchases;

# APPENDIX

- (iv) the consequences, if any, of Share Purchases by the Company that will arise under the Take-over Code or other applicable take-over rules;
- (v) whether the Share Purchases, if made, could affect the listing of the Company's equity securities on the SGX-ST;
- (vi) details of any Share Purchases made by the Company in the previous 12 months (whether by way of Market Purchase or Off-Market Purchase), setting out the total number of Shares purchased, the purchase price per Share or the highest and lowest prices paid for the Share Purchases, where relevant, and the total consideration paid for the Share Purchases; and
- (vii) whether the Shares purchased or acquired by the Company will be cancelled or kept as treasury shares.

#### 2.3.4. **Maximum Purchase Price**

The purchase price (excluding brokerage, commission, applicable goods and services tax and other related expenses) to be paid for the Shares will be determined by the Directors. The purchase price to be paid for the Shares as determined by the Directors must not exceed:

- (a) in the case of a Market Purchase, 105% of the Average Closing Price of the Shares; and
- (b) in the case of an Off-Market Purchase pursuant to an equal access scheme, 120% of the Average Closing Price of the Shares,

in each case, excluding related expenses of the purchase, or acquisition (the "**Maximum Price**").

#### 2.4. **STATUS OF PURCHASED SHARES**

Shares purchased or acquired by the Company are deemed cancelled immediately on purchase or acquisition (and all rights and privileges attached to the Shares will expire on such cancellation) unless such Shares are held by the Company as treasury shares. The total number of issued Shares will be diminished by the number of Shares purchased or acquired by the Company and which are not held as treasury shares.

Any Shares purchased or acquired and cancelled by the Company will be automatically delisted by the SGX-ST, and (where applicable) all certificates in respect thereof will be cancelled and destroyed by the Company as soon as reasonably practicable following the settlement of any such purchase or acquisition.



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## 2.5. TREASURY SHARES

Under the Companies Act, Shares purchased or acquired by the Company may be held or dealt with as treasury shares. Some of the provisions on treasury shares under the Companies Act are summarised below:

### 2.5.1. Maximum holdings

The number of Shares held as treasury shares cannot at any time exceed 10% of the total number of issued Shares.

### 2.5.2. Voting and other rights

The Company cannot exercise any right in respect of treasury shares and any purported exercise of such right is void. In particular, the Company cannot exercise any right to attend or vote at meetings and for the purposes of the Companies Act, the Company shall be treated as having no right to vote and the treasury shares shall be treated as having no voting rights.

In addition, no dividend may be paid, and no other distribution of the Company's assets may be made, to the Company in respect of treasury shares. However, the allotment of shares as fully paid bonus shares in respect of treasury shares is allowed. A subdivision or consolidation of any treasury shares into treasury shares of a smaller amount is also allowed so long as the total value of the treasury shares after the subdivision or consolidation is the same as before.

### 2.5.3. Disposal and Cancellation

Where Shares are held as treasury shares, the Company may at any time (but subject always to the Take-over Code):

- (a) sell the treasury shares for cash;
- (b) transfer the treasury shares for the purposes of or pursuant to an employees' share scheme;
- (c) transfer the treasury shares as consideration for the acquisition of shares in or assets of another company or assets of a person;
- (d) cancel the treasury shares; or
- (e) sell, transfer or otherwise use the treasury shares for such other purposes as may be prescribed by the Minister for Finance.

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Under the Catalist Rules, the Company must immediately announce any sale, transfer, cancellation and/or use of treasury shares held by it stating the following:-

- (a) date of the sale, transfer, cancellation and/or use;
- (b) purpose of such sale, transfer, cancellation and/or use;
- (c) number of treasury shares sold, transferred, cancelled and/or used;
- (d) number of treasury shares before and after such sale, transfer, cancellation and/or use;
- (e) percentage of the number of treasury shares against the total number of shares outstanding in a class that is listed before and after such sale, transfer, cancellation and/or use; and
- (f) value of the treasury shares if they are used for a sale or transfer, or cancelled.

## 2.6. SOURCE OF FUNDS

The Company intends to use internal sources of funds, external borrowings or a combination of internal resources and external borrowings to finance the purchases or acquisition of the Shares. The Directors do not propose to exercise the Share Purchase Mandate in such a manner and to such an extent that the liquidity and capital adequacy position and listing status of the Company and/or the Group would be materially affected.

## 2.7. SOLVENCY TEST

Under the Companies Act, any Share Purchases may only be made if the Company is solvent. It is an offence for a Director or manager of the Company to approve or authorise the Share Purchases, knowing that the Company is not solvent. For this purpose, a company is solvent if at the date of the payment referred to in Section 76F(1) of the Companies Act:

- (a) there is no ground on which the company could be found to be unable to pay its debts;
- (b) if -
  - (i) it is intended to commence winding up of the company within the period of 12 months immediately after the date of the payment, the company will be able to pay its debts in full within the period of 12 months after the date of commencement of the winding up; or
  - (ii) it is not intended so to commence winding up, the company will be able to pay its debts as they fall due during the period of 12 months immediately after the date of the payment; and
- (c) the value of the company's assets is not less than the value of its liabilities (including contingent liabilities) and will not, after the proposed purchase, acquisition, variation or release (as the case may be), become less than the value of its liabilities (including contingent liabilities).

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## 2.8. FINANCIAL EFFECTS

The financial effects arising from a purchase or acquisition of Shares pursuant to the Share Purchase Mandate of the Group and the Company will depend on, *inter alia*, whether the Shares are purchased or acquired out of profits and/or capital of the Company, the number of Shares purchased or acquired, the consideration paid for such Shares and whether the Shares purchased or acquired are held in treasury or cancelled. The financial effect on the audited financial statements of the Group and the Company will depend, *inter alia*, on the factors set out below:

### 2.8.1. Purchase or Acquisition out of Profits and/or Capital

Under the Companies Act, purchases or acquisitions of Shares by the Company may be made out of the Company's profits and/or capital so long as the Company is solvent.

Where the consideration paid by the Company for the purchase or acquisition of Shares is made out of profits, such consideration (excluding brokerage, commission, applicable goods and services tax and other related expenses) will correspondingly reduce the amount available for the distribution of cash dividends by the Company.

Where the consideration paid by the Company for the purchase or acquisition of Shares is made out of capital, the amount available for the distribution of cash dividends by the Company will not be reduced.

### 2.8.2. Number of Shares Acquired or Purchased

Based on 488,789,000 issued Shares (excluding treasury shares and subsidiary holdings) as at the Latest Practicable Date and assuming no further Shares are issued on or prior to the forthcoming AGM, the exercise in full of the Share Purchase Mandate, on the Latest Practicable Date, would result in the purchase or acquisition of 48,878,900 Shares, representing 10% of 488,789,000 Shares.

### 2.8.3. Maximum Price Paid for Shares Acquired or Purchased

In the case of Market Purchases by the Company and assuming that the Company purchases or acquires 48,878,900 Shares at the Maximum Price of S\$0.5964 per Share (being the price equivalent to 5% above the Average Closing Price of the Shares for the five (5) consecutive Market Days on which the Shares were traded on Catalist immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase or acquisition of the 48,878,900 Shares is S\$29,151,376 (excluding brokerage, commission, applicable goods and services tax and other related expenses).

In the case of Off-Market Purchases by the Company and assuming that the Company purchases or acquires 48,878,900 Shares at the Maximum Price of S\$0.6816 per Share (being the price equivalent to 20% above the Average Closing Price of the Shares for the five (5) consecutive Market Days on which the Shares were traded on Catalist immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase or acquisition of the 48,878,900 Shares is S\$33,315,858 (excluding brokerage, commission, applicable goods and services tax and other related expenses).

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## 2.8.4. Illustrative Financial Effects

For illustrative purposes only, assuming that the Company had purchased the Maximum Number of Shares pursuant to the Share Purchase Mandate in a Market Purchase or Off-Market Purchase, the financial effects of: (a) the purchase of the Maximum Number of Shares by the Company at the Maximum Price pursuant to the Share Purchase Mandate by way of purchases made out of capital and profits and held as treasury shares; and (b) the purchase of the Maximum Number of Shares by the Company at the Maximum Price pursuant to the Share Purchase Mandate by way of purchases made out of capital and profits and cancelled, on the audited financial statements of the Group for year ended 31 July 2022 ("FY2022") are set out below.

The financial effects are prepared on the following assumptions:

- (a) the Company has 488,789,000 issued and paid-up Shares (excluding treasury shares and subsidiary holdings) as at the Latest Practicable Date, and no additional Shares were issued on or prior to the 2022 AGM;
- (b) the purchase of the Maximum Number of Shares pursuant to the Share Purchase Mandate had taken place on 1 August 2021 for the purpose of computing the financial effects on the EPS of the Group;
- (c) 50% of such purchase or acquisition of Shares is financed by the internal resources of the Group available as at 1 August 2021 and the balance via short term borrowing. The rationale for not fully utilising the internal funding is due to the need to provide sufficient internal resources to ensure smooth operations of the Group;
- (d) part of the internal resources utilised for the purchase or acquisition of the Shares would be disbursed from the Company's subsidiaries to the Company;
- (e) the Company will be able to fulfil the "public float" requirement pursuant to Rule 723 of the Catalist Rules following the purchase of the Maximum Number of Shares pursuant to the Share Purchase Mandate;
- (f) the consideration for the purchase or acquisition of the Shares (excluding brokerage, stamp duties, commission, applicable goods and services tax, clearance fees and other related expenses) is financed by internal sources of funds and external borrowings;
- (g) transaction costs incurred for the purchase or acquisition of the Shares are assumed to be insignificant and have been disregarded; and
- (h) based on the exchange rate of S\$1.00 : RM3.3591 as at the Latest Practicable Date, obtained from the website of the MAS.

The illustrations set out below are based on the audited financial statements of the Company and the Group for FY2022 and are purely for illustrative purposes only. Accordingly, such illustrations are not representative or otherwise indicative of future financial performance of the Company and/or the Group.

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## A. Market/Off-Market Purchases made entirely out of profits and held as treasury shares

	GROUP			COMPANY		
	Before Share Purchase	After Share Purchase		Before Share Purchase	After Share Purchase	
		Shares assuming Market Purchase	Shares assuming Off-Market Purchase		Shares assuming Market Purchase	Shares assuming Off-Market Purchase
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>As at 31 July 2022</b>						
Share capital	218,154	218,154	218,154	218,154	218,154	218,154
Shareholders' funds <sup>(1)</sup>	357,418	259,496	245,507	219,255	121,333	107,344
NTA <sup>(2)</sup>	357,418	259,496	245,507	219,255	121,333	107,344
Current assets	281,476	232,515	225,520	35,432	35,432	35,432
Current liabilities	22,687	71,648	78,643	742	98,664	122,653
Working capital	258,789	160,867	146,877	34,690	(63,232)	(77,221)
Total borrowings	11,528	60,489	67,484	–	–	–
Cash and cash equivalents	184,894	135,933	128,938	15,375	15,375	15,375
Profit after tax and minority interest	16,273	16,273	16,273	36,194	36,194	36,194
Number of Shares (excluding treasury shares) ('000)	488,789	439,910	439,910	488,789	439,910	439,910
Number of treasury shares ('000)	211	49,090	49,090	211	49,090	49,090
<b>Financial Ratios</b>						
NTA per Share (sen) <sup>(3)</sup>	73.12	58.99	55.81	44.86	27.58	24.40
Weighted average number of Shares	488,854	439,975	439,975	488,854	439,975	439,975
Gearing ratio (times) <sup>(4)</sup>	0.03	0.23	0.27	–	–	–
Current ratio (times) <sup>(5)</sup>	12.41	3.25	2.87	47.75	0.36	0.31
EPS (sen)	3.33	3.70	3.70	7.40	8.23	8.23

### Notes:

- Shareholders' funds exclude minority interests.
- NTA refers to net assets less intangible assets and minority interests.
- NTA per Share is computed based on the NTA (i.e., net assets less intangible assets and minority interests) divided by the number of Shares issued.
- Gearing ratio equals to total borrowings divided by shareholders' funds.
- Current ratio equals to current assets divided by current liabilities.

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## B. Market/Off-Market Purchases made entirely out of capital and cancelled

	GROUP			COMPANY		
	Before Share Purchase	After Share Purchase		Before Share Purchase	After Share Purchase	
		assuming Market Purchase	Shares assuming Off-Market Purchase		assuming Market Purchase	Shares assuming Off-Market Purchase
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
<b>As at 31 July 2022</b>						
Share capital	218,154	120,232	106,243	218,154	120,232	106,243
Shareholders' funds <sup>(1)</sup>	357,418	259,496	245,507	219,255	121,333	107,344
NTA <sup>(2)</sup>	357,418	259,496	245,507	219,255	121,333	107,344
Current assets	281,476	232,515	225,520	35,432	35,432	35,432
Current liabilities	22,687	71,648	78,643	742	98,664	112,653
Working capital	258,789	160,867	146,877	34,690	(63,232)	(77,221)
Total borrowings	11,528	60,489	67,484	–	–	–
Cash and cash equivalents	184,894	135,933	128,938	15,375	15,375	15,375
Profit after tax and minority interest	16,273	16,273	16,273	36,194	36,194	36,194
Number of Shares (excluding treasury shares) ('000)	488,789	439,910	439,910	488,789	439,910	439,910
Number of treasury shares ('000)	211	211	211	211	211	211
<b>Financial Ratios</b>						
NTA per Share (sen) <sup>(3)</sup>	73.12	58.99	55.81	44.86	27.58	24.40
Weighted average number of Shares	488,854	439,975	439,975	488,854	439,975	439,975
Gearing ratio (times) <sup>(4)</sup>	0.03	0.23	0.27	–	–	–
Current ratio (times) <sup>(5)</sup>	12.41	3.25	2.87	47.75	0.36	0.31
EPS (sen)	3.33	3.70	3.70	7.40	8.23	8.23

### Notes:

- Shareholders' funds exclude minority interests.
- NTA refers to net assets less intangible assets and minority interests.
- NTA per Share is computed based on the NTA (i.e., net assets less intangible assets and minority interests) divided by the number of Shares issued.
- Gearing ratio equals to total borrowings divided by shareholders' funds.
- Current ratio equals to current assets divided by current liabilities.

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**Shareholders should note that the financial effects, based on the respective aforementioned assumptions, are for illustrative purposes only. In particular, it is important to note that it is not possible for the Company to realistically calculate or quantify the impact of purchases or acquisitions that may be made pursuant to the Share Purchase Mandate on the NTA per Share and EPS as the resultant effect would depend on the factors such as the aggregate number of Shares purchased, the purchase price paid at the relevant time, and the amount (if any) borrowed by the Company to fund the purchases or acquisitions. The above analysis is based on historical numbers as at 31 July 2022, and is not necessarily representative of future financial performance.**

It should also be noted that purchases or acquisitions of Shares by the Company pursuant to the Share Purchase Mandate would only be made in circumstances where it is considered to be in the best interest of the Company, and the purchases or acquisitions of Shares may not be carried out to the full 10% as mandated. Further, the Directors would emphasise that they do not propose to carry out Share Purchase to such an extent that would, or in circumstances that might, result in a material adverse effect on the financial position of the Company or the Group, or results in the Company being delisted from the SGX-ST. The Company will take into account both financial and non-financial factors (for example, share market conditions and the performance of the Shares) in assessing the relative impact of a Share Purchase before execution.

## 2.9. TAX IMPLICATIONS

Shareholders who are in doubt as to their respective tax positions or the tax implications of Share Purchases by the Company or to who may be subject to tax whether in or outside Singapore should consult their own professional advisers.

## 2.10. CATALIST RULES

The Catalist Rules specify that a listed company shall report all purchases or acquisitions of its shares to the SGX-ST not later than 9.00 a.m.:

- (a) in the case of a Market Purchase, on the Market Day following the day of purchase or acquisition of any of its shares; and
- (b) in the case of an Off-Market Purchase under an equal access scheme, on the second Market Day after the close of acceptances of the offer.

Such announcement (which must be in the form of Appendix 8D to the Catalist Rules) must include, *inter alia*, the details of the date of the purchase, the total number of shares purchased, the number of shares cancelled, the number of shares held as treasury shares, the purchase price per share or the highest and lowest prices paid for such shares, as applicable, and the total consideration (including stamp duties and clearing charges) paid or payable for the shares, the number of shares purchased as at the date of announcement (on a cumulative basis), the number of issued shares excluding treasury shares and subsidiary holdings, and the number of treasury shares held after the purchase.



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The Catalist Rules do not expressly prohibit any purchase or acquisition of its own shares by a listed company during any particular time or times. However, as the Company would be regarded as an “insider” in relation to any proposed purchase or acquisition of its issued Shares, the Company will not undertake any purchase or acquisition of Shares pursuant to the Share Purchase Mandate at any time after a price-sensitive development has occurred or has been the subject of a decision of the Directors until such time as the price-sensitive information has been publicly announced or disseminated in accordance with the requirements of the Catalist Rules.

In particular, the Company would not purchase or acquire any Share through Market Purchases during the period of one (1) month immediately preceding the announcement of the Company’s half-year and full-year results of the financial year.

Rule 723 of the Catalist Rules requires a listed company to ensure that at least 10% of any class of its listed securities (excluding treasury shares, preference shares and convertible equity securities) must be held by public shareholders. As at the Latest Practicable Date, approximately 75,029,000 of the issued Shares are held by public shareholders, representing approximately 15.35% of the total number of issued Shares.

Assuming that the Company purchases its Shares through Market Purchases up to the full 10% limit pursuant to the Share Purchase Mandate from the public, the number of issued Shares held by public shareholders would be reduced to 26,150,100 Shares representing approximately 5.94% of the remaining issued Shares of the Company. As there is an insufficient number of Shares held by public shareholders, the Company is unable to undertake Share Purchases up to the full 10% limit pursuant to the Share Purchase Mandate without affecting the listing status of the Shares on the SGX-ST. Accordingly, the Company shall ensure that the number of Shares it purchases or acquires pursuant to the Share Purchase Mandate will not result in the number of Shares remaining in the hands of the public to fall below 10% of the total number of issued shares of the Company (excluding treasury shares, preference shares and convertible equity securities) or to such a level as to cause trading illiquidity or to affect orderly trading of its Shares. Notwithstanding the above, the Company anticipates that the public float percentage of the issued Shares will change from time to time consequent upon the dynamic changing profile of public shareholders of the Company. For this reason, the Company is therefore seeking Shareholders’ approval to enable the Company to purchase or acquire Shares up to a maximum of 10% of the issued Shares (excluding treasury shares and subsidiary holdings) for flexibility to prospectively cater to any future increase in the number of issued Shares held in public hands.

## 2.11. TAKE-OVER IMPLICATIONS

Appendix 2 of the Take-over Code contains the Share Buy-Back Guidance Note. The take-over implications arising from any purchase or acquisition by the Company of its Shares are set out below.

### 2.11.1. Obligation to make a take-over offer

If, as a result of any purchase or acquisition by the Company of its Shares, a Shareholder’s proportionate interest in the voting capital of the Company increases, such increase will be treated as an acquisition for the purposes of the Take-over Code. If such increase results in the change of effective control (as defined in the Take-over Code), or, as a result of such increase, a Shareholder or group of Shareholders acting in concert obtains or consolidates effective control of the Company, such Shareholder or group of Shareholders acting in concert could become obliged to make a take-over offer for the Company under Rule 14 of the Take-over Code.

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## 2.11.2. Persons Acting in Concert

Under the Take-over Code, persons acting in concert comprise individuals or companies who, pursuant to an agreement or understanding (whether formal or informal), co-operate, through the acquisition by any of them of shares in a company, to obtain or consolidate effective control of that company.

Unless the contrary is established, the following persons will be presumed to be acting in concert:

- (a) a company with its parent company, subsidiaries, fellow subsidiaries, any associated companies of the foregoing companies, any company whose associated companies include any of the foregoing companies, and any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the foregoing companies for the purchase of voting rights;
- (b) a company with any of its directors, together with their close relatives, related trusts and any companies controlled by any of the directors, their close relatives and related trusts;
- (c) a company with any of its pension funds and employee share schemes;
- (d) a person with any investment company, unit trust or other fund in respect of the investment account which such person manages on a discretionary basis;
- (e) a financial or other professional adviser, including a stockbroker, with its client in respect of the shareholdings of the adviser and the persons controlling, controlled by or under the same control as the adviser and all the funds which the adviser manages on a discretionary basis, where the shareholdings of the adviser and any of those funds in the client total 10% or more of the client's equity share capital;
- (f) directors of a company, together with their close relatives, related trusts and companies controlled by any of such directors, their close relatives and related trusts, which is subject to an offer or where the directors have reason to believe a bona fide offer for their company may be imminent;
- (g) partners; and
- (h) an individual, his close relatives, his related trusts, any person who is accustomed to act according to his instructions, companies controlled by any of the foregoing persons and any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the foregoing persons and/or entities for the purchase of voting rights.

For this purpose, ownership or control of at least 20% but not more than 50% of the voting rights of a company will be regarded as the test of associated company status.

The circumstances under which Shareholders, including Directors and persons acting in concert with them respectively, will incur an obligation to make a take-over offer under Rule 14 of the Take-over Code after a purchase or acquisition of Shares by the Company are set out in Appendix 2 of the Take-over Code.

# APPENDIX

## 2.11.3. Effect of Rule 14 and Appendix 2 of the Take-over Code

In general terms, the effect of Rule 14 and Appendix 2 of the Take-over Code is that, unless exempted, Directors and persons acting in concert with them will incur an obligation to make a take-over offer under Rule 14 if, as a result of the Company purchasing or acquiring its issued Shares, the voting rights of such Directors and the persons acting in concert with them would increase to 30% or more, or in the event that such Directors and the persons acting in concert with them hold between 30% and 50% of the Company's voting rights, if the voting rights of such Directors and the persons acting in concert with them would increase by more than 1% in any period of six months.

Under Appendix 2 of the Take-over Code, a Shareholder who is not acting in concert with the Directors will not be required to make a take-over offer under Rule 14 if, as a result of the Company purchasing or acquiring its Shares, the voting rights of such Shareholder in the Company would increase to 30% or more, or, if such Shareholders holds between 30% and 50% of the Company's voting rights, the voting rights of such Shareholders would increase by more than 1% in any period of six months. Such a Shareholder need not abstain from voting in respect of the Ordinary Resolution authorising the Share Purchase Mandate.

Shareholders are advised to consult their professional advisers and/or the SIC at the earliest opportunity as to whether an obligation to make a takeover offer would arise by reason of any Share Purchases by the Company.

## 2.11.4. Application of the Take-over Code

The interests of the Directors and Substantial Shareholders of the Company in the Shares as at the Latest Practicable Date are disclosed in Section 4 below. As at the Latest Practicable Date, as far as the Company is aware, none of the Directors or Substantial Shareholders of the Company would become obliged to make a takeover offer for the Company under Rule 14 of the Take-over Code as a result of the Share Purchases by the Company of the maximum limit of 10% of the total number of issued Shares as at the Latest Practicable Date. Shareholders are advised to consult their professional advisers and/or the SIC and/or the relevant authorities at the earliest opportunity as to whether an obligation to make a takeover offer would arise by reason of any Share Purchases by the Company pursuant to the Share Purchase Mandate.

## 2.12. SHARES PURCHASES IN THE PREVIOUS 12 MONTHS

The Company has purchased a total of 211,000 Shares, representing approximately 0.04% of the total issued Shares (excluding treasury shares and subsidiary holdings) as at the 2021 EGM, by way of Market Purchases in the previous 12 months immediately preceding the Latest Practicable Date. The highest and lowest price paid was S\$0.74 and S\$0.67 per Share respectively. The total consideration paid (which includes brokerage, clearing/trading fees and goods and services tax) was approximately S\$152,000. As at the Latest Practicable Date, the Company had 211,000 treasury shares.

## 2.13. LIMITS ON SHAREHOLDINGS

The Company does not have any limits on the shareholding of any Shareholder.

# APPENDIX

## 2.14. REPORTING REQUIREMENTS UNDER THE COMPANIES ACT

Within 30 days of the passing of the Shareholders' resolution to approve the Proposed Renewal of the Share Purchase Mandate, the Company shall lodge a copy of the resolution with ACRA. Within 30 days of a Share Purchase on Catalist or otherwise, the Company shall lodge with ACRA a notice of the purchase or acquisition in the prescribed form, such notification including, *inter alia*, the date of the purchase or acquisition, the number of Shares purchased or acquired by the Company, the number of Shares cancelled, the number of Shares held as treasury shares, the Company's issued ordinary share capital before and after the Share Purchase, the amount of consideration paid by the Company for the Share Purchase, and whether the Shares were purchased or acquired out of the profits or the capital of the Company.

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

### 3.1. BACKGROUND

The IPT General Mandate was adopted by the Company's then Shareholders on 11 June 2020, and was effective from the Date of Listing pursuant to Rule 920(2) of Chapter 9 of the Catalist Rules by way of the Offer Document issued by the Company dated 16 June 2020 and was expressed to take effect until the earlier of the following: (a) the conclusion of our Company's first AGM following the Date of Listing; or (b) the first anniversary of the Date of Listing. At the 2021 EGM, the IPT General Mandate was renewed. As such, the IPT General Mandate will expire upon the conclusion of the forthcoming AGM. Pursuant to Rule 920 of the Catalist Rules, the Company will seek Shareholders' approval for the Proposed Renewal of the IPT General Mandate.

The Proposed Renewal of the IPT General Mandate will enable the Group, in its ordinary course of business, to enter into the Interested Person Transactions specified in paragraph 3.6 below with any Mandated Interested Persons, provided that such transactions are made on normal commercial terms, will not be prejudicial to the interests of the Company and its minority Shareholders, and are in accordance with the guidelines and review procedures for such transactions set out in paragraph 3.8 of this Appendix.

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

The categories of transactions, procedures, and entities at risk and Interested Persons to which the Proposed Renewal of IPT General Mandate will apply to are the same as that of the IPT General Mandate renewed at the 2021 EGM.

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

# APPENDIX

## 3.3. CHAPTER 9 OF THE CATALIST RULES

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

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

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

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

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

For the purposes of the IPT General Mandate, an "entity at risk" means:

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

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

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

(i) Aras Kuasa

The Managing Director, Dato' Sri Pek Kok Sam, the Non-Executive Non-Independent Chairman, Dato' Teh Teck Tee, and the Substantial Shareholder, Dato' Lee Tek Mook @ Lee Teh Moh hold in aggregate 100.0% of the issued share capital of Aras Kuasa. Aras Kuasa is principally engaged in the exploration, mining, processing and sale of minerals such as bauxite and base metals in Malaysia. We will procure Shared Services from Aras Kuasa.

(ii) HChem Marketing

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

(iii) Multiline Trading

Multiline Trading is incorporated in Malaysia and is principally engaged in the business of provision of transportation services. The Managing Director, Dato' Sri Pek Kok Sam, and his brother, Mr Pek Kok Hua, hold in aggregate 100.0% of the issued share capital of Multiline Trading. Multiline Trading is principally engaged in the business of provision of hiring and transportation services. The Company engage Multiline Trading for, *inter alia*, the transportation of its iron ore products to ports or to our customers' premises. As Multiline Trading is also in the business of trading of spare parts and equipment for heavy machinery and vehicles, the Company may from time to time purchase such products from Multiline Trading.

The Company's finance department shall maintain a list of the Interested Persons and their associates (which will be updated immediately if there are any changes) to enable identification of the Interested Persons. The list of Interested Persons shall be reviewed on a quarterly basis by the FC and be subject to such verifications or declarations as required by the Audit Committee for such period as determined by them.

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

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

- (i) The procurement of hiring and transportation services by the Group from Multiline Trading;
- (ii) The purchase of lubricants by the Group from HChem Marketing;
- (iii) The procurement of spare parts and equipment by the Group from Multiline Trading; and
- (iv) The procurement of Shared Services by the Group from Aras Kuasa pursuant to the Shared Services Agreement.

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

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

The IPT General Mandate (and its subsequent renewal thereafter on an annual basis) is intended to facilitate the Mandated Interested Person Transactions in the ordinary course of business of the Group as described in section 3.6 above, which the Directors envisage are likely to be transacted with some frequency and from time to time with the Interested Persons, provided that they are carried out on the Group's normal commercial terms and are not prejudicial to the interests of the Company and its minority Shareholders.

The IPT General Mandate will enhance the ability of companies in the Group to pursue business opportunities which are time-sensitive in nature, and will eliminate the need for the Company to announce, or to announce and convene separate general meetings on each occasion to seek Shareholders' approval for the entry by the relevant company in the Group into such transactions. This will substantially reduce the expenses associated with the convening of general meetings on an ad hoc basis, improve administrative efficacy considerably, and allow manpower resources and time to be channelled towards attaining other corporate objectives.

## 3.8. GUIDELINES AND REVIEW PROCEDURES UNDER THE IPT GENERAL MANDATE

The Company has implemented the following internal controls system as well as methods and procedures, to ensure that Mandated Interested Person Transactions with the Mandated Interested Persons will be carried out on normal commercial terms, supported by independent valuation where appropriate, and are consistent with the Group's usual business policies and practices and are not prejudicial to the interests of our Company and our minority Shareholders.



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In particular, the following methods and/or procedures have been implemented:

**(a) Procurement of hiring and transportation services from Multiline Trading**

- (i) Given the frequency of such hiring and transportation services, the Group will negotiate for an annual transportation and hiring agreement with Multiline Trading ("**Annual Agreement**"). The Annual Agreement shall set out the basic terms of the services, in particular, the price per tonnage and travel distance for the transportation of our products and the price for each type of vehicle and the distance for transportation of our equipment. Prior to the entry the Annual Agreement with Multiline Trading, we will compare the terms offered by or to Multiline Trading with the terms offered by or to other similar annual arrangement offered by a minimum of two (2) unrelated third parties.
- (ii) For the procurement of hiring and transportation services by the Group from Multiline Trading, the Group will only enter into the Annual Agreement with Multiline Trading if the terms offered by Multiline Trading are comparable to those offered by a minimum of two (2) other unrelated third parties for the same or substantially similar type of services. In determining whether the price and terms offered by Multiline Trading are fair and reasonable, all pertinent factors, including but not limited to the availability of suitable vehicle and resources, response time, age of vehicles, credit terms and track record of the counterparty will be taken into consideration. All hiring and transportation services procured by the Group from Multiline Trading are to be carried out on terms which are no more favourable to Multiline Trading than the usual commercial terms extended from unrelated third parties or otherwise in accordance with applicable market norms.
- (iii) In the event that it is impractical or impossible to obtain such comparable quotations, the FC or a senior executive of the Company designated by our Audit Committee (who must have no interest, direct or indirect in the transactions) will, subject to the approval thresholds set out below, determine whether the price and terms offered by Multiline Trading are fair and reasonable, taking into account factors including but not limited to contract specifications and requirements, delivery schedules, duration, credit terms, track record of the counterparty, experience and expertise of the counterparty, any preferential rates extended, usual or historical margins or cost and reliability of the counterparty.

**(b) Purchase of (i) lubricants; and (ii) spare parts and equipment from HChem Marketing and Multiline Trading respectively**

- (i) For purchases of (i) lubricants; and (ii) spare parts and equipment by the Group from HChem Marketing and Multiline Trading respectively, the relevant department which has the knowledge of the context of the transactions, shall obtain quotations (wherever possible or available) from a minimum of two (2) unrelated third party suppliers for the same or substantially similar quantities and/or qualities of products and/or services, prior to the entry into a transaction with HChem Marketing or Multiline Trading, as the case may be, as comparison to determine whether the price and terms offered by HChem Marketing or Multiline Trading, as the case may be, are fair and reasonable and comparable to those offered by other unrelated third parties for the same or substantially similar type of products and/or services. In determining whether the price and terms offered by HChem Marketing or Multiline

# APPENDIX

Trading, as the case may be, are fair and reasonable, all pertinent factors, including but not limited to the quality of products, delivery schedules, duration, credit terms and track record, and where applicable, preferential rates, rebates or discounts accorded for bulk purchases, of the counterparty will be taken into consideration. The Group shall ensure that such transactions are conducted at prices and terms not less favourable to the Group than those offered by other unrelated third party suppliers, contemporaneous with similar transactions of comparable quantities and products specifications ("**Similar Transactions**").

- (ii) In the event that it is impractical or impossible to obtain Similar Transactions (for instance, if there are no unrelated third party vendors of similar products or services, or if the product is a proprietary item), the FC or a senior executive of the Company designated by the Audit Committee (whom must have no interest, direct or indirect in the transactions) will, subject to the approval thresholds set out below, determine whether the price and terms offered by HChem Marketing or Multiline Trading, as the case may be, are fair and reasonable, taking into account factors such as, including but not limited to, the costs and benefits of entering into the transactions and the prices charged to unrelated third parties by HChem Marketing or Multiline Trading, as the case may be.

**(c) Procurement of Shared Services from Aras Kuasa**

- (i) The Group has entered into a Shared Services Agreement dated 21 January 2020 with Aras Kuasa ("**Shared Services Agreement**") for the procurement of Shared Services.

Pursuant to the terms of the Shared Services Agreement, the Group and Aras Kuasa shall share the monthly costs of the information technology services incurred which mainly include the cost of purchasing information technology infrastructure, equipment and spare parts, the cost of personnel engaged to maintain the information technology system and any other costs in relation and necessary for the maintenance and upgrading of the information technology systems. The total monthly costs incurred shall be split based on the number of users of each group and Aras Kuasa will invoice the Group for the Shared Services Cost on a monthly basis ("**Share Services Cost**"). The Group is of the view that this split is appropriate as the expenses incurred for the provision of Shared Services are mainly user driven, for example, the capacities of storage and email servers are based on the number of users and key information technology equipment such as computers are allocated to all office staff on a one-to-one basis.

- (ii) The Company's finance department shall review the costing provided by Aras Kuasa on a monthly basis to ensure that it tallies with the invoice.
- (iii) The Shared Services Agreement shall be subject to annual review by our Audit Committee and any renewal or amendment to the Shared Services Agreement, in particular the Shared Services Cost, shall be reviewed and approved by our Audit Committee.

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## Approvals Thresholds

The approval thresholds for each Mandated Interested Person Transaction are as follows:

Value of each Mandated Interested Person Transaction	Approval Authority
Below 3.0% of the latest audited NTA of our Group	FC
Equals to or exceeds 3.0% but below 5.0% of the latest audited NTA of our Group	FC and an Independent Director
Equals to or exceeds 5.0% of the latest audited NTA of our Group	FC and the Audit Committee

### 3.9. ADDITIONAL PROCEDURES FOR MANDATED INTERESTED PERSON TRANSACTIONS

- (i) All transactions will be reviewed monthly by the Group's finance department to identify the Mandated Interested Person Transactions and ensure that they have been transacted within the parameters of the IPT General Mandate. If any person has an interest in a Mandated Interested Person Transaction, he or she will abstain from any deliberation and decision-making in respect of the said transaction.
- (ii) The Group's finance department shall record all Mandated Interested Person Transactions in the register of Mandated Interested Person Transactions. The register will include all information pertinent to all the Mandated Interested Person Transactions, including but not limited to, the nature of the transactions, the amount, the basis and rationale for determining the transaction prices, material terms and conditions and supporting evidence and quotations obtained to support such basis.
- (iii) The Audit Committee will review the register of Mandated Interested Person Transactions on a quarterly basis to ascertain that the relevant procedures, guidelines and policies established to monitor the Mandated Interested Person Transactions have been complied with.
- (iv) The annual internal audit plan will incorporate a review of the Mandated Interested Person Transactions entered into, pursuant to the IPT General Mandate to ensure that the methods and procedures in respect of the Mandated Interested Person Transactions have been adhered to.
- (v) The Directors and the Audit Committee will have the overall responsibility for the determination of the review procedures, including any addition or variation thereto, where applicable. The Directors and the Audit Committee may also appoint individuals or committees within our Company to examine the Mandated Interested Person Transactions as they deem appropriate. If a member of the Directors or the Audit Committee has an interest in a Mandated Transaction, he will abstain from any deliberation and decision-making by the Directors or the Audit Committee in respect of the said transaction.

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- (vi) If during any of the reviews by the Audit Committee, the Audit Committee is of the view that the review procedures for Mandated Interested Person Transactions have become inappropriate or insufficient in the event of changes to the nature of, or manner in which, the business activities of the Group or the Mandated Interested Persons are conducted, or the review procedures for Mandated Interested Person Transactions are not sufficient to ensure that the Mandated Interested Person Transactions will be conducted on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders, we will seek a fresh general mandate from Shareholders based on new review procedures so that Mandated Interested Person Transactions will be conducted on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders. The Mandated Interested Persons will abstain, and have agreed to ensure that their associates will abstain, from voting on such resolutions.
- (vii) Disclosure will be made in the Company's financial results announcements and the annual report of the Company in respect of the Mandated Interested Person Transactions in accordance with Chapter 9 of the Catalist Rules.

## 3.10. DISCLOSURE UNDER THE CATALIST RULES

The Company will announce the aggregate value of transactions conducted with the Mandated Interested Person(s) pursuant to the IPT General Mandate for the relevant financial periods which the Company is required to report on pursuant to Rule 705 of the Catalist Rules and within the time frame required for such announcements.

Disclosure will also be made in our Company's annual report of the aggregate value of transactions conducted with the Mandated Interested Person(s) pursuant to the IPT General Mandate during the financial year, and in the annual reports for subsequent financial years that the IPT General Mandate continues in force, in accordance with the requirements of Chapter 9 of the Catalist Rules.

The name of the Interested Person, nature of relationship and the corresponding aggregate value of the transactions with the Interested Person will be presented in the following format (or in such other form as the Catalist Rules may require from time to time):

Name of Interested Person	Nature of relationship	Aggregate value of all interested person transactions during the financial year/period under review (excluding transactions less than S\$100,000 and transactions conducted under the Shareholders' general mandate pursuant to Rule 920 of the Catalist Rules)	Aggregate value of all interested person transactions conducted under the Shareholders' general mandate pursuant to Rule 920 of the Catalist Rules during the financial year/period under review (excluding transactions less than S\$100,000)

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## 3.11. STATEMENT OF THE AUDIT COMMITTEE

Pursuant to Rule 920(1)(c) of the Catalist Rules, the Audit Committee confirms that:

- (a) the methods and procedures for determining the transaction prices of the Mandated Interested Person Transactions have not changed since the 2021 EGM;
- (b) the methods and procedures referred to in sub-paragraph (a) above are sufficient to ensure that the Mandated Interested Person Transactions carried out thereunder will be on normal commercial terms and will not be prejudicial to the interests of our Group and the minority Shareholders; and
- (c) If, during the periodic reviews by the Audit Committee, the Audit Committee is of the view that the review procedures are inadequate or inappropriate to ensure that the relevant transactions with the Mandated Interested Person will be carried out on normal commercial terms and will not be prejudicial to the interests of our Company and its minority Shareholders, or in the event of any amendment to Chapter 9 of the Catalist Rules, the Audit Committee will, in consultation with the Board, take such action as it deems proper in respect of such procedures and/or modify or implement such procedures as may be necessary and direct our Company to revert to Shareholders for a fresh mandate based on the new guidelines and procedures for the Mandated Interested Person Transactions.

## 3.12. ABSTENTION FROM VOTING

Pursuant to Rule 920(1)(b)(viii) of the Catalist Rules, Dato' Sri Pek Kok Sam and Dato' Teh Teck Tee will abstain, and have undertaken to ensure that their respective associates will abstain, from voting on Resolution 11 as set out in the Notice of AGM in relation to the Proposed Renewal of IPT General Mandate.

In addition, our Company will procure that Dato' Sri Pek Kok Sam, Dato' Teh Teck Tee and/or or any of their respective associates will also decline to accept appointment as proxy for any Shareholder to vote in respect of the Proposed Renewal of IPT General Mandate, unless the Shareholder concerned have given instructions in his/her proxy form as to the manner in which his/her votes are to be cast in respect of the Proposed Renewal of IPT General Mandate; and our Company shall disregard votes cast by Dato' Sri Pek Kok Sam, Dato' Teh Teck Tee and/or any of their respective associates in respect of their holdings of Shares (if any) in relation to the Proposed Renewal of IPT General Mandate.

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## 4. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, the shareholdings of Directors and Substantial Shareholders of the issued Shares of our Company as recorded respectively in the Register of Directors' Shareholdings and Substantial Shareholders, are as follows:

Name	Before Share Purchases						After Share Purchases <sup>(2)</sup>
	Direct Interest		Deemed Interest		Total Interest		Total Interest
	No. of Shares	% <sup>(1)</sup>	No. of Shares	% <sup>(1)</sup>	No. of Shares	% <sup>(1)</sup>	% <sup>(3)</sup>
<b>Directors</b>							
Dato' Sri Pek Kok Sam	303,111,300	62.01	5,844,100 <sup>(4)</sup>	1.20	308,955,400	63.21	70.23
Lim Wei Hung	6,020,000	1.23	–	–	6,020,000	1.23	1.37
Dato' Teh Teck Tee	30,100,000	6.16	–	–	30,100,000	6.16	6.84
Dato' Sri Mohd Jamidan Abdullah	–	–	–	–	–	–	–
Chin Chee Choon	–	–	–	–	–	–	–
Sim Chin Hoe	–	–	–	–	–	–	–
Dato' Gainneos Jacob Goldie	–	–	–	–	–	–	–
<b>Substantial Shareholder (other than Directors)</b>							
Dato' Lee Tek Mook @ Lee Teh Moh	33,770,000	6.91	–	–	33,770,000	6.91	7.68

### Notes:

- (1) As a percentage of the total number of issued Shares (excluding treasury shares and subsidiary holdings) as at the Latest Practicable Date comprising 488,789,000 Shares.
- (2) Assuming that the Company purchases the maximum number of 48,878,900 Shares under the Share Purchase Mandate.
- (3) As a percentage of the total number of issued Shares comprising 439,910,100 Shares.
- (4) Consisting of shares held by Remparan Sdn Bhd and Ms Xu Liyan of 25,000 Shares and 5,819,100 Shares respectively. Remparan Sdn Bhd is wholly-owned by Multiline Trading Sdn Bhd, which is 99.0% owned by Dato' Sri Pek Kok Sam and 1.0% owned by Mr Pek Kok Hua, the brother of Dato' Sri Pek Kok Sam and Ms Xu Liyan is spouse of Dato' Sri Pek Kok Sam.

Saved as disclosed in this Appendix, none of the Directors or Substantial Shareholders has any interest, direct or indirect, in the Proposed Renewal of Share Purchase Mandate and Proposed Renewal of IPT General Mandate other than through their respective shareholdings in our Company.

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## 5. DIRECTORS' RECOMMENDATION

### 5.1. PROPOSED RENEWAL OF SHARE PURCHASE MANDATE

The Directors having considered, *inter alia*, the terms and rationale of the Proposed Renewal of the Share Purchase Mandate, are of the opinion that Proposed Renewal of the Share Purchase Mandate is in the best interests of the Company and the Shareholders. Accordingly, the Directors recommend that Shareholders vote in favour of Ordinary Resolution 10 relating to the Proposed Renewal of the Share Purchase Mandate to be tabled at the forthcoming 2022 AGM.

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

The Directors, save for Dato' Sri Pek Kok Sam and Dato' Teh Teck Tee, having considered, *inter alia*, the terms and rationale of the Proposed Renewal of the IPT General Mandate, are of the opinion that Proposed Renewal of the IPT General Mandate is in the best interests of the Company and the Shareholders. Accordingly, the Directors, save for Dato' Sri Pek Kok Sam and Dato' Teh Teck Tee, recommend that Shareholders vote in favour of Ordinary Resolution 11 relating to the Proposed Renewal of the IPT General Mandate to be tabled at the forthcoming 2022 AGM.

## 6. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Appendix and confirm after making all reasonable enquiries, that to the best of their knowledge and belief, this Appendix constitutes full and true disclosure of all material facts about the Proposed Renewal of Share Purchase Mandate and the Proposed Renewal of IPT General Mandate, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Appendix misleading.

Where information in this Appendix has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Appendix in its proper form and context.



# APPENDIX

## 7. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of our Company at 80 Robinson Road, #02-00, Singapore 068898, during normal business hours from the date of this Appendix up to and including the date of the 2022 AGM:

- (a) the Constitution of the Company; and
- (b) the 2022 Annual Report.

Yours faithfully

For and on behalf of the Board of  
**SOUTHERN ALLIANCE MINING LTD.**  
Dato' Sri Mohd Jamidan Abdullah  
Lead Independent Director

11 November 2022

## 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.southernallianceminig.com](http://www.southernallianceminig.com). A printed copy of this Proxy Form will NOT be despatched to members of the Company.

#### IMPORTANT:

1. This Proxy Form is not valid for use by Central Provident Fund ("CPF")/ Supplementary Retirement Scheme ("SRS") Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
2. CPF and SRS investors:
  - (a) may attend and cast his/her vote(s) at the AGM if they are appointed as proxies by their respective CPF Agent Banks or SRS Operators, and should contact their respective CPF Agent Banks or SRS Operators if they have any queries regarding their appointment as proxies; or
  - (b) may appoint the Chairman of the Meeting as proxy to vote on their behalf at the AGM, in which case they should approach their respective CPF Agent Banks or SRS Operators to submit their votes by Friday, 18 November 2022, being 7 working days before the date of the AGM
3. Please read the notes to this Proxy Form.

\*I/We, \_\_\_\_\_ (name) \_\_\_\_\_ (NRIC/Passport No./Company Registration No.)

of \_\_\_\_\_ (address)

being a \*member/members of Southern Alliance Mining Ltd. (the "Company"), hereby appoint:

Name	NRIC/Passport No.	Proportion of Shareholding(s)	
		No. of Shares	%
Address			

\*and/or (delete as appropriate)

Name	NRIC/Passport No.	Proportion of Shareholding(s)	
		No. of Shares	%
Address			

or failing the person, or either or both of the persons, referred to above, the Chairman of the AGM as \*my/our proxy/proxies to attend, to speak and to vote for \*me/us on \*my/our behalf at the AGM of the Company to be held at Suntec Singapore Convention & Exhibition Centre, Level 3, Room 334 on Monday, 28 November 2022 at 10.00 a.m. and at any adjournment thereof. \*I/We direct \*my/our proxy/proxies to vote for or against or abstain from voting on the resolutions to be proposed at the AGM as indicated hereunder.

Ordinary Resolutions	"For"***	"Against"***	"Abstaining"***
<b>ORDINARY BUSINESS</b>			
1. Adoption of Directors' Statement and the Audited Financial Statements for the financial year ended 31 July 2022 together with the Auditors' Report thereon.			
2. Declaration of a final tax exempt (1-tier) dividend of S\$0.0022 per ordinary share for the financial year ended 31 July 2022.			
3. Re-election of Dato' Sri Mohd Jamidan Abdullah as a Director of the Company.			
4. Re-election of Dato' Gainneos Jacob Goldie as a Director of the Company.			
5. Re-election of Lim Wei Hung as a Director of the Company.			
6. Approval for payment of Directors' fees of S\$311,800 for the financial year ending 31 July 2023.			
7. Re-appointment of Messrs Ernst & Young LLP as Auditors and to authorise the Directors to fix their remuneration.			
<b>SPECIAL BUSINESS</b>			
8. Authority to allot and issue shares.			
9. Authority to allot and issue shares under the Southern Alliance Mining Performance Share Plan.			
10. Renewal of Share Purchase Mandate.			
11. Renewal of Shareholders' Mandate for Interested Persons Transactions.			

\* Delete accordingly.

\*\* Voting would be conducted by poll. Please indicate your vote "For" or "Against" or "Abstain" with a tick [✓] within the box provided. Alternatively, please indicate the number of votes as appropriate. If you mark the abstain box for a particular resolution, you are directing your proxy(ies) not to vote on that resolution on a poll and your votes will not be counted in computing the required majority on a poll. In any other case, the proxy/proxies may vote or abstain as the proxy/proxies deems fit on any of the above resolutions if no voting instruction is specified, and on any other matter arising at the AGM.

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2022

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. Due to the constantly evolving COVID-19 situation in Singapore, the Company may restrict the number of in-person attendees at the general meeting place to be held and conducted by physical attendance taking into account any regulations, directives, measures or guidelines that may be issued by any government and regulatory agency in light of the COVID-19 situation from time to time.
2. A member (other than a Relevant Intermediary as defined below) is entitled to appoint not more than two proxies to attend, speak and vote at the AGM. Where such member's form of proxy appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy.

Members who hold shares through Relevant Intermediaries is entitled to appoint more than two proxies to participate in the AGM by:

- (a) attending the physical meeting;
- (b) submitting questions in advance of the AGM; and/or
- (c) appointing proxy(ies) to attend, speak and vote on their behalf at the AGM, should contact the relevant Intermediary through which they hold such shares as soon as possible in order to make the necessary arrangements for them to participate in the AGM.

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 with such information that may be requested by the Company.

"Relevant Intermediary" has the meaning ascribed to it in Section 181 of the Companies Act 1967:

- (a) a banking corporation licensed under the Banking Act 1970 or its wholly-owned subsidiary which provides nominee services and holds shares in that capacity;
- (b) a capital markets services licence holder which provides custodial services for securities under the Securities and Futures Act 2001 and holds shares in that capacity; or
- (c) the Central Provident Fund Board established by the Central Provident Fund Act 1953, 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 Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

CPF and SRS investors:

- (a) may attend and cast his/her vote(s) at the AGM if they are appointed as proxies by their respective CPF Agent Banks or SRS Operators, and should contact their respective CPF Agent Banks or SRS Operators if they have any queries regarding their appointment as proxies; or
  - (b) may appoint the Chairman of the Meeting as proxy to vote on their behalf at the AGM, in which case they should approach their respective CPF Agent Banks or SRS Operators to submit their votes by Friday, 18 November 2022, being 7 working days before the date of the AGM.
3. A proxy need not be a member of the Company.
  4. 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 1967.
  5. The instrument appointing the proxy must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing the 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 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.
  6. Where the Proxy Form is signed on behalf of the appointor by an attorney, the power of attorney 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.
  7. A member should insert the total number of shares held. If the member has shares entered against his name in the Depository Register (maintained by The Central Depository (Pte) Limited), he should insert that number of shares. If the member has shares registered in his name in the Register of Members (maintained by or on behalf of the Company), he should insert that number of shares. If the member has shares entered against his name in the Depository Register as well as shares registered in his name in the Register of Members, he should insert the aggregate number of shares. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by the member. Where a member of the Company appoints more than one proxy, he shall specify the proportion of his shareholding and indicate the percentage of the shareholding to be represented by each of such proxy(ies), failing which, the first named proxy shall be deemed to represent 100% of his shareholding and any second named proxy shall be deemed to be an alternate to the first named proxy.
  8. The Proxy Form must be submitted to 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 10.00 a.m. on Friday, 25 November 2022 (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 complete and sign the Proxy Form, before submitting it by post to the address provided above, or before sending it by email to the email address provided above.

**In view of the current COVID-19 situation in Singapore, members are strongly encouraged to submit completed Proxy Forms electronically via email.**

9. Any reference to a time of day is made by reference to Singapore time.

**General:**

The Company shall be entitled to reject an instrument appointing a proxy or proxies 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 a proxy or proxies (including any related attachment). In addition, in the case of a member whose shares are entered in the Depository Register, the Company shall be entitled to reject any instrument appointing a proxy or proxies which has been lodged if such member, being the appointor, is not shown to have shares entered against his name in the Depository Register at least 72 hours before the time appointed for the AGM, as certified by The Central Depository (Pte) Limited to the Company.

**Personal Data Privacy:**

By submitting an instrument appointing the Chairman of the AGM and/or any representative(s) as proxy, the member accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 11 November 2022.

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

**Registered office:**

80 Robinson Road  
#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:**

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Jalan Putra Square 6  
Putra Square  
25200 Kuantan  
Pahang Malaysia  
[www.southernallianceminig.com](http://www.southernallianceminig.com)

