MSC

Malaysia Smelting Corporation Berhad

[197801006055 (43072-A)]

ANNUAL REPORT 2021

VISION

To be a successful world-class organisation in its integrated core businesses of mining, smelting, manufacturing and global marketing for tin and tin-based products delivering sustainable shareholder value through quality operations.

MISSION

Whether in the upstream or downstream sectors of the world tin industry, the name MSC will be synonymous with creativity, value, service and quality.

MSC Group will be a creative organisation, caring about its employees and its customers.

- We will provide the highest levels of service to all the Group's suppliers and customers by participating and contributing solutions and values in all stages of the world tin supply chain - mining, smelting, refining, recycling, products transformation, engineering and marketing;
- We will respond quickly and sensitively to the changing needs of the Group's suppliers and customers; and
- We aim to nurture an atmosphere of continuous self-development by emphasising on training and development while adhering to the highest standard of integrity.

MSC Group's growth strategy is to leverage on its core competencies to focus on organic growth as well as on strategic acquisitions that will broaden the Group's core businesses and strengthen its global leadership position in both upstream and downstream sectors of the world tin industry.

CORE VALUES

INTELLECTUAL, HONESTY AND INTEGRITY

ADDING VALUE THROUGH INNOVATION AND CONTINUOUS IMPROVEMENT

GLOBAL PERSPECTIVE AND COMPETITIVE SPIRIT

RESPECT FOR THE ENVIRONMENT AND THE HEALTH AND SAFETY OF ITS EMPLOYEES

CREATING SUSTAINABLE SHAREHOLDER VALUE THROUGH QUALITY OPERATIONS

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CONDUCTING CAREER DEVELOPMENT PROGRAMMES

RECOGNISING EMPLOYEE CONTRIBUTIONS

PROVIDING REWARDS & INCENTIVES

CULTIVATING A SAFE WORK ENVIRONMENT

WE BELIEVE THAT OUR PEOPLE SHAPE OUR SUCCESS, WHICH IS WHY WE MAKE EVERY EFFORT TO ENSURE THAT THEY ARE EQUIPPED WITH THE RIGHT RESOURCES AND A CONDUCIVE WORKPLACE TO ENABLE THEM TO DEVELOP HOLISTICALLY.

GROWTH STRATEGY

The Group's niche expertise in tin is continually being strengthened in all areas over the entire global tin supply chain covering geology, mining, mineral processing, smelting, marketing, resource management and financing. Malaysia Smelting Corporation Berhad ("MSC") will pursue its growth strategy on its core business in tin through strategic acquisitions and organic growth where its core expertise, skills and capabilities can add value and make a difference particularly in increasing operating efficiencies, innovating products and services as well as forging global commercial and marketing networks to ensure its continued leadership position in the industry.

Investment opportunities will continue to be evaluated and the Group may in future decide to invest in selective projects that meet its investment criteria. Main emphasis will be on opportunities in regions where the country risks could be effectively managed and that the mines could be developed and operated with relatively lower cost structure.

CORPORATE PROFILE

A GLOBAL INTEGRATED TIN MINING AND SMELTING GROUP

With roots dating back to 1887 as the smelting operations arm of The Straits Trading Company Limited ("STC"), Malaysia Smelting Corporation Berhad ("MSC") of today continues to enjoy an unsurpassed global reputation as the world's leading custom smelter and is renowned as one of the world's largest integrated producers of tin.

With the Group's core expertise and solid foundation of over a century of smelting excellence to its credit, the Group's new smelting facility which uses Top Submerged Lance (TSL) technology will thrust the smelter to the apex of smelting excellence. This combined with a smaller carbon footprint is expected to consolidate MSC's pole position in years to come. The Group is currently one of the world's leading integrated producer of tin metal and tin-based products. In 2021, the Group produced 16,619 tonnes of tin metal making MSC one of the largest suppliers of tin metal in the world.

MSC has played a key and prominent role in providing the world with a continuous supply of high grade tin metal. MSC has been able to combine effectively its vast experience in state-of-the-art technological innovations to improve its smelting and refining processes. It is able to effectively convert primary, secondary and complex tin bearing ores into high purity tin metal thanks to its efficient TSL furnace and its comprehensive refining plant and equipment comprising crystallisers, Electrolysis plants and Vacuum Distillation Unit which forms the backbone of MSC's refining operation.

"Malaysia Smelting Corporation" tin brand is registered at London Metal Exchange (LME) and Kuala Lumpur Tin Market (KLTM). The brand is accepted worldwide and has purity ranging from the Standard Grade A (99.85% Sn) to the premium grade electrolytic tin (99.99% Sn). The Group has added another tin brand which is "Malaysia Smelting Corporation Straits Refined Tin" which will be produced at the new smelting facility. Upon completion of the smelter relocation, the honour of being the leading custom smelter will pass on to the Port Klang smelter.

In November 2004, MSC expanded upstream in mining through the acquisition of Rahman Hydraulic Tin Sdn Bhd ("RHT"), Malaysia's long established and largest operating open-pit tin mine. Since the takeover, extensive work has been carried out covering mining, pit operation and improvement to the milling/concentrator circuits. This has transformed RHT to become a sustainable and a significant tin producer, incorporating international best mining and energy efficiency practices.

In the areas of research and development, MSC, as a co-founder and board member of International Tin Association ("ITA"), continues to support ITA's initiatives among other things to rigorously pursue research and development to thrust tin as an environmentally friendly metal. Tin has already proven its mettle in a wide range of applications including chemical, medical, energy and others.

In order to realise its vision to reduce carbon footprint, MSC is continuously expanding its solar panel capacity at its Port Klang smelter to harness power from renewable sources. Meanwhile part of the power required for mining at RHT is generated by 2 mini hydro power stations which is a further testimony of MSC's commitment to environmental protection.

MSC's niche expertise in tin is continuously being strengthened in all areas over the entire global tin supply chain covering geology, mining, mineral processing, smelting and marketing.

MSC will pursue its growth strategy on its core business in tin through strategic acquisitions and organic growth where its core expertise can add value particularly in increasing operating efficiencies, innovating products and services to ensure its continued leadership position in the industry.

CORPORATE INFORMATION

BOARD OF DIRECTORS

- **Ms. Chew Gek Khim PJG**
  Chairman, Non-Independent Non-Executive Chairman
- **Mr. John Mathew A/L Mathai**
  Independent Non-Executive Director
- **Datuk Lim Hong Tat**
  Independent Non-Executive Director
- **Mr. Chia Chee Ming, Timothy**
  Senior Independent Director
- **Datuk Kamaruddin Bin Taib**
  Independent Non-Executive Director
- **Dato' Roslina Binti Zainal**
  Independent Non-Executive Director
- **Mr. Yap Seng Chong**
  Independent Non-Executive Director
- **Dato' Dr. (Ir.) Patrick Yong Mian Thong**
  Executive Director

AUDIT & RISK MANAGEMENT COMMITTEE

Mr. Yap Seng Chong *(Chairman)*
Datuk Kamaruddin Bin Taib
Datuk Lim Hong Tat

NOMINATING & REMUNERATION COMMITTEE

Mr. Chia Chee Ming, Timothy *(Chairman)*
Mr. John Mathew A/L Mathai
Dato' Roslina Binti Zainal

ENVIRONMENTAL, SOCIAL & GOVERNANCE COMMITTEE

Dato' Roslina Binti Zainal *(Chairman)*
Datuk Lim Hong Tat
Dato' Dr. (Ir.) Patrick Yong Mian Thong

KEY PERSONNEL

Dato' Dr. (Ir.) Patrick Yong Mian Thong
(Group Chief Executive Officer/Executive Director)
Mr. Nicolas Chen Seong Lee
(Deputy Chief Executive Officer (Administration))
Mr. Lam Hoi Khong
(Group Chief Financial Officer)
(Ir.) Raveentiran A/L Krishnan
(Group Chief Operating Officer, Smelting)
En. Madzlan Bin Zam
(Executive Director & Senior General Manager, Rahman Hydraulic Tin Sdn.Bhd.)
Mr. Yoon Choon Kong
(Group Internal Auditor)

COMPANY SECRETARY

Ms. Wong Youn Kim
SSM PC No. 201908000410
(MAICSA 7018778)

REGISTERED & CORPORATE OFFICE

Lot 6, 8 & 9, Jalan Perigi Nanas 6/1
Pulau Indah Industrial Park
West Port, Port Klang
42920 Pulau Indah
Selangor
Malaysia
Tel : (603) 3102 3083
Fax : (603) 3102 3080

BUTTERWORTH SMELTER

27 Jalan Pantai
12000 Butterworth
Penang
Malaysia
Tel : (604) 333 3500
Fax : (604) 331 7405/332 6499

SHARE REGISTRARS

• MALAYSIA
Boardroom Share Registrars Sdn. Bhd.
11th Floor, Menara Symphony
No. 5, Jalan Prof. Khoo Kay Kim
Seksyen 13
46200 Petaling Jaya
Selangor
Malaysia
Tel : (603) 7890 4700
Fax : (603) 7890 4670

• SINGAPORE
Tricor Barbinder Share Registrar Services
(A division of Tricor Singapore Pte. Ltd.)
80 Robinson Road
#02-00
Singapore 068898
Tel : (65) 6236 3333
Fax : (65) 6236 3405

AUDITORS

Ernst & Young PLT
Level 23A Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
50490 Kuala Lumpur
Malaysia
Tel : (603) 7495 8000
Fax : (603) 2095 5332

PRINCIPAL BANKERS

OCBC Bank (Malaysia) Berhad
Hong Leong Bank Berhad
Malayan Banking Berhad
HSBC Bank Malaysia Berhad
Standard Chartered Bank Malaysia Berhad
CIMB Bank Berhad
United Overseas Bank (Malaysia) Berhad

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad
Mainboard of Singapore Exchange Securities Trading Limited

Website: www.msmelt.com
Email : msc@msmelt.com

KEY FINANCIAL HIGHLIGHTS

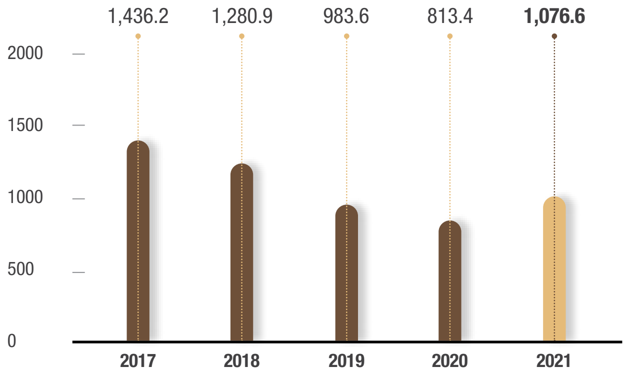
		Year ended 31 December				
		2021	2020	2019	2018	2017
Revenue	(RM Mil)	**1,076.6**	813.4	983.6	1,280.9	1,436.2
Profit before tax	(RM Mil)	**158.4**	24.2	44.7	49.8	28.2
Income tax expense	(RM Mil)	**(39.9)**	(9.5)	(14.0)	(15.5)	(12.1)
Profit attributable to the owners of the Company	(RM Mil)	**118.1**	15.2	30.7	34.3	16.1
Total assets	(RM Mil)	**1,314.9**	994.5	824.3	842.9	874.4
Net current assets	(RM Mil)	**345.3**	191.8	203.5	158.9	76.9
Equity attributable to the owners of the Company	(RM Mil)	**580.4**	393.5	368.9	348.0	290.8
Earnings per share	(sen)	**28**	4[(1)]	7[(1)]	8[(1)]	4[(1)]
Dividend per share	(sen)	**7**[(2)]	1[(1)]	2[(1)]	2[(1)]	1[(1)]
Net assets per share attributable to the owners of the Company	(sen)	**138**	94[(1)]	88[(1)]	83[(1)]	69[(1)]
Pre-tax profit on average equity attributable to the owners of the Company	(%)	**33**	6	12	16	10

(1) *The figures have been adjusted to reflect the private placement exercise completed on 2 August 2021 for comparative purposes.*

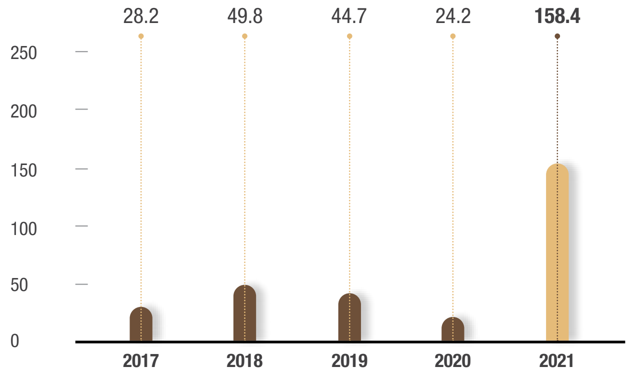
(2) *Subject to the approval of the members at the forthcoming Annual General Meeting.*

KEY FINANCIAL HIGHLIGHTS

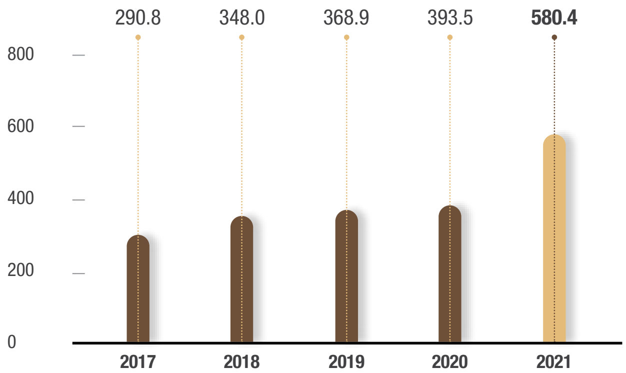
REVENUE
(RM MIL)



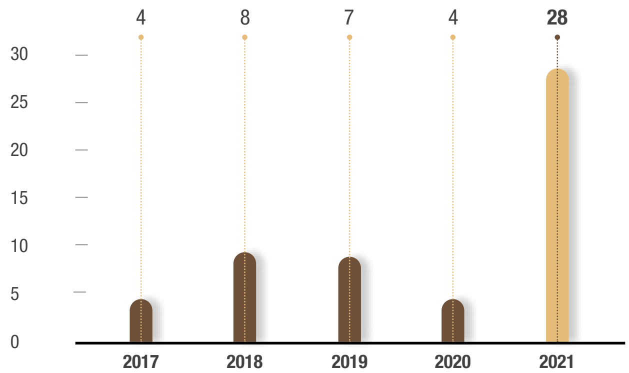
PROFIT BEFORE TAX
(RM MIL)



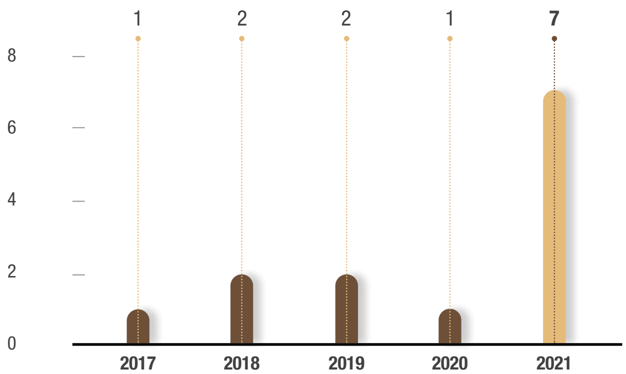
EQUITY ATTRIBUTABLE TO THE OWNERS OF THE COMPANY
(RM MIL)



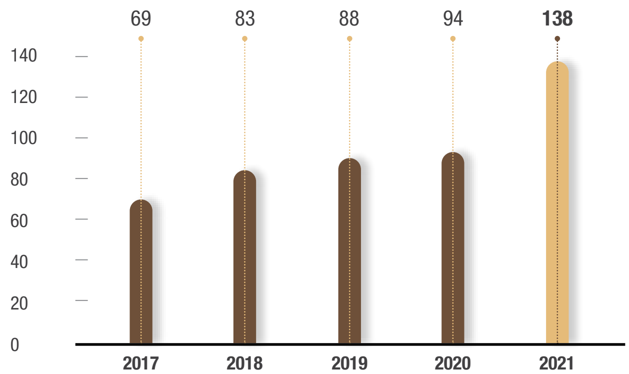
EARNINGS PER SHARE
(SEN)



DIVIDEND PER SHARE
(SEN)



NET ASSETS PER SHARE ATTRIBUTABALE TO THE OWNERS OF THE COMPANY
(SEN)



PROFILE OF DIRECTORS

MS. CHEW GEK KHIM PJG

Non-Independent Non-Executive Chairman

Singaporean

Age: 60

Female

- LL.B (Hons), National University of Singapore
- Hon D. Litt, Nanyang Technological University

Ms. Chew Gek Khim was appointed to the Board of the Company as a Non-Independent Non-Executive Director on 18 March 2016. She assumed the role as Chairman of the Company with effect from 11 May 2016.

She has been Chairman of The Straits Trading Company Limited since 24 April 2008, first as Non-Executive and Non-Independent Chairman and then as Executive Chairman since 1 November 2009.

She is also Executive Chairman of Tecity Group, which she joined in 1987. She is a Non-Executive Chairman of ARA Trust Management (Suntec) Limited and sits on the Board of Singapore Exchange Limited. Ms. Chew is Deputy Executive Chairman of Tan Chin Tuan Foundation in Singapore. She is a Member of Board of Governors of S. Rajaratnam School of International Studies, NUS Board of Trustees and the Governing Board of Lee Kuan Yew School of Public Policy.

Ms. Chew was awarded the Chevalier de l'Ordre National du Merite in 2010, the Singapore Businessman of the Year 2014 at the Singapore Business Awards in 2015, and the Meritorious Service Medal at the National Day Award in 2016. Ms. Chew was conferred an Honorary Degree of Doctor of Letters (honoris causa) by the Nanyang Technology University in 2021.

Ms. Chew does not hold any other directorship in other public companies and listed issuers in Malaysia.

MR. CHIA CHEE MING, TIMOTHY

Senior Independent Director

Singaporean

Age: 72

Male

- Bachelor of Science cum laude, majoring in Management, Fairleigh Dickinson University, United States of America

Mr. Chia Chee Ming, Timothy was appointed as an Independent Non-Executive Director of the Company on 19 May 2016. He has been re-designated as Senior Independent Director of the Company with effect from 24 February 2017. He was appointed as the Chairman of the Nominating & Remuneration Committee of the Company on 20 May 2016.

Mr. Chia is Chairman of Hup Soon Global Corporation Private Limited, United Motor Works (Siam) Co. Ltd., Gracefield Holdings Limited and Innoven Capital Pte. Ltd.. He also sits on the boards of several other public and private companies, including The Straits Trading Company Limited as their Lead Independent Director, Thai Beverage Public Company Limited, Singapore Power Limited, Vertex Venture Holdings Ltd and Seviora Holdings Pte. Ltd.. He is a Member of the Advisory Council and Co-Chair (Singapore) of the ASEAN Business Club, a Member, Corporate Governance Advisory Committee of Monetary Authority of Singapore and a Member, Investment Committee of National Heritage Board of Singapore.

Mr. Chia was the former Chairman – Asia for Coutts & Co Ltd., the private banking arm of the Royal Bank of Scotland Group. From 1986 to 2004, he was a director of PAMA Group where he was responsible for private equity investments and served as President from 1995 to 2004. He was previously a director of SP PowerAssets Limited, PowerGas Limited, InnoTek Limited, QuantuMDx Group Limited, Banyan Tree Holdings Limited, Fraser and Neave Limited and a senior advisor to EQT Funds Management Ltd..

Mr. Chia does not hold any other directorship in other public companies and listed issuers in Malaysia.

PROFILE OF DIRECTORS

MR. YAP SENG CHONG

Independent Non-Executive Director

Malaysian | Age: 60 | Male

- Bachelor of Accounting from University of Malaya
- Member of Malaysian Institute of Accountants
- Member of Malaysian Institute of Certified Public Accountants

Mr. Yap Seng Chong was appointed as an Independent Non-Executive Director of the Company on 31 December 2021. He was also appointed as the Chairman of the Audit & Risk Management Committee of the Company on the same date.

Mr. Yap had spent his entire career with one of the big four accounting firms for 35 years, two of which were with the London office providing various types of assurance and business advisory services. He had previously held positions in that accounting firm as Head of Assurance Practice, Professional Practice Director and ASEAN Regional and Country Independence Leader before his retirement.

Mr. Yap was also a member of the Interpretation Committee of the Malaysian Accounting Standards Board. He had previously served as Malaysian Institute of Accountants ("MIA") Council member, Chairman of the Disciplinary Committee of MIA, Member of the Accounting and Auditing Standards Board of MIA, Chairman of the Audit and Risk Committee of MIA and Member of the Public Practice Committee of MIA.

Mr. Yap does not hold any other directorship in other public companies and listed issuers in Malaysia.

MR. JOHN MATHEW A/L MATHAI

Independent Non-Executive Director

Malaysian | Age: 59 | Male

- LL.B (Hons), University of Malaya
- Advocate & Solicitor of the High Court of Malaya

Mr. John Mathew A/L Mathai was appointed to the Board of the Company as an Independent Non-Executive Director on 23 March 2016. He was appointed as a member of the Nominating & Remuneration Committee of the Company on 4 April 2016.

He is an Advocate & Solicitor of the High Court of Malaya and has been in legal practice since February 1987. He is presently a partner of Messrs. Christopher & Lee Ong, Kuala Lumpur and heads the Dispute Resolution Practice of the firm. He is also a Notary Public.

Mr. John Mathew does not hold any other directorship in other public companies and listed issuers in Malaysia.

Notes:

1. Save for the following, none of the Directors have any family relationship with other Directors and/or major shareholders of the Company:
   Ms. Chew Gek Khim is the Executive Chairman of The Straits Trading Company Limited ("STC"), the major shareholder of the Company which owns 51.96% of the equity of the Company. Her mother is Dr. Tan Kheng Lian, a substantial shareholder of STC;
2. None of the Directors have any conflict of interest with the Company; and
3. None of the Directors had been convicted of any offence (other than traffic offences, if any) within the past five (5) years or been imposed of any public sanction or penalty by the relevant regulatory bodies during the financial year ended 2021.

PROFILE OF DIRECTORS

DATUK KAMARUDDIN BIN TAIB

Independent Non-Executive Director

Malaysian
Age: 64
Male

- Bachelor of Science in Mathematics, University of Salford, United Kingdom

Datuk Kamaruddin Bin Taib was appointed as an Independent Non-Executive Director of the Company on 16 November 2018. He was appointed as a member of the Audit & Risk Management Committee of the Company on 14 February 2022.

Datuk Kamaruddin has significant experience in investment banking, corporate finance, mergers and acquisitions. His career started in 1980 with a leading merchant bank in Malaysia. Subsequently, he served as a director of several private companies, companies listed on Bursa Malaysia Securities Berhad and companies listed on the Stock Exchange of India as well as listed on Nasdaq (U.S.A.).

Datuk Kamaruddin is currently the Independent Non-Executive Chairman of GHL Systems Berhad. He is also a Director of Great Eastern General Insurance (Malaysia) Berhad, Fraser & Neave Holdings Berhad, RAM Holdings Berhad, Boost Holdings Sdn. Bhd. and FIDE FORUM (Financial Institutions Directors Education FORUM).

Datuk Kamaruddin has stepped down as the Independent Non-Executive Chairman and Director of HSBC Amanah Malaysia Berhad on 31 December 2021 and subsequently on 1 January 2022 was appointed as an Independent Non-Executive Director of HSBC Bank Malaysia Berhad. He has become the Independent and Non-Executive Chairman of HSBC Bank Malaysia Berhad with effect from 1 April 2022.

DATO' ROSLINA BINTI ZAINAL

Independent Non-Executive Director

Malaysian
Age: 59
Female

- Master of Business Administration, University of New England, New South Wales, Australia
- Bachelor of Electrical Engineering, Lakehead University, Canada

Dato' Roslina Binti Zainal was appointed as an Independent Non-Executive Director of the Company on 2 August 2021. She was appointed as a member of the Nominating & Remuneration Committee and Chairman of the Environmental, Social & Governance Committee of the Company on 14 February 2022.

Dato' Roslina brings with her a wealth of experience in the energy sector in the areas of Utility Economics, Regulation, Energy Procurement, Planning and Strategy. She was the lead negotiator for her previous company, Tenaga Nasional Berhad ("TNB"), the national electricity utility of Malaysia, for the Power Purchase Agreements with the Independent Power Producers (IPPs), negotiating with the Government on tariffs under the Incentive Based Regulations (IBR), negotiating gas framework and gas supply agreements.

Dato' Roslina sat on many committees chaired by various Ministers on Energy, Gas and Tariff. She was a member of the National Gas Committee chaired by Dato' Seri Idris Jala to address issues pertaining to gas constraint for the power sector. Dato' Roslina was also a member of the National Committee on Planning Development of Electricity Tariffs chaired by the Minister of Energy, Green Technology and Water. She has also worked together with Government agencies such as Energy Commission, Ministry of Energy and the Economic Planning Unit of the PMs Department on issues pertaining to energy.

Dato' Roslina has worked in the Distribution, Transmission and Generation Planning functions in TNB. She also represented TNB at International Investor conferences and attended one-on-one dialogues with investors on regulations affecting the power sector. She has presented papers at international conferences and sat on panel discussions as a leading expert on energy and regulation. She acquired a wealth of business and management skills through her involvement as a top management in TNB. She was previously appointed on the Boards of Sapura Energy Berhad, Universiti Teknikal Malaysia Melaka (UTeM), TNB Fuel Services Sdn Bhd and Prai Power Sdn Bhd. She currently sits on the board of TNB.

PROFILE OF DIRECTORS

DATUK LIM HONG TAT

Independent Non-Executive Director

Malaysian

Age: 63

Male

- Bachelor of Economics in Business Administration (Honours), University of Malaya
- Diploma in Marketing & Selling Bank Services, Management Centre Kuala Lumpur
- Management Programme on Banking & Strategy, INSEAD, France
- Associate Member, International Academy of Retail Banking
- Advanced Management Program, Harvard Business School

Datuk Lim Hong Tat was appointed as an Independent Non-Executive Director of the Company on 28 January 2022. He was appointed as a member of the Audit & Risk Management Committee and Environmental, Social & Governance Committee of the Company on 14 February 2022.

Datuk Lim joined Malayan Banking Berhad upon graduation from University of Malaya in 1981. Datuk Lim has more than 35 years of experience covering all aspects of banking, having managed branches, regional banking, credit card and international banking operations including holding senior management positions as Director/President and Chief Executive Officer ("CEO") of Maybank Philippines Incorporated, Head of International Banking, Head of Consumer Banking and Head of Community Financial Services, Malaysia.

Prior to serving on boards, Datuk Lim was the Group Head, Community Financial Services (CFS) and CEO of Malayan Banking Berhad, Singapore from 1 January 2014 until middle of 2018 and was responsible for driving and implementing the Banks community banking strategy across all geographies.

Datuk Lim was also a Member of the Visa Client Council for Asia Pacific, Member of the Board of the European Financial Management Association, Associate Member of International Academy of Retail Banking, Council Member of Association of Banks in Singapore and a Director of Maybank Philippines Inc., Maybank Kim Eng Holdings Ltd., Maybank Kim Eng Securities Pte. Ltd., Etiqa Insurance Pte. Ltd. and Mutiara Mortgage & Credit Sdn. Bhd., a wholly owned subsidiary of Ministry of Housing Sarawak.

Currently, Datuk Lim is serving on the Board of Commissioners of PT Bank Maybank Indonesia and on the Board of Maybank Philippines Inc., and is also a Senior Advisor for Areca Capital Sdn. Bhd. (Asset Management) and Creador (Private Equity).

Datuk Lim does not hold any other directorship in other public companies and listed issuers in Malaysia.

DATO' DR. (IR.) PATRICK YONG MIAN THONG

Non-Independent Executive Director/Group Chief Executive Officer

Malaysian

Age: 69

Male

- Bachelor of Science (Honours) Degree in Electrical and Electronics Engineering, CNAA, United Kingdom
- PhD (Electrical Engineering), United States of America
- Registered Professional Engineer Malaysia
- Member of the Institution of Engineers Malaysia

Dato' Dr. (Ir.) Patrick Yong Mian Thong was appointed as Chief Executive Officer ("CEO") of the Company on 7 October 2016. Subsequently, he was appointed to the Board of the Company as a Non-Independent Executive Director on 1 June 2018 and redesignated as Group CEO on 1 January 2019. He leads in the strategic development, policies and business operations of MSC.

Dato' Dr. (Ir.) Patrick Yong started his career as an engineer with the National Electricity Board of Malaysia ("LLN") in 1976, fulfilling his scholarship contractual obligations. In 1989, he left LLN to pursue his career as a consultant in the field of electrical engineering.

Dato' Dr. (Ir.) Patrick Yong founded Sulfarid Technologies in 2004 and was its Managing Director. The Company was later acquired by the Hup Soon Global Corporation Group in November 2007 and renamed Borid Technologies. He joined Tai Kwang Yokohama Industries Bhd as CEO from 2007 – 2010 and was appointed as Group CEO of Yokohama Industries involving SLI battery manufacturing and secondary lead smelting from 2010 to 2015.

Throughout his line of work, Dato' Dr. (Ir.) Patrick Yong established his proficiency in electrical engineering and pursued research specialising in the field of efficiency in energy conversion and storage leading to a PhD in Electrical Engineering.

Dato' Dr. (Ir.) Patrick Yong does not hold any other directorship in other public companies and listed issuers in Malaysia.

PROFILE OF KEY PERSONNEL

NICOLAS CHEN SEONG LEE

Deputy Chief Executive Officer (Administration)

Malaysian | Age: 49 | Male

- LL.B (Hons), University of London

Mr. Nicolas Chen Seong Lee started his career in the tax division of Arthur Andersen & Co., Kuala Lumpur, in 1997. In 2000, he joined the Structured Finance, Corporate Banking division of Affin Merchant Bank. He returned to tax practice in 2002 until 2010 with KPMG Tax Services Sdn. Bhd.. In KPMG, he was primarily undertaking tax advisory and tax planning assignments covering a broad range of Malaysian and overseas tax, corporate and legal issues. From 2010 to 2017, he managed an agro based company involved in farming and exporting a Malaysian produced fruit and downstream products.

Mr. Nicolas Chen joined MSC on 1 November 2017 as General Manager (Special Projects) of CEO's Office before being redesignated as Deputy Chief Executive Officer (Administration). His primary responsibility is to assist the Group Chief Executive Officer on matters covering legal, corporate, human resource, security, procurement and administration for the MSC Group.

LAM HOI KHONG

Group Chief Financial Officer

Malaysian | Age: 51 | Male

- Bachelor of Business Degree majoring in Accountancy from the University of Southern Queensland, Australia
- Chartered Accountant (CA), Malaysian Institute of Accountants
- Member of the CPA Australia

Mr. Lam Hoi Khong was appointed as the Group Chief Financial Officer of the Company on 7 January 2019. He is responsible for overseeing the overall management and financial reporting, business support, financial planning and analysis, treasury, investor relations, and tax functions at MSC.

Mr. Lam has close to 30 years of working experience in the areas of finance, accounting, corporate finance, auditing and taxation. He spent his early formative years at PricewaterhouseCoopers before assuming commercial roles as Finance Manager and Financial Controller with a local automotive group and an international group based in Africa respectively, over a period of 7 years from 1997 to 2003.

Following that, Mr. Lam was attached to Petaling Tin Berhad ("PTB"), a property development company listed on the Main Board of Bursa Malaysia Securities Berhad for a period of over 13 years. He joined PTB as General Manager of Finance and Administration in 2003 and was promoted to the role of Chief Financial Officer in 2007 which he held until January 2017.

Prior to joining MSC, Mr. Lam was the Group Chief Financial Officer of Tien Wah Press Holdings Berhad ("TWPH") from February 2017 until November 2018. He was responsible to spearhead the Finance, Corporate and Risk Management functions, and providing strategic directions on commercial aspects of the businesses of TWPH.

PROFILE OF KEY PERSONNEL

(IR.) RAVEENTIRAN A/L KRISHNAN

Chief Operating Officer, Smelting

Malaysian

Age: 58

Male

- Bachelor of Chemical Engineering (Chemical & Process), Universiti Kebangsaan Malaysia
- Registered Professional Engineer Malaysia
- Member of the Institution of Engineers Malaysia

(Ir.) Raveentiran A/L Krishnan has been with MSC for more than 30 years. He started his career with MSC as a Trainee Metallurgist in November 1988. He then held various positions within the Company including Safety & Environment Engineer and Research & Development Manager. He also spent 4 years in PT Koba Tin, an integrated mining and tin smelting company located in Bangka, Indonesia the then subsidiary of MSC as the Head of Metallurgy Department. He was involved in the tin smelter expansion during his tenure at PT Koba Tin.

He assumed the position of Production Manager in 2005 upon his return from Indonesia and later as the Works Manager in 2007.

(Ir.) Raveentiran assumed his current position in 2014. He is responsible for the Company's tin smelting business in Butterworth, Penang. His primary role is to ensure that the smelter remains at the forefront as the world's largest and most cost-effective custom tin smelter. This includes improving the smelter's sustainable sourcing of feed materials through net-working with global tin ore suppliers and major miners. Equally important is improvement to operational efficiency through innovation and introduction of new smelting and refining technologies to give the smelter the flexibility to handle a wide range of tin bearing feed materials.

EN. MADZLAN BIN ZAM

Executive Director & Senior General Manager, Rahman Hydraulic Tin Sdn. Bhd.

Malaysian

Age: 63

Male

- Bachelor of Science (Honours) Degree in Geology, Universiti Kebangsaan Malaysia
- Registered Professional Geologist, Board of Geologists Malaysia
- Member of Ikatan Ahli Geologi, Indonesia (IAGI)
- Member of the Australasian Institute of Mining and Metallurgy
- Member of the Institute of Geology Malaysia
- Member of the Geological Society of Malaysia
- Member of the Malaysian Chamber of Mines

En. Madzlan Bin Zam joined MSC in 2002 and was assigned as Manager Geology at PT Koba Tin in Indonesia between 2002 and 2011, and later held the President Director's post for PT MSC Indonesia and PT SRM Indonesia. During his tenor at PT Koba Tin, he passed the examination as the Pengawas Operasional Utama at the mine, which qualifies him to be the Mine Manager in Indonesia.

He was subsequently appointed as Head of Geology & Exploration of MSC in 2011 and was promoted to Head of Resources & Investments of the Company in May 2015. In 2017, he assumed his current position as the Senior General Manager of Rahman Hydraulic Tin Sdn. Bhd. ("RHT"), a wholly-owned subsidiary of MSC and responsible to oversee the complete operation of RHT and its tin mine at Klian Intan, Perak. At present, he sits on the board of RHT and SL Tin Sdn. Bhd., a subsidiary of RHT.

Prior to that, he had worked with Malaysia Mining Corporation Berhad between 1981 and 2002 as a Mining Geologist responsible in monitoring tin production from the dredges. He was incharged in tin and gold exploration and mining development projects in Malaysia as well as overseas i.e. Indonesia, Australia, New Zealand, Lao People Democratic Republic, Thailand, Myanmar, Kyrgyz Republic, Europe and Democratic Republic of Congo.

En. Madzlan has vast experiences and knowledge in both primary and alluvial tin, gold, base metals and coal; and was also in charge of managing a tin mine in Indonesia. He has experiences working with consultants recognised by the World Bank for the Bankable Feasibility Study of the Taldy-Bulak Gold Project, Kyrgyz Republic.

PROFILE OF KEY PERSONNEL

MR. YOON CHOON KONG
Group Internal Auditor

Malaysian

Age: 67

Male

- Diploma in Management, Malaysian Institute of Management
- Associate Member of the Institute of Internal Auditors Malaysia
- Certified Lead Auditor, National Registration Scheme for Lead Assessors of Quality Systems (UK)

Mr. Yoon Choon Kong, the Group Internal Auditor of MSC, started his career as an auditor at Messrs Sam Ah Chow & Co, Certified Public Accountants. He had joined The Straits Trading Company Limited ("STC"), currently the holding company of MSC, back in 1978 as an Accounting Officer.

In 1985, he was promoted to the position of Accountant at MSC and served in that capacity up to 1995 before assuming his present position as the Group Internal Auditor for MSC. He also concurrently holds the portfolio of General Manager, Special Projects since 2018.

Between 2006 and 2010, Mr. Yoon also headed the Internal Audit function at STC in Singapore, as Vice President, Group Internal Audit.

Mr. Yoon has more than 40 years of working experience with the STC/MSC Group.

Notes:

1. None of the Key Personnel hold any directorship in public listed companies and listed issuers;
2. None of the Key Personnel have any family relationship with other Directors and/or major shareholders of the Company;
3. None of the Key Personnel have any conflict of interest with the Company; and
4. None of the Key Personnel had been convicted of any offence (other than traffic offences, if any) within the past five (5) years or been imposed of any public sanction or penalty by the relevant regulatory bodies during the financial year ended 2021.

STATEMENT BY THE CHAIRMAN

RECORD HIGH NET PROFIT
RM118.1 million
(FY2020: RM15.2 million)

DIVIDEND PAYOUT RATIO
25%

AVERAGE TIN PRICE IN 2021
RM130,575 per tonne
(FY2020: RM71,559 per tonne)

ON BEHALF OF THE BOARD OF DIRECTORS OF MALAYSIA SMELTING CORPORATION BERHAD ("MSC" OR "THE GROUP"), I AM PLEASED TO PRESENT THE ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS OF MSC FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 ("FY2021").

A HISTORIC YEAR

The second year of the pandemic, 2021 marks a challenging yet fruitful year for us at MSC, as the Coronavirus Disease 2019 ("COVID-19") continued to dominate headlines around the world. The lingering effects of the pandemic, which include movement limitations and logistical constraints, continue to disrupt global supply chains and impact the demand and supply dynamics of various commodities, including tin. Compounded by the geopolitical tensions between China and the United States, as well as the Russia-Ukraine conflict, this led to a shortage and surge in prices of commodities.

These factors exacerbated the demand and supply imbalance and contributed to the significant increase in tin price, which averaged RM71,559 per tonne in 2020 and RM130,575 per tonne in 2021, rising 82% year-on-year.

Despite the challenges, many of the world's major tin smelters resumed normal production in 2021. According to the International Tin Association, global refined tin production recovered from pandemic lows of 339,400 tonnes in 2020 to 378,400 tonnes in 2021.

STATEMENT BY THE CHAIRMAN

At MSC, our operations were halted following the enforcement of the Full Movement Control Order ("FMCO") from 1 June to 14 June 2021. Due to the disruption in production and inevitable delays in delivering tin metal to our customers, the Group issued a force majeure on 7 June 2021, which was subsequently lifted on 20 December 2021.

Whilst our smelting division was affected by these supply chain issues, our mining division thrived on the back of stronger tin prices and higher output. Against the fluid backdrop throughout 2021, the Group rebounded soundly, registering RM1.1 billion revenue in 2021 and an all-time high net profit of RM118.1 million in 2021, nearly eight times the RM15.2 million net profit in the preceding year.

As a reward to our shareholders, the Board has recommended a first and final single-tier dividend of 7 sen per share, translating to a dividend pay-out of 25% of FY2021 net profit.

CAPTURING OPPORTUNITIES

Following on the heels of historic tin prices in 2021, the prospects for the tin industry remain positive, buoyed by major technological advancements occurring around the globe. Tin is a critical element in the production of electronic goods due to the usage of tin solder in the binding of components.

Tin industry players across the supply chain, including MSC, are well-positioned to ride on the technological boom spurred by the growing demand for 5G-related technologies, semiconductors, electronic appliances, solar photovoltaics and more prominently electric vehicles. Tin has been identified as a key component in increasing the capacity and life cycle of lithium-ion batteries. Coupled with the lack of substitutes for tin metal, these factors will continue to lift the demand for tin in the coming years.

Operationally, we are building a strong foundation at MSC to capture opportunities in the tin market. With our new Pulau Indah plant coming on-stream, we have the capacity to undertake smelting activities of up to 60,000 tonnes per annum, using oxygen enrichment. Equipped with the state-of-the-art smelting technology using the Top Submerged Lance Furnace, our operational and cost efficiencies in smelting are expected to improve. We also look forward to higher and more efficient production output, enabling us to fulfil increasing smelting orders from our customers. Our new plant has reached 75% capacity and barring any unforeseen circumstances, we are on track to reach full production in 2022. Our tin mining arm also delivered superior earnings in FY2021, being a direct beneficiary of tin price movements. During the year, we focused on boosting mining output through enhanced mechanisation and improved processes at our Rahman Hydraulic Tin mine in Perak. We are pleased to state that our efforts have been fruitful with average daily mining output expanded from 10 tonnes per day in 2020 to 11 tonnes per day in 2021.

With the move to Pulau Indah, the Group intends to gradually phase out production at the Butterworth plant, freeing up the land which it currently sits on. This will allow us to unlock the value of our 13.9 acres of land in Butterworth. Along with the adjacent 26.2 acres owned by MSC's parent company, The Straits Trading Company Limited ("STC"), the combined 40.1 acres of land will be utilised for mixed commercial and residential development, with STC taking the lead in this venture.

STATEMENT BY THE CHAIRMAN

INVESTMENT IN ENVIRONMENTAL MANAGEMENT AND INITIATIVES
RM8.7 million
(FY2020: RM6.7 million)

ESG FOR GROWTH

As one of the leaders in the tin mining and smelting industry, the Group is cognisant of the importance of integrating Environmental, Social and Governance ("ESG") considerations in its business practices. Hence, we are committed to making a positive impact on the local community where we operate by focusing on good corporate governance and sustainability initiatives.

In line with our commitment, we have formed an ESG Committee to oversee the performance and implementation of the Group's sustainability initiatives as we progress towards achieving goals such as reducing our overall carbon footprint. In FY2021, MSC invested approximately RM8.7 million in environmental initiatives, including clean energy adoption, water, waste and environmental management, among others.

2021 marks the second year of the COVID-19 pandemic and we are delighted to state that there were no retrenchments or salary reductions during this time. As we adapted to the new norm and adjusted our operations, we remained vigilant and implemented safety measures to safeguard the health of our employees and minimise transmission risk. Throughout the year, we consistently adhered to strict standard operating procedures and directives from the government while ensuring minimal disruptions to our operations.

The Group's efforts in relation to sustainability are further elaborated in our Sustainability Statement of this Annual Report.

ACKNOWLEDGEMENTS

On behalf of the Board, I would like to offer my appreciation to Dato' Robert Teo Keng Tuan who has relinquished his role as an Independent and Non-Executive Director, for his contribution and invaluable advice throughout his years of service.

I am pleased to welcome Dato' Roslina Binti Zainal, Mr. Yap Seng Chong and Datuk Lim Hong Tat as our new Independent and Non-Executive Directors. They bring with them invaluable experience in their respective fields, experiences which will bring MSC forward.

May I extend my heartfelt gratitude to our management and staff at MSC for their hard work and commitment throughout the year, all of which had contributed to the progress of the Group in 2021.

I would like to thank all the Group's various stakeholders, namely our customers, suppliers, bankers, business partners, and relevant authorities for their continuous support and cooperation.

To my fellow Board members, may I express my deepest appreciation for your dedication, invaluable counsel and advice throughout the year.

Finally, to our shareholders, thank you for the confidence and continuous support in the Group. With your belief in us, we will continue our efforts to drive MSC to greater heights.

CHEW GEK KHIM PJG
Non-Independent Non-Executive Chairman
15 April 2022

MANAGEMENT DISCUSSION & ANALYSIS

GROUP BUSINESS OVERVIEW

FOUNDED IN 1887, MALAYSIA SMELTING CORPORATION BERHAD ("MSC" OR "THE GROUP") PLAYS A CRUCIAL ROLE IN THE GLOBAL TIN SUPPLY CHAIN, BEING ONE OF THE LARGEST INTEGRATED PRODUCERS OF TIN METAL AND TIN-BASED PRODUCTS IN THE WORLD. THE GROUP'S CORE BUSINESS COMPRISES UPSTREAM AND DOWNSTREAM ACTIVITIES OF THE TIN INDUSTRY THROUGH OUR INTERNATIONAL TIN SMELTING BUSINESS AND LOCAL TIN MINING OPERATIONS. MSC ALSO OFFERS EXTERNAL TOLL SMELTING SERVICES WHERE WE SMELT THIRD-PARTY TIN ORES FROM CUSTOMERS AND IS CURRENTLY THE WORLD'S LARGEST CUSTOM TOLL SMELTER.

For our upstream mining operations, we operate Malaysia's largest hard rock open-pit tin mine located at Pengkalan Hulu, Perak. Our wholly-owned subsidiary, Rahman Hydraulic Tin Sdn. Bhd. ("RHT") undertakes mining activities here, where tin ore is extracted from the earth and processed into tin-in-concentrates that are utilised as raw materials for the Group's tin smelting activities. Over 10% of MSC's smelting input is supplied by RHT, while the remaining intake comes from local artisanal tin miners and third-party tin mines outside of Malaysia, such as Australia and Africa. The Group is also undertaking mining activities at Sungai Lembing, Pahang through our 80%-owned subsidiary SL Tin. Sdn. Bhd ("SL Tin"). We aim to increase the feed from our own mines with the expansion of daily production output and tin exploration activities.

Meanwhile, the Group currently performs its smelting activities at 2 smelting plants located in Butterworth, Penang and Pulau Indah, Port Klang. At these 2 facilities, MSC converts tin-bearing ores into high-purity refined tin metal. The Group's Butterworth smelter, which has been in operation since 1902 using ageing reverberatory furnaces, is expected to be de-commissioned in the next couple of years. Meanwhile, the new and modern Pulau Indah plant is now operating at 75% of its designed capacity, equipped with the cutting-edge smelting technology of Top Submerged Lance ("TSL") furnace.

OPERATIONAL HIGHLIGHTS

In 2021, we continued to execute our strategic plans to enhance MSC's competitive position as a company that is resilient against external headwinds. During the year, tin prices climbed to record highs on the back of prolonged supply shortage due to the reduced output from tin-producing countries. In Indonesia, tighter environmental regulation has led to the closure of private tin mines. Meanwhile in China, the government's curbs on power consumption have impacted the output from Chinese smelters. Over in Myanmar, political unrest and COVID-19

MANAGEMENT DISCUSSION & ANALYSIS

containment measures have disrupted tin ore shipments. In Malaysia, the government also enforced varying degrees of Movement Control Order ("MCO") which resulted in temporary disruption to mining and smelting operations during the year.

These are some of the factors which have contributed to rising tin prices. Against this backdrop, MSC had stayed resilient and delivered our best-ever earnings of RM118.1 million for the financial year ended 31 December 2021 ("FY2021"). While high tin prices benefit the Group, we are taking the steps to position MSC to be fundamentally robust and able to withstand the fluctuations of tin prices.

Local Tin Mining Operations

In 2021, our tin mining business was interrupted as we adhered to the government's SOPs. This led to an interim shutdown of operations and lower workforce capacity. Nonetheless, we had successfully increased our tin ore production to 2,408 tonnes in 2021 from 2,350 tonnes in 2020. The growth is underpinned by higher daily mining output which expanded to 11 tonnes per day ("tpd") from 10 tpd in the prior year, as we explored new mining methodologies to increase yields.

2,408 tonnes
Tin-in concentrates production in 2021

At the same time, exploration activities are on-going to locate new tin ore bodies at the Western slope of the RHT tin mine. As at 1 January 2022, the estimated combined tin ore of the current and new resources are tabulated below:

Estimated Tin Resources as at 1 January 2022

Resources Class	Ore Volume (m^3)	Grade ($KgSn/m^3$)	Contained Tin (Sn) (tonnes)
Measured	2,443,349	3.198	7,813
Indicated	3,770,472	3.655	13,779
Inferred	13,203,841	1.921	25,361
Total	**19,417,661**	**2.418**	**46,953**

Note: The standards and guidelines used in the resources estimation of the new resources complied with the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves ("The JORC Code").

To further increase the present mineable resources, RHT carried out an infill drilling program at the immediate northwest of RHT's mine pit in 2021. Upon reviewing the results of the program, RHT concluded to add this area as part of its mine pit development, which will be mined in 2022.

As part of the Group's efforts to enhance efficiencies, we introduced a mobile screen for our mine pit operations. With the mobile screen, ore materials will be screened from boulders and gravels which accelerates our processes. During the year, RHT also installed a new rod mill to increase the capacity to process tin ore materials. These efforts contributed to the expansion of mining productivity in 2021.

At Sungai Lembing, progress was hindered during the year due to the MCO. Nonetheless, we are pleased to state that SL Tin has commenced commercial production in 2021. At the same time, we are undertaking a new plant expansion program to increase the number of equipment, machineries as well as manpower at the processing plant to cater to the anticipated increase of tin production at Sungai Lembing. We expect higher output from SL Tin upon completion of the expansion.

RHT Tin Mine, Klian Intan

MANAGEMENT DISCUSSION & ANALYSIS


Top Submerged Lance furnace


Pulau Indah smelting facility

16,619 tonnes
Refined tin production in 2021

International Tin Smelting Business

In 2021, MSC produced 16,619 tonnes of refined tin, as compared to 22,325 tonnes in 2020. The lower output is mainly attributed to the temporary halt to our operations in line with the government's MCO.

Consequently, MSC instituted a force majeure to customers that lasted from 7 June 2021 to 20 December 2021. During this time, the Group stopped accepting tin ores from customers and halted deliveries. However, we fully utilised this time as we recalibrated and fine-tuned the TSL furnace for improved performance. At the same time, we also processed the backlog of tin ore accumulated over the pandemic as well as tin intermediates over the year. These intermediates arose from our multi-stage smelting at our ageing furnaces at Butterworth, that have been accrued over the years.

With the lifting of the force majeure, MSC had started to accept tin ores from customers to be smelted. Nonetheless, the availability of tin ore is still dependent on COVID-19 developments, which pose a risk to the supply chain.

Progress at Pulau Indah

We are pleased to update that the new smelter in Pulau Indah is fully commissioned and is currently operating at 75% of its designed capacity.

With the Pulau Indah smelter coming on-stream, MSC has an additional capacity of 40,000 tonnes per year, with an option to scale up to 60,000 tonnes using oxygen enrichment. This allows us to increase production capacity by 50%, in addition to the existing 40,000 tonnes capacity at the Butterworth facility.

The new smelter at Pulau Indah is designed to be an environmentally friendly and cost-efficient facility. It is a major upgrade from the ageing reverberatory furnaces at Butterworth, which employs a multi-stage smelting process. The TSL furnace at Pulau Indah enables us to smelt in a single-stage process, which will boost extractive yields significantly. The process also requires a smaller number of workers, further lowering our manpower costs.

The location in Pulau Indah also places us within close proximity to the port and London Metal Exchange ("LME") warehouse, which will contribute to reduced transportation and distribution expenses.

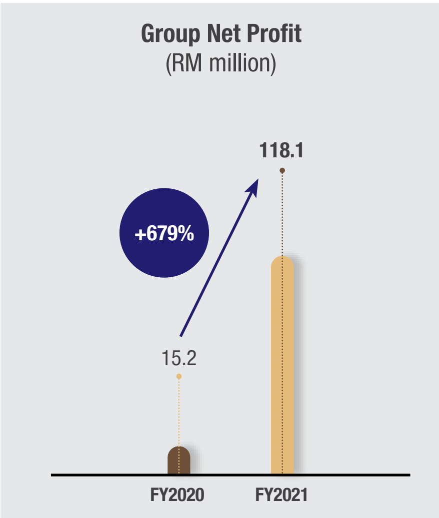
To enhance our energy efficiency, we are installing 1.26MWp of solar photovoltaic panels on the rooftop of the premises. We are also planning to install a waste heat recovery system to harness thermal energy from our smelting activities to generate power. Apart from that, we have access to natural gas at Pulau Indah, further reducing our ecological footprint.

As the Pulau Indah smelter reaches a steady state, the Group plans to de-commission the Butterworth smelter in the next couple of years. Until then, the Group will be running both plants in parallel.

MANAGEMENT DISCUSSION & ANALYSIS

FINANCIAL PERFORMANCE REVIEW

MSC delivered its highest-ever net profit attributable to owners of the company ("net profit") of RM118.1 million in FY2021, representing a 7-fold increase from RM15.2 million in the previous year ("FY2020"). The improved performance was boosted by high average tin prices which increased by 82% during the year to RM130,575/tonne from RM71,559/tonne. This had also contributed to the expansion of net profit margin of 11.0% in FY2021, as compared to 1.9% a year ago. Group revenue grew 32.4% to RM1,076.6 million, against RM813.4 million in the previous year ("FY2020").



Operating Snapshot	FY2021	FY2020
Group's revenue (RM million)	1,076.6	813.4
Group's profit before tax (RM million)	158.4	24.2
Group's net profit (RM million)	118.1	15.2
International Tin Smelter		
Production of refined tin	16,619 tonnes	22,325 tonnes
Profit before tax (RM million)	18.2	3.9
Profit after tax (RM million)	12.1	3.2
Tin Mine		
Production of tin-in concentrates	2,408 tonnes	2,350 tonnes
Profit before tax (RM million)	145.2	30.8
Profit after tax (RM million)	109.4	20.6
Tin price		
Average tin market price (RM per tonne)	130,757	71,559

MSC's mining arm was the main earnings driver in FY2021 as profit after tax ("PAT") spiked 5-fold to RM109.4 million from RM20.6 million in FY2020, primarily due to the favourable tin price movements and higher tin production during the year.

Meanwhile, the Group's tin smelting business delivered a PAT of RM12.1 million in FY2021, against RM3.2 million in FY2020, lifted by a reversal of inventories written down amounting to RM24.0 million. It also benefitted from the sale of refined tin derived from the processed tin intermediates, which carries a higher margin.

As a result, the Group posted profit before tax of RM158.4 million (FY2020: RM24.2 million). We recorded a tax expense of RM39.9 million with a higher effective tax rate than the statutory tax rate of 24%, due to non-deductible tax expenses during the year, as well as the absence of Group tax relief.

MANAGEMENT DISCUSSION & ANALYSIS

The financial position of MSC remains healthy. As at 31 December 2021, the Group's total assets stood at RM1,314.9 million as compared to RM994.5 million as at end-2020. Inventories amounted to RM789.9 million (FY2020: RM604.1 million) arising from high tin stock levels due to the force majeure and trade restrictions.

Meanwhile, the Group's cash, bank balances and deposits grew to RM122.6 million during the year from RM36.8 million a year ago, mainly on the back of a drawdown of term loan of RM40.0 million and gross proceeds from private placement exercise of RM38.0 million. To recap, the Group completed a private placement exercise in August 2021, with an issuance of 20 million new ordinary shares, raising funds of RM38.0 million to be utilised for repayment of bank borrowings and working capital. The Group also generated a positive net operating cash flow of RM12.4 million as at end-2021.

CASH, BANK BALANCES & DEPOSITS
RM122.6 million

For the year under review, total bank borrowings amounted to RM456.3 million, attributed to a drawdown of facilities for MSC's working capital requirements. Nonetheless, the gearing ratio improved to 0.8 times as at end-2021, from 1.0 times a year ago.

During the year, shareholders' equity increased to RM580.4 million (FY2020: RM393.5 million), on the back of higher retained earnings of RM285.7 million (FY2020: RM171.7 million). This translated to a net assets per share of RM1.38, up from RM0.98 as at 31 December 2020.

DIVIDENDS

In FY2021, we reaffirmed our commitment to reward our shareholders. Taking into consideration the stronger performance, the Board has recommended a first and final single-tier dividend of 7.0 sen per ordinary share amounting to RM29.4 million for FY2021 (FY2020: 1.0 sen per share; RM4.0 million). This translates to a dividend pay-out ratio of 25% of the Group's FY2021 net profit.

GEARED FOR GROWTH

Despite 2021 being another demanding year due to the resurgence of COVID-19 cases and prolonged economic uncertainty, we navigated the year with dexterity to emerge stronger. During the year, tin prices rallied underpinned by growing pent-up demand outpacing the stagnation in tin supply.

For 2022, while we expect the world's economies to gradually open up, the ongoing Russian invasion of Ukraine poses a risk to the global supply chain and economic recovery. The global commodity markets continue to be impacted as metal prices rise. Against this backdrop, we anticipate tin prices to remain elevated in the short term as global supply attempts to keep pace with robust demand.

Tin's prospects remain positive as more progress is being made on several technological fronts. The rise of electric vehicles has a direct benefit for the metal, as tin application in lithium-ion batteries stimulates demand. Studies have shown that tin enhances energy storage capacity while improving the charging rate of the battery.

At the same time, demand for tin solder continues to increase in line with electronic manufacturing activities. Tin acts as a soldering agent for a wide range of uses including semiconductors, electrical and electronic devices and photovoltaic panels.

MANAGEMENT DISCUSSION & ANALYSIS

At MSC, we are strengthening the foundation to position MSC for greater growth. Our goal is to become a modern tin producer with one of the smallest carbon footprint in the industry. We are excited that the Pulau Indah smelter is fully operational and look forward to higher production volume with enhanced cost and operational efficiencies.

Meanwhile, the forthcoming de-commissioning of the Butterworth plant in the next few years will free up the 13.9-acre land of where it is currently sitting on. This prime land, together with the 26.2-acre land owned by the Group's parent company, The Straits Trading Company Limited ("STC"), are slated for mixed residential and commercial project. A master plan for the development has been approved and currently, a hotel is being constructed on STC's land. This is expected to unlock further value for MSC when we shut down the Butterworth facility.

At our mines, we are working hard to raise our daily productivity to achieve higher output with mechanisation upgrades. Apart from that, we also plan to enhance our mining activities as we explore potential joint venture mining arrangements.

As we enter 2022, our strategic initiatives are in place to strengthen MSC's global reputation as a leading integrated tin group. Our focus is channelled towards maintaining smooth operations and enhancing productivity, while remaining vigilant of COVID-19 developments. We believe we are on the right track to deliver greater value to the Group's shareholders as we gear up for growth.

ANTICIPATED RISKS

Political, economic and regulatory risk

As the commodity industry is relatively cyclical, changes in political leadership, regulatory conditions and virus outbreaks, among others, may affect MSC's financial and business prospects. Over the recent years, we have witnessed several major world events such as the COVID-19 pandemic, the escalating geopolitical tensions between the United States and China, as well as the recent invasion of Russia on Ukraine, have a certain impact on our businesses.

In mitigation, we constantly keep abreast of the latest government policies, rules and regulation to ensure compliance. We also implement prudent management and proper risk management before embarking on any major investments during any economic cycle.

Volatility in tin price

As MSC's businesses mainly involve tin production, significant fluctuations in tin price may have a material impact on MSC's financial performance and cash flows. Fluctuations in tin price can be triggered by various factors such as changes in government policies, international trade landscape as well as supply and demand dynamics, to name a few.

To alleviate the impact of fluctuations in tin price, we continually monitor global tin prices and apply hedging instruments in accordance with our hedging policies.

Foreign rates fluctuations

MSC is subject to foreign exchange risk due to its exposure to US Dollar and Singapore Dollar in majority of its trading and financing activities. Therefore, any substantial fluctuation in foreign exchange rates may affect our financial performance. However, our exposure is mitigated by our natural hedge in our operations as a majority of our sales and purchases are transacted in US Dollar. Additionally, we also perform necessary hedging activities by entering into forward currency contracts and monitor our foreign currency risk closely to ensure that our exposure to the foreign exchange risk is at an optimal threshold.

ACKNOWLEDGEMENTS

First and foremost, I would like to express my sincere gratitude to the Chairman of the Board and fellow Board members for their contribution and invaluable advice which have been instrumental in driving MSC to reach such great heights.

I also wish to record my sincere appreciation to Dato' Robert Teo Keng Tuan, who has resigned as an Independent and Non-Executive Director of the Group in 2021. His guidance has been beneficial to the Group during his tenure. I also look forward to working with the Group's new Independent and Non-Executive Directors, Dato' Roslina Binti Zainal, Mr. Yap Seng Chong and Datuk Lim Hong Tat.

My deepest appreciation also goes to our team and employees at MSC for their relentless effort and dedication in overcoming yet another challenging year to deliver a stellar performance.

In closing, I would also like show my appreciation all our stakeholders which include our shareholders, bankers, customers, suppliers, business associates, as well as various regulators and local authorities for your support, especially during times of uncertainties. Your continued confidence in us has been vital for us in driving the Group's success.

DATO' DR. (IR.) PATRICK YONG MIAN THONG
Group Chief Executive Officer
15 April 2022

Sustainability Statement FY2021

ECONOMIC

ENVIRONMENTAL

SOCIAL

BEING ONE OF THE LARGEST TIN PRODUCERS IN THE WORLD, MALAYSIA SMELTING CORPORATION BERHAD ("MSC" OR "THE GROUP") ACKNOWLEDGES THE SIGNIFICANCE OF IMPLEMENTING SUSTAINABLE PRACTICES ACROSS THE GROUP. IN 2021, WE SAW AN EXPONENTIAL RISE IN COVID-19 CASES AS WELL AS A FLUID MACROECONOMIC ENVIRONMENT, WHICH HAVE POSED OPERATIONAL CHALLENGES TO THE GROUP.

Against this backdrop, we remained steadfast and continued to carry out our sustainability efforts as a responsible tin producer that is socially and environmentally conscious. To achieve this, the Group has taken a holistic approach in adopting sustainability measures with regards to economic, environmental and social ("EES") aspects. We constantly liaise with our stakeholders to manage the on-going challenges by gathering their input and staying abreast with the latest legislative and regulative updates.

RM195,095
Investment in community outreach

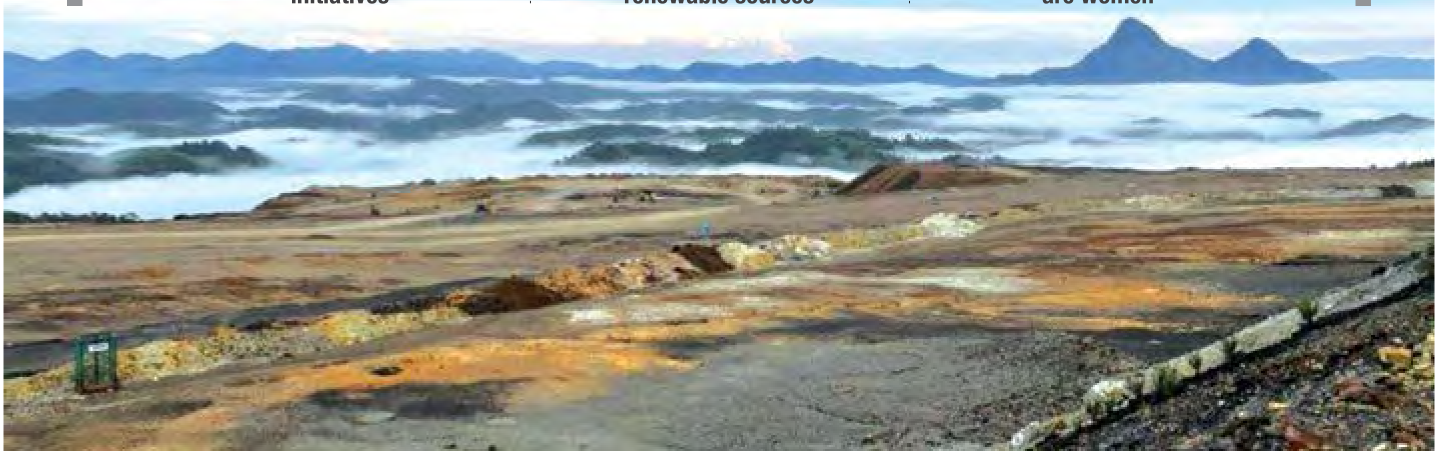
97%
of total workforce are locals

~RM84,000
Investment in employee development

RM8.7 mil
Investment in environmental initiatives

13%
Energy derived from renewable sources

14%
of total workforce are women



SUSTAINABILITY STATEMENT FY2021

ABOUT THIS REPORT

This report provides comprehensive details on the sustainability initiatives undertaken by MSC's tin smelting activities at Butterworth, Penang and Pulau Indah, Port Klang as well as tin mining operations at Klian Intan, Perak. It covers MSC's financial reporting period from 1 January 2021 to 31 December 2021. Where possible, information from previous years have been included to provide comparative data.

We have prepared this statement in compliance with the Main Market Listing Requirements ("MMLR") and the Sustainability Reporting Guide (2nd Edition) under Bursa Malaysia Securities Berhad ("Bursa Malaysia").

MATERIALITY ASSESSMENT

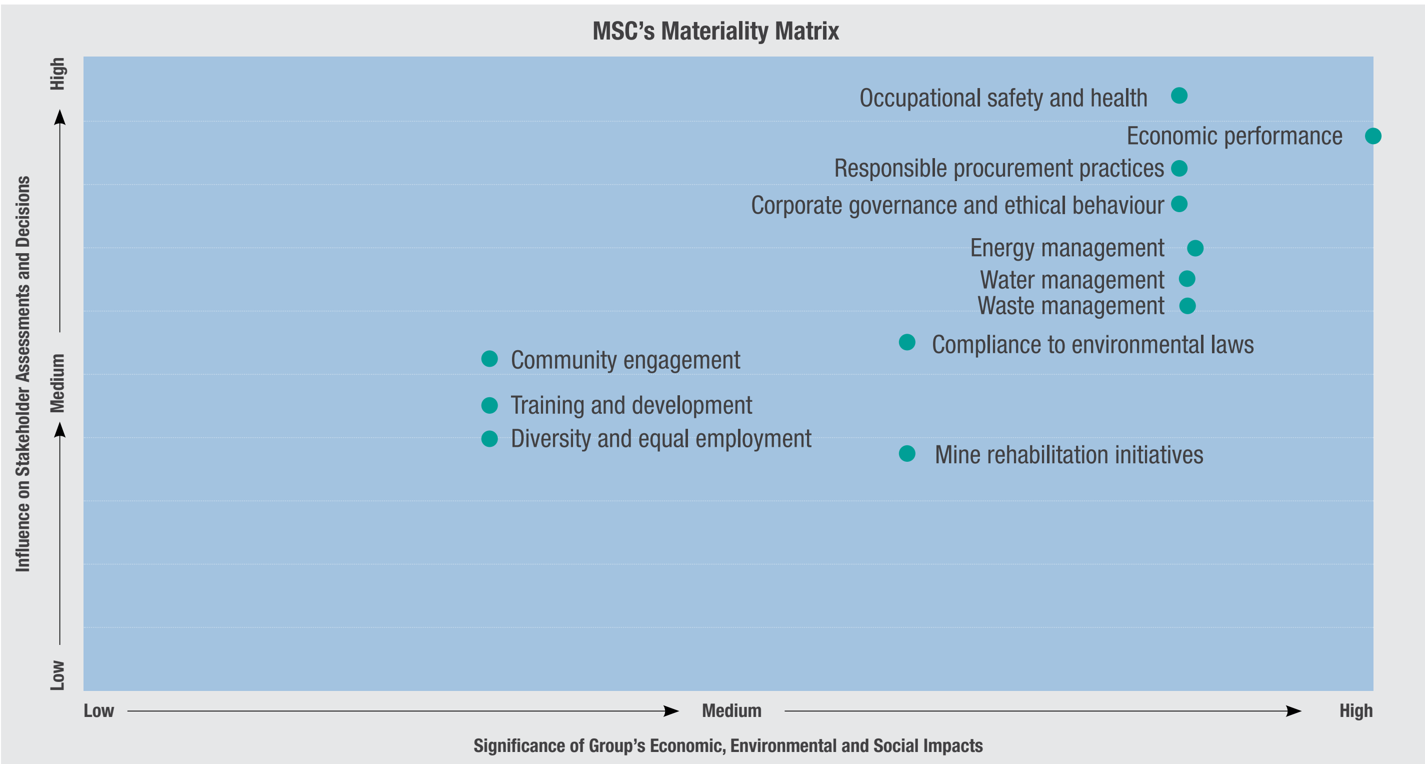
The materiality assessment is applied to identify and evaluate the significance of sustainability matters relative to our external and internal stakeholders. Our materiality analysis is done in accordance with the organised process below:

IDENTIFICATION
Identify key topics that are relevant to MSC's business operations.
1

ASSESSMENT
Assess material topics from business and stakeholder perspectives.
2

PRIORITISATION
Rank each material topic by prioritising according to the analysis of impact to business and stakeholder.
3

Throughout the years, we have been reviewing our material subjects on a regular basis. For 2021, we continue to consider the 12 material topics based on the assessment conducted in the prior year, as they are still deemed relevant.



SUSTAINABILITY STATEMENT FY2021

STAKEHOLDER ENGAGEMENT

The Group is aware that stakeholder engagement is one of the key pillars that shape how we create sustainable value. Hence, it is essential for us to maintain continuous communication and understanding with our internal and external stakeholders to gauge the issues that matter most to each stakeholder group. Throughout 2021, we remained steadfast in maintaining regular and consistent engagement with our stakeholders through various channels and platforms. With that, we are able to develop insights that help us navigate through the operational challenges stemming from the COVID-19 pandemic and supply chain disruptions. The table below is the summary of our key stakeholders, their areas of interest, how we engage with them and the outcome of engagement in 2021.

Stakeholders	Engagement Methods	Areas of Interest	Outcome of Engagement
Investors, shareholders, bankers and analysts	• Annual General Meetings • Bursa announcements • Press releases • Corporate website • Annual reports • Investor briefings	• Business continuity • Maximisation of shareholder value • ESG-related matters • Sustainable financial and operational performance	• Provided further insights on MSC's business operations and financial performance
Customers	• Formal and informal meetings • Engagement surveys • Site visits • Networking conferences	• Product supply chain and traceability • Socio-economic matters • Business continuity	• Heightened awareness of MSC's policies and commitment as a Conflict Free Smelter • Improved understanding of customers' needs • Kept abreast with changes in the tin industry in terms of demand and supply, tin technology and applications, among others
Employees	• Engagement sessions with management • Employee training and development • Social events • Performance appraisal	• Fair employment practices • Professional development opportunities • Freedom of association and collective bargaining • Occupational safety and health • Fair remuneration • COVID-19 safety precautions	• Increased awareness of MSC's policies, culture and core values • Enhanced morale and work environment
Local communities	• Meet-ups with community • Corporate volunteering programmes • Charitable activities • Informative talks	• Support towards community development • Job creation for locals • Undertaking business in a responsible manner	• Improved rapport with community • Developed shared initiative and activities
Government *(Ministries, Agencies, Regulators, Industry Associations)*	• Support for government policies and initiatives	• Meetings, engagements and dialogues • Visit and inspections	• Compliance with laws and regulations

Stakeholders	Engagement Methods	Areas of Interest	Outcome of Engagement
Industry associations	• Meetings, engagements or dialogues • Industry events • Interviews • Task force • Industry reports	• Relevant issues and updates in the industry, including environmental matters • Outlook of tin industry • Conflict-free operations	• Kept abreast with changes in the tin industry in terms of supply and demand, tin technology and applications, among others
Non-governmental organisations	• Site visits • Meetings, engagements or dialogues	• ESG-related matters	• Deeper understanding of NGO's expectations • Increased NGO's awareness of MSC's policies, operations and sustainability efforts
Suppliers and contractors	• Formal and informal meetings • Supplier assessment review and audit	• Sustainable and ethical procurement practices • Support of local businesses	• Increased awareness of MSC's policies • Committed to sustainable smelting and mining procurement

ECONOMIC

PERTAINING TO OUR ECONOMIC COMMITMENT, THE GROUP ENDEAVOURS TO DELIVER LONG-TERM BUSINESS PROFITABILITY AND SUSTAINABLE GROWTH TO SHAREHOLDERS AND STAKEHOLDERS BY ENHANCING OUR FINANCIAL RESILIENCE, WHILE EMBRACING GOOD AND ETHICAL BUSINESS PRACTICES, UPHOLDING A SOLID CORPORATE GOVERNANCE FRAMEWORK, AS WELL AS ELEVATING OPERATIONAL EFFICIENCIES THROUGH THE ADOPTION OF TECHNOLOGIES AND COLLABORATION WITH A WIDE NETWORK OF BUSINESS PARTNERS.

Corporate Governance and Ethical Practices

Governance Structure

We are dedicated to upholding high standards of governance in our business conduct, enabling us to operate in a transparent and accountable manner. To demonstrate our commitment, MSC formed an Environmental, Social and Governance ("ESG") Committee in February 2022 composed of 3 members of the Board of Directors ("Board"), including the Group Chief Executive Officer. The ESG Committee will meet on a periodic basis to discuss on ESG-related topics and has the responsibility of guiding the Board in overseeing pertinent groupwide ESG matters and priorities. The ESG Committee shall report to the Board, who has the ultimate oversight on the Group's adoption of sustainability practices. The ESG Committee is supported by the Senior Management team, which is accountable for the monitoring, integration and reporting of ESG initiatives across the Group.

Corporate Governance Policies at MSC

Good corporate governance practices are essential for any successful business. At MSC, we ensure to continuously operate in compliance with regulatory requirements. We work towards building a solid foundation for ethics and integrity through the enforcement of corporate governance policies. These policies are publicly available on the Group's corporate website.

In 2021, we refreshed our Whistleblowing Policy to comply with Section 17A of the Malaysian Anti-Corruption Commission Act ("MACC") 2009, and to create a transparent working environment. A dedicated whistleblowing channel is available for employees and stakeholders to use to raise concerns in relation to violation of business ethics, corruption or fraud, to name a few. Proper procedures have been put in place to ensure fair investigation while keeping the whistleblower's identify confidential. During the year, there were zero reported cases of policy breaches or on corruption.

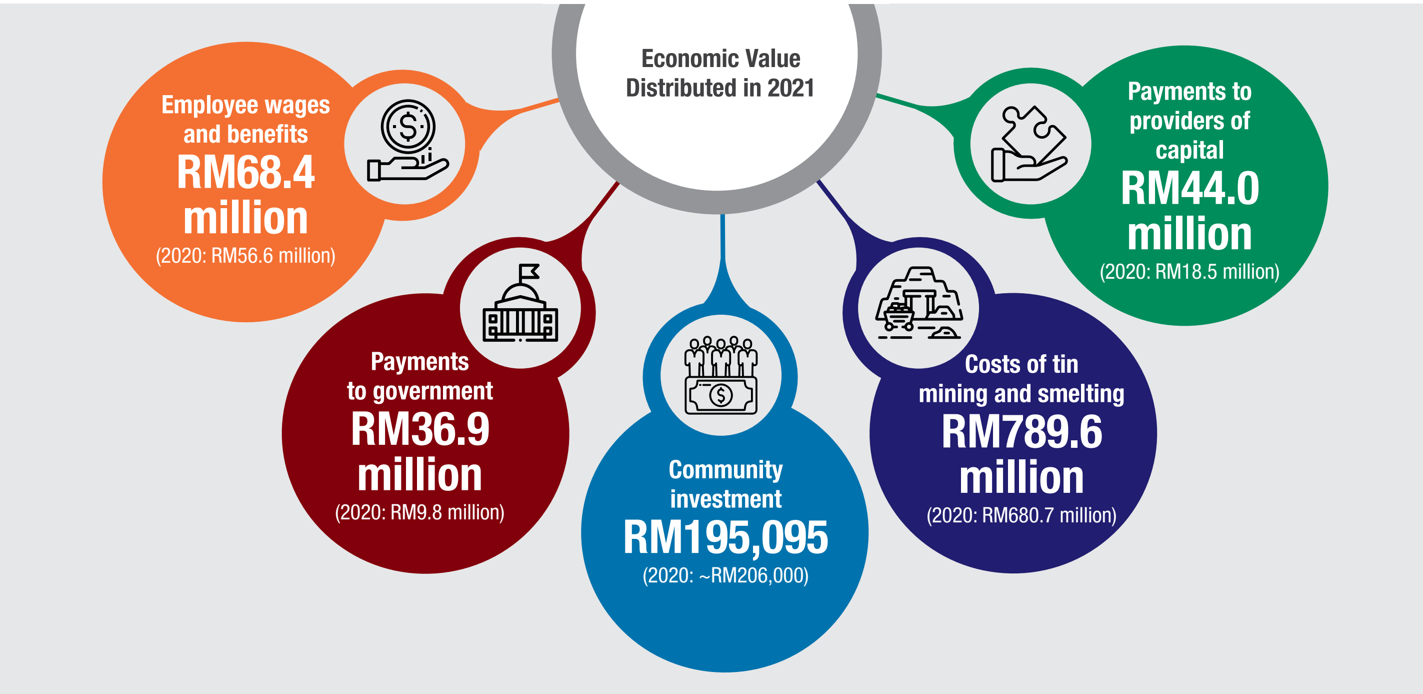
SUSTAINABILITY STATEMENT FY2021

At the same time, we stepped up our efforts in strengthening training on anti-corruption and anti-bribery practices. Training programmes on Section 17A of the MACC Act 2009, were held for employees to further internalise and familiarise with the provision.

Economic Performance

Our economic performance is a key component in driving sustainability at MSC. Improvement in financial performance is essential for us to implement the Group's sustainability measures and contribute to greater value creation for our broad range of stakeholders.

In 2021, despite operating at a limited capacity due to the restrictions imposed following the Full Movement Control Order, MSC stayed resilient to deliver a solid set of financial results with higher economic value distributed.



Responsible Procurement

We strive to enforce sustainable supply chain practices to ensure MSC is responsible in managing our procurement needs in line with our ESG objectives. The Group's sourcing activities are centred on the network we build with suppliers and third-party service providers that meet our set criteria in relation to business as well as ESG aspects, and in compliance with relevant laws and regulation.

MSC procures tin ore from various states in Conflict-Affected and High-Possibility Areas ("CAHRA"). We are aware of the risks involved that include aiding illegal or immoral organisations, and as a response have instituted a Responsible Minerals Sourcing ("RMS") Policy to advocate responsible sourcing throughout the supply chain.

At the same time, we follow a diligence management system at MSC that is aligned with the Organisation for Economic Co-operation and Development ("OECD") and United Nations ("UN") guidelines. This process enables us to assess the impact our business activities have on global conflict matters, while ensuring our partners are in adherence to the requirements of the Responsible Minerals Assurance Process ("RMAP"). Suppliers that do not meet these requirements are at risk of removal from the Group's qualified supplier list.

In 2021, MSC completed the annual Conflict-Free Smelter audit to remain our position as an RMAP-compliant smelter. Moving ahead, we will continue to collaborate with our strategic suppliers to promote greater transparency and accountability of our business conducts.

SUSTAINABILITY STATEMENT FY2021

ENVIRONMENTAL

OUR TIN MINING AND SMELTING BUSINESSES UTILISE NATURAL CAPITAL SUCH AS WATER AND OTHER FINITE RESOURCES. AS A RESPONSIBLE CORPORATE CITIZEN, MSC SEEKS TO ADOPT BEST PRACTICES IN ENVIRONMENTAL MANAGEMENT AND ENSURE DUE DILIGENCE IN OUR DAILY ACTIVITIES. OUR AIM IS TO BECOME AN ECO-FRIENDLY PRODUCER OF TIN PRODUCTS WITH OUR INITIATIVES CENTRED ON PRACTICES THAT REDUCE OUR CARBON FOOTPRINT AND PRESERVE THE SURROUNDING ENVIRONMENT.

Compliance with Environmental Laws

At MSC, we ensure that our operations comply with all applicable environmental laws of where we operate. The Group's sustainability performance is assessed on a regular basis to ascertain that our environmental controls are effective and meet the legal requirements.

There are environmental impacts that are inherent to the tin industry. As a tin mining and smelting group, we are subjected to follow strict environmental laws, such as adopting proper wastewater discharge procedures, as well as safe handling of hazardous substances, among others.

An Environmental Policy has been instituted at the mining and smelting segments to make sure the Group is operating in a sustainable manner that prevents pollution. The policy also calls for greater environmental awareness among employees. In 2021, MSC invested approximately RM8.7 million (FY2020: RM6.7 million) on environmental measures across the Group.

RM8.7 million
Investment in environmental management and monitoring

Our activities are governed by a myriad of regulations, including the Mineral Development Act 1994 ("MDA 1994"), Perak State Mineral Enactment 2003, Environmental Quality Act 1974 ("EQA 1974"), and its applicable regulations, namely Environmental Quality (Scheduled Wastes) Regulations 2005, and Environmental Quality (Clean Air) Regulations 2014. We aspire to remain as a company that always operates within a legal framework.

In 2021, there were no major incidences involving fines or non-monetary sanctions for non-compliance with environmental laws and regulations.

Progressive Mine Rehabilitation

We aspire to minimise the environmental effects of mining by rehabilitating the mined-out areas at the Group's RHT Tin Mine in Klian Intan. To this end, we practise progressive rehabilitation with continual work throughout the lifespan of the mine from pre-construction to post-closure.

Our strategy is outlined in RHT's Mine Rehabilitation Plan ("MRP") to facilitate effective mine closure, which includes planting high-value timber trees and grasses at various disturbed areas such as the tailing retention, waste dump, riverbank and ex-mining sites. Currently, 32 hectares of inactive land have been rehabilitated.

Rehabilitation of ex-tailing dump

During the year, we concluded our 10-year collaboration with the Forest Research Institute Malaysia ("FRIM") for the afforestation and reforestation of the mined-out areas. Following the completion, we have developed an SOP on tree planting on ex-mining land comprising planting method, suitable tree species to be planted and post-planting maintenance, among others. A plant nursery has been established for a continuous supply of seedlings.

SUSTAINABILITY STATEMENT FY2021

Meanwhile, in 2020 we submitted a revised MRP Report to the Director of Lands and Mines ("PTG") Perak outlining our proposed rehabilitation methods. As the MRP is still under review with PTG, our rehabilitation efforts have been halted for now. We shall resume our works once we obtain approval from PTG. As we move forward, we will continue to refine the Group's mine closure plans in accordance with the MRP.

Waste Management

Our commitment to safe and responsible waste management practices is outlined in the Group's Environmental Policy. The Group's mining and smelting operations adhere to a set of SOP that governs our waste disposal procedures in line with the national standards in effluents and waste management.

We generate different types of waste materials that include scheduled and non-scheduled wastes. At the RHT Tin Mine, our mining activities generate by-products such as sandy and slimy tailing materials, consisting of processed rock or soil left after the recoverable tin have been extracted from the ore at the processing plant. These tailing particles are separated and contained within tailing dumps or ponds located near the mine. As we expand our mining activities, there is a need to raise the tailing bunds to increase the retaining capacity. In this regard, a report has been submitted to the Department of Mineral and Geoscience ("DMG") in 2021. We also produce overburden waste which is the mass of initial soil and rock removed in the process of mining, which are transferred and deposited at an allocated waste dump area at the base of Gunung Paku.

Tailing ponds at RHT Tin Mine

For our smelting operations, we generate solid waste such as metal scrap and tin slag. These are either transported to a landfill for disposal or used for recycling purposes. Where possible, we strive to recover and recycle waste without producing secondary waste. Tin slag is a smelting waste which we can recycle to produce concrete slabs for construction purposes. Meanwhile, solid waste that contain residual tin are retained at the smelter for further tin recovery.

During the year, the Group generated a total of non-scheduled wastes of approximately 1.2 million m^3 in volume.

MSC also produces scheduled waste materials such as arsenic-bearing material, spent lubricating and hydraulic oil, as well as contaminated containers. These hazardous wastes are carefully handled and disposed following the Group's hazardous waste management guideline in accordance with the Environmental Quality (Scheduled Wastes) Regulations 2005. The process is undertaken with supervision from a Competent Person in Scheduled Waste Management ("CePSWaM") certified by the Department of Environment ("DOE").

Water Management

Water is an essential and shared resource for our tin mining and smelting operations. We use water in majority of our processes, including exploration, drilling and ore processing, to name a few. As such, we aim to utilise and manage this finite resource responsibly and in a sustainable manner. Our approach focuses on minimising our water footprint and treating our wastewater discharge to a level within the legal requirements for the benefit of the surrounding environment and community.

At our mining site, we continue to commit to best water management practises by using a closed water circuit system, where 100% of water discharged from the ore processing plant is recycled for the usage of the processing plant. Although we do not operate in a water stressed area, this initiative reduces our water extraction from natural sources.

In 2021, we utilised a total of 5.6 million m^3 of water (FY2020: 4.9 million m^3) for our mining operations, with 5.4 million m^3 (FY2020: 4.7 million m^3) of water withdrawn from nearby river sources to replenish water losses due to evapotranspiration and seepage. The increased water usage during the year is mainly attributed to the upgrading of processing methods at the mine, as well as higher water extraction due to the reducing capacity of the tailing ponds.

5.6 million m^3
Water consumption

Water Quality Management and Treatment

Our sites are responsible to treat discharged wastewater in accordance with the regulatory requirement set by the DMG and the DOE. RHT's water quality system requires us to perform continuous monitoring and sampling of the water running along the nearby rivers of Sungai Kijang and Sungai Kepayang. This undertaking is for us to observe any environmental impact from our mining activities, as well as to evaluate the water treatment efficiency.

Water sampling exercise

Mine effluent treatment using hydrated lime

Lime dosing operations are also carried out as part of our initiatives to treat the water prior to exiting the mine. By dosing hydrated lime, this neutralises the acidity of mine water and removes heavy metal contents to ascertain that it is within the limits specified in the Mineral Development (Effluent) Regulations 2016. We have placed a total of 5 lime dosing stations along Sungai Kijang, with another 2 stations at Sungai Kepayang.

Energy Management

We recognise that climate change is one of the most significant tasks in the world today. As a responsible tin group, we endeavour to contribute to the fight against climate change through efficient energy management. By adopting best practices, we seek to enhance our initiatives to reduce our carbon footprint. In pursuit of greater energy efficiency, an Efficient Electrical Energy Management Policy has been implemented at MSC Group, outlining our pledge to minimise energy wastage.

We consume energy in the form of electricity from the national grid, diesel, natural gas, as well as renewable energy sources. In 2021, the Group's energy consumption amounted to 34.0 million kilowatt-hour ("kWh"), as compared to 38.0 million kWh in 2020. The lower usage can be attributed to the temporary halt to our business activities during the year due to the government's Movement Control Order.

As part of our energy saving measures, we have upgraded to more efficient LED lighting at our mining and smelting sites, lowering our greenhouse gas ("GHG") emissions. We also maintain regular scheduled maintenance of our equipment and machineries to prevent downtime. Moreover, on-the-job training are provided to operators to avoid overload of equipment.

Apart from that, we strive to utilise clean energy throughout our processes, when possible. We are putting in place the foundation to harness energy from renewable sources to reduce the Group's ecological impact. At the mine, we have a 1.0 MW mini hydro power plant to generate power for our mining activities, which is in the process of capacity upgrade to 5.0 MW. At the Pulau Indah smelter, we are installing 1.26 MWp solar photovoltaic panels on the rooftops of the facility. Upon completion, this is expected to lower our carbon discharge by 1,000 tonnes per annum. We are also planning to install a waste heat recovery system to harness thermal energy from our smelting activities to generate power.

In 2021, we increased our usage of renewable energy with 13% of our energy derived from renewable sources (2020: 11%). As we grow, we aim to increase the share of renewable energy in our total energy mix.

13%
Energy consumed is generated by renewable sources

Looking ahead, we shall continue to take steps towards managing our climate change risks and opportunities, consistent with our aim to deliver greater value to our shareholders.

Indicator	2019	2020	2021
Energy consumption (million kWh)	36.1	38.0	34.0
Percentage of energy generated by renewable sources	15%	11%	13%

SUSTAINABILITY STATEMENT FY2021

Pulau Indah smelting facility with solar PV panels

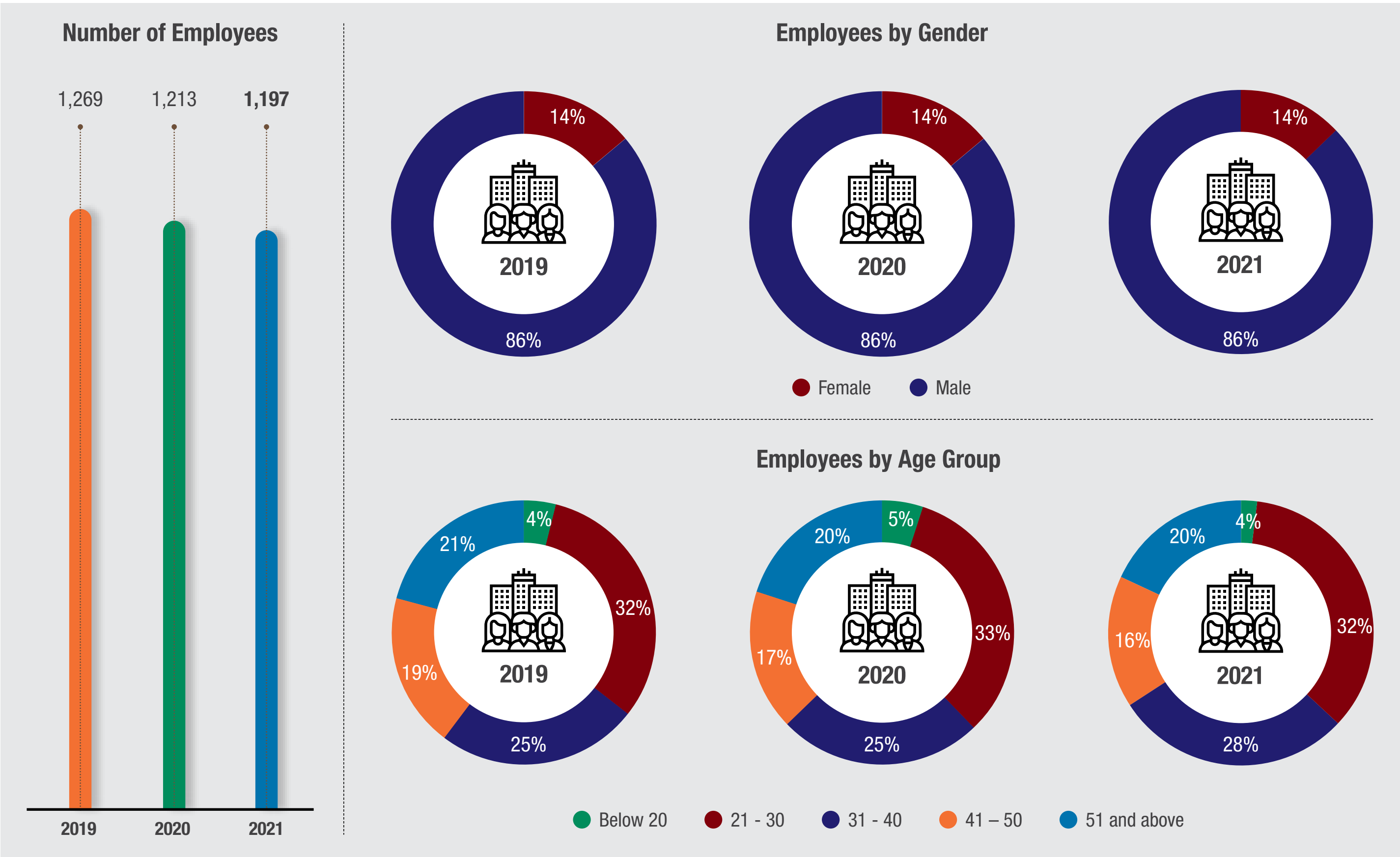
OUR SUCCESS IS DEPENDENT ON BUILDING A DYNAMIC WORKING ENVIRONMENT THAT MOTIVATES OUR PEOPLE TO PERFORM AT THE OPTIMAL LEVEL. WE STRIVE TO BE AN EMPLOYER OF CHOICE BY FOSTERING A CULTURE OF WORK EXCELLENCE AND EMPOWERING OUR EMPLOYEES WITH DEVELOPMENT OPPORTUNITIES, WHILE PROVIDING A SAFE, CONDUCIVE AND DIVERSE WORKPLACE. AT THE SAME TIME, MSC SUPPORTS AND CONNECTS WITH LOCAL COMMUNITIES TO GENERATE GREATER SOCIAL EQUITY.

Diversity and Equal Employment Opportunity

At MSC, we are focused on upholding human rights in our daily conduct and condemn any forms of discrimination regardless of race, religion, gender, age or disability, among others. We promote fair employment practices across the Group and adhere to relevant labour laws protecting employees' rights. Equal treatment of employees is communicated in the Group's Code of Ethics and the Employee Handbook.

Our workforce comprises a diverse group of individuals from varying demographics. Diversity enriches us and broadens our perspectives with different point of views.

As at 31 December 2021, our workforce stood at 1,197 employees with 14% comprising women employees. Given that MSC's operations in the mining and smelting industry, there is a natural bias in terms of gender composition with more men being employed by the Group as the tasks require more manual labour. Nonetheless, men and women are both accorded equal opportunity in applying for jobs at the Group. Being the largest employer in the locality of Klian Intan, we seek to recruit women graduates for administrative and technical positions with selection depending on merit, as we strive to achieve gender balance. Meanwhile, we have a young workforce with 66% of our employees below the age of 40 years old, providing us with a talent pipeline of future leaders.



Freedom of Association and Collective Bargaining

At MSC, we support workers' right to establish and join unions. Our commitment to respect the rights to freedom of association and collective bargaining is reflected in the Group's Code of Conduct.

As at end-2021, 74% of our mining employees are members of the National Mining Workers' Union of Peninsular Malaysia, while 89% of the Group's smelting employees are members of the National Union of Industrial Mineral Smelting Workers.

Union Members

Indicator	2019	2020	2021
Mining	50%	68%	74%
Smelting	67%	67%	89%

Talent Development and Training

We are steadfast in attracting and nurturing the right talents and their career progression. Our employees are provided with training programmes to empower them to achieve full potential. The workforce's training needs are evaluated through the performance appraisal process. During this time, we identify the challenges faced by our people and develop training programmes catered to fill that gap.

In 2021, we continued to conduct training sessions covering various areas relating to among others, leadership, safety, technical and soft skills to upskill our workers. Despite the restrictions encountered as a result of the COVID-19 pandemic, we utilised technology communication platforms to conduct training programmes virtually. Throughout the year, we invested approximately RM84,000 in talent development with 40 training sessions carried out. A total of 8,726 hours were spent on training with an average of 7 training hours per employee.

RM84,000
Investment in staff development

SUSTAINABILITY STATEMENT FY2021

Indicator	2019	2020	2021
Total training hours	22,451	4,143	8,726
Average training hours per employee	18	3	7

To ensure that our employees are recognised, we devise competitive remuneration packages that are in line with the industry average. Employees are assessed based on their performance during the annual performance review. The package is complemented with on-the-job benefits such as annual leaves, medical coverage, financial and housing assistance, to name a few.

Occupational Safety and Health

The health and safety of our people remains a top priority at MSC. In 2021, while the COVID-19 pandemic continues, we remained steadfast in enforcing robust safety mechanisms to ensure business continuity and a safe working environment at all our premises and sites.

Our operations are governed by the Group's Occupational, Safety and Health ("OSH") Policy, which lays out our pledge to adhere to relevant laws and regulations, including the Occupational Safety and Health Act 1994. The OSH Policy acts as a guidance in enhancing our OSH systems; it is developed and implemented by the respective OSH Committees at the mining and smelting sites, who are accountable for overseeing all safety-related matters across the Group.

At MSC, we plan for safe and incident-free operations. Nonetheless, in the case of an emergency, we have put in place robust emergency preparedness and response system. At our operating sites, we have an Emergency Response Team ("ERT") that is trained and equipped to respond to emergency situations.

Indicator	Smelting	Mining
No. of members of OSH Committee	18	20
No. of members of Emergency Response Team	25	40

Safety Initiatives

During the year, we conducted safety training and programmes for our employees despite the operational disruption. This is to ensure that our people are equipped with sufficient knowledge and skills to perform their tasks safely in order to prevent accidents at work. We also continued to perform our annual audiometric test for our mining workers who are exposed to noise at work.

We are pleased to update that the Group's mining operations have been certified with ISO 45001:2018 Occupational Health & Safety Management in 2021. This means that RHT's OSH management system meets the requirements of international standards and shall be refined for continual improvement to reduce workforce injuries.

Annual Audiometric Test by external consultant

Annual Audiometric Test by external consultant

At the same time, RHT had also been accredited with ISO 39001:2012 Road Traffic Safety Management in 2021. This achievement is a testament to our effective traffic safety controls at the mine aimed at reducing and preventing road fatalities and accidents. Moving forward, we will review our safety controls in line with international standards.

ISO 45001:2018 & ISO 39001:2013 Training

In 2021, our measures in strengthening the Group's safety culture have shown improved results, as we recorded a 27% reduction in lost time injuries ("LTI") to 22. Following the incidences, thorough investigations were undertaken to ascertain the cause of injuries and subsequently, we implemented safeguards to eliminate repeat incidences.

SUSTAINABILITY STATEMENT FY2021

Indicator	2019	2020	2021
No. of lost time injuries	33	30	22
Incident rate per 1 million manhours worked	7.8	8.2	6.4
Fatality	1	0	0
No. of safety-related programmes and training	29	24	23

COVID-19 Safety Initiatives

Recognising our role as a responsible employer, we invested approximately RM195,000 during the year to purchase COVID-19 related supplies to enhance our safety measures in line with the Government's SOPs. Amongst our initiatives include providing COVID-19 self-test kits for employees and visitors, distributing health supplements to employees, daily disinfection at workplace, as well as providing face masks and hand sanitisers for employees, among others. Safety briefings on COVID-19 awareness are also held to disseminate information to employees, in addition to displaying posters around the workplace. We also undertake COVID-19 monitoring and sanitisation at our foreign workers' quarters to curb the spread.


COVID-19 Briefing


COVID-19 screening services

Community Engagement

During the year, MSC Group strived to perform our Corporate Social Responsibility ("CSR") drive despite the challenges brought about by the COVID-19 pandemic. We view CSR as a natural extension to our business and have made charitable donations to the local people of our operations.

We continued to engage with the nearby communities to better understand their expectations in order to create long-term shared value. This includes contributing to the socio-economic development of the local community by providing job opportunities. In 2021, over 97% of the Group's workforce are made up of locals. We are pleased to state that there were no COVID-19 related retrenchments or salary reductions in FY2021.

97%
of our employees are locals

87%
of our suppliers are local

SUSTAINABILITY STATEMENT FY2021

At MSC, we also prefer to leverage on the local supply chain and support the local economy by procuring local goods and services. During the year, 87% of our suppliers are local, which is a reflection of our commitment to local procurement practices.

As part of our CSR activities, we also undertook charitable endeavours during the year for various causes, which included donation to families affected by the COVID-19 pandemic, upgrading of the local community bus stop, contribution to local schools and community centres, and donation of air-conditioners to the Vaccination Centre at Pengkalan Hulu, to name a few.

As we move forward, we will continue with our social responsibility efforts as we aspire to drive positive change in the community.

Charitable donation to local communities

RESPONSIBLE MINERALS SOURCING (RMS) AUDIT REPORT 2021

Malaysia Smelting Corporation Berhad ("MSC" or "the Company") subscribes to responsible minerals sourcing which encompasses detailed processes and procedures that conform to the iTSCi Program (ITA Tin Supply Chain Initiative), the flagship of International Tin Association ("ITA"). This together with Responsible Minerals Assurance Process ("RMAP"), the flagship of Responsible Mineral Initiatives ("RMI"), have been developed according to the latest global standards including the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas ("CAHRAs"), Regulation (EU) 2017/821 of the European Parliament and the U.S. Dodd-Frank Wall Street Reform.

MSC remains committed to its own Responsible Minerals Sourcing ("RMS") program, comprising a dynamic policy complete with standard operating procedures that have been established in accordance with the RMAP and it is fully aligned with the third edition of the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from CAHRAs. MSC is proud to announce that it was the first smelter to commence sourcing from Democratic Republic of the Congo (DRC) and the adjoining countries way back in 2011 under the iTSCi supply chain system and has continued to do so till today. It has also continued to be RMS (formerly known as Conflict Free Smelter) compliant smelter since the first audit in 2012.

The RMS policy provides the framework for the Company to perform proper and consistent due diligence on all tin business activities and its supply chain in a systematic manner to achieve a responsible and sustainable operation. The RMS policy enables MSC to identify any red flag as provided in Annex II of the OECD Guidance for Responsible Supply Chains of Minerals from CAHRAs and take measures to control and mitigate any potential supply chain issues. This ensures that MSC is always sourcing responsibly and its activities do not contribute in any way to in financing armed group, human rights abuse, extreme child labour, bribery etc.

MSC will continue to work with RMAP, iTSCi and Sustainability Experts to continue to enhance its RMS policy in line with regulatory and legislative changes and to promote sustainable and socially responsible mineral sourcing activities throughout the globe. MSC is fully aware that there are thousands of miners, stakeholders and their dependents who are depend on mining in the CAHRA areas and also in the surrounding region who rely on tin mining, logistics and the mineral trade for their livehood. MSC will carry out assessment and due diligence in such areas using all available tools and database as it continues its engagement with the miners and stakeholders and avoid total disengagement from CAHRA areas, while allowing them continue to benefit from the responsible business opportunity. MSC is fully committed to responsible and sustainable sourcing activities and will continue to promote the responsible practices across the entire supply chain by exerting influence on its approach from the supply chain perspective, which is important for socio-economic growth of the communities, especially of CAHRA areas.

MSC expects all its suppliers to exercise due diligence in their supply chain in accordance with OECD Due Diligence Guidance for Responsible Supply Chains of Minerals for CAHRAs, Regulation (EU) 2017/821 of the European Parliament and the U.S. Dodd-Frank Wall Street Reform and Consumer Protection Act and to avoid any involvement in conflict minerals, which directly or indirectly finance or benefit armed groups and/or involve other human right abuses and at the same time sourcing the minerals responsibly and sustainably.

MSC maintains a RMS Policy, available on its website, pursuant to which the Company;

1. Prevent the extraction and trade of minerals from becoming a source of conflict, human rights abuses, and insecurity.

2. Cultivate transparent mineral supply chains and sustainable corporate engagement in the mineral sourcing activities, thereby supporting the economy of the region and the local communities that depend on the trade for their livelihood.

3. Promote sustainable development of the tin industries in the region through investments in industrial scale exploration, mining, mineral processing and smelting of tin and associated minerals.

The COVID-19 pandemic cases peaked in 2021 which forced the Malaysian Government to declare a Full Movement Control Order (FMCO) in order to control the spread of COVID cases. Many companies in Malaysia were affected and MSC was no exception. As a result, the RMAP audit was postponed to February 2022. The last RMAP audit was in June 2019 and MSC is currently undergoing re-assessment. During this period of re-assessment , MSC was still listed on the RMI's public list of Conformant Tin Smelters and is considered Conformant. As a certified smelter since 2012, MSC will continue to conform to the RMAP. Concurrently it will continue to explore opportunities to further improve its responsible and sustainable supply chain system and its pivotal role in the tin industry. MSC will continue to participate in industry events to promote responsible and sustainable sourcing while caring for the environment where it operates and sharing its experience with others for mutual benefit. business as a whole to meet World's expectation in responsible, sustainable and social responsibilities going forward.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors ("Board") of Malaysia Smelting Corporation Berhad ("MSC" or "Company") recognises the importance of maintaining high standards of corporate governance in managing its business affairs so as to build a sustainable business capable of enhancing shareholder value.

The Board upholds the Principles and Recommendations as promulgated by the Malaysian Code on Corporate Governance 2021 ("MCCG" or "Code"). This statement sets out how the Company has applied the three key Principles of good corporate governance as enumerated in the MCCG during the financial year within the Company and its subsidiaries ("Group"). Where a specific practice of the MCCG has not been observed during the financial year under review, the non-observation, including the reasons thereof, is included in this statement.

This statement is prepared in compliance with the MCCG and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Malaysia") and should be read together with the Corporate Governance Report ("CG Report") of the Company which provides details on how the Company applied each Practice as set out in the MCCG during the financial year 2021. The Company's CG Report is available on the Company's website, www.msmelt.com.

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS

1. BOARD RESPONSIBILITIES

1.1 Strategic Aims, Values and Standards

The Board acknowledges its key role in setting the strategic direction of the Group and has assumed the following principal responsibilities in discharging its fiduciary and leadership functions:

- to promote good corporate governance culture within the Group which reinforces ethical, prudent and professional behavior;
- to review and adopt a strategic plan for the Group to ensure sustainability of its business as the Board brings objectivity and breadth of judgment;
- to oversee the conduct of the Group's businesses and evaluate whether the businesses are being properly managed;
- to identify principal business risks and ensure the implementation of appropriate internal controls and mitigating measures to manage these risks;
- to consider and implement succession planning, including appointing, training, fixing the compensation of and, where appropriate, replacing members of Key Senior Management;
- to review management proposals for the Company; and
- to review the adequacy and the integrity of the Group's internal control system and management information system.

To ensure the proper discharge of its stewardship role, the Board has established Board Committees, namely the Audit & Risk Management Committee and Nominating & Remuneration Committee and further entrusted to them, specific responsibilities to oversee the Group's affairs and authority to act on the Board's behalf in accordance with their respective terms of reference. The Chairman of the relevant Board Committees also report to the Board on key issues deliberated at their respective meetings. The ultimate responsibility for decision making, however, lies with the Board.

The roles and functions of the Board, as well as roles delegated to Management, are clearly delineated in the Board Charter, through a formal schedule of matters reserved for the Board which includes setting the overall Group strategy and direction, approving major capital expenditure, consideration of significant financial matters and monitoring of financial and operating performance of the Group.

Whilst the Board is responsible for creating the framework and policies within which the Group should be operating, Management is responsible for instituting compliance with laws, regulations, rules, directives and guidelines, including the achievement of the Group's corporate objectives. Such demarcation of roles is clearly set out in the Board Charter and Delegation of Authority which complement and reinforce the supervisory role of the Board.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

1. BOARD RESPONSIBILITIES (CONT'D)

1.1 Strategic Aims, Values and Standards (cont'd)

The Group's Code of Ethics continues to set out the standards of ethics and conduct expected from its Directors and employees to enhance the standards of corporate governance and corporate behaviour. The Code of Ethics covers all aspects of the Group's business which include, amongst others, confidentiality of information, dealings in securities, conflict of interest, gifts, bribes and dishonest conducts.

The salient features of the Board Charter and Code of Ethics can be found at the Company's website at www.msmelt.com.

The Company has also put in place a whistle-blowing policy which allows the whistle-blower to raise concerns about actual or potential corporate fraud or breach of ethics involving employees, Senior Management or Directors of the Group. Whistle-blowing reports are addressed to Designated Officers of the Group, namely Internal Auditor, Company Secretary, Chief Operating Officer or the Chairman of the Audit & Risk Management Committee following the form and specific conditions as prescribed under the policy. The policy also affirms that the identity of the whistle-blower will be kept confidential and protection will be accorded to the whistle-blower against any form of reprisal or retribution.

The Board recognises the importance of adhering to the Code of Ethics by all personnel in the Group and has the overall responsibility of overseeing the execution of the Whistle-Blowing Policy. The Board had also formalised the Anti-Corruption Manual on 1 March 2021 which was also published on the Company's website for stakeholders' information.

1.2 Chairman and Chief Executive Officer

There is a clear division of responsibilities between the Chairman and the Chief Executive Officer ("CEO") to engender accountability and facilitate the division of responsibility, such that no one individual has unfettered powers over decision making.

Chairman

Ms. Chew Gek Khim, a Non-Independent Non-Executive Director, is the Chairman of the Company and she leads the Board to ensure the adequacy and effectiveness of the Board's governance process and acts as a facilitator at Board meetings to ensure that contributions by Directors are forthcoming on matters being deliberated and that no Board member dominates discussion.

In carrying out her role, the Chairman works with Senior Management and promote effective relations with stakeholders and shareholders besides managing the Board.

With the issuance of the revised MCCG, the Chairman has ceased to be a member of Audit & Risk Management Committee and Nominating & Remuneration Committee with effect from 14 February 2022.

CEO

Dato' Dr. (Ir.) Patrick Yong Mian Thong as the Group CEO and Executive Director is tasked to manage the business and operations of the Company and to implement the Group's strategic plans, policies and decisions adopted by the Board. The Group CEO and Executive Director is also tasked with ensuring that whilst the ultimate objective is maximising total shareholders' return, the social and environmental factors are not neglected and also developing and maintaining strong communication programmes and dialogues with the shareholders, investors, analysts as well as employees and providing effective leadership to the Group's organisation.

1.3 Sustainability of Business

The Board is mindful of the importance of business sustainability and has incorporated the Corporate Sustainability Policy into its corporate strategy, considering its impacts on environmental, social and governance aspects. Additionally, the Company's Sustainability Statement is disclosed on pages 22 to 34 of this Annual Report.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

1. BOARD RESPONSIBILITIES (CONT'D)

1.4 Access to Information and Advice

The Board has full and independent access to Management, the Company Secretary, the Internal Auditors, the External Auditors and other consultants for information needed to effectively carry out its duties.

Management provides the Board with complete and adequate information in a timely manner through regular updates on financial results, market trends and business developments. Directors also have unrestricted access to the advice and services of the Company Secretary. The Board is regularly updated and advised by a Company Secretary who is qualified, experienced and competent, on corporate governance, new statutory and regulatory requirements, and their resultant implications to the Company and Directors in relation to the duties and responsibilities of the Board.

The Company Secretary is a Fellow member of Malaysia Institute of Chartered Secretaries and Administrators ("MAICSA") and is qualified to act as a Company Secretary under the Companies Act, 2016. As a practicing Company Secretary, she has also attended continuous professional development programmes as required by MAICSA. The Company Secretary oversees adherence to board policies & procedures and corporate governance issues, briefs the Board on the proposed contents and timing of material announcements to be made to regulators. The Company Secretary attends all Board and Board Committee meetings to ensure that the meetings are properly convened, and that accurate and proper records of the proceedings and resolutions passed are taken and maintained accordingly. Senior Management and external parties such as the auditors, solicitors and consultants are invited to attend Board meetings when there is a need for additional insights and professional views, advice and explanations on specific items on the meeting agenda. Independent professional advice may be sought in the furtherance of the Directors' duties and responsibilities at the Company's expense, if considered necessary, in accordance with established procedures set out in the Board Charter.

The Board is supplied with relevant information and reports on financial, operational, corporate, regulatory, business development and audit matters, by way of Board reports or upon specific requests.

The Board and Board Committee papers are circulated in advance prior to the meetings to allow the Board members adequate time for making informed decisions and effective discharge of Board's responsibilities. Minutes of Board and Board Committee's meeting are circulated in a timely manner for review.

2. BOARD COMPOSITION

2.1 Board of Directors

As at the date of this Statement, the Board comprises eight (8) members, comprising one (1) Executive Director and seven (7) Non-Executive Directors, six (6) of whom are Independent. The Board is chaired by a Non-Independent Non-Executive Director. The Board comprises a majority of Independent Directors where the Chairman of the Board is not an Independent Director. The Independent Directors provide the necessary check and balances in the Board exercising their functions and decision making process.

This composition fulfills the requirements set out under the Main Market Listing Requirements of Bursa Malaysia, which stipulate that at least two (2) Directors or one-third of the Board, whichever is higher, must be Independent.

The Board members are from different backgrounds with diverse perspectives. The mix of skills and experience is essential for successful attainment of corporate plans and objectives of the Group. A brief description of each of the Director's background is set out in the Profile of Directors on pages 6 to 9 of this Annual Report.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

2. BOARD COMPOSITION (CONT'D)

2.2 Tenure of Independent Director

The Independent Directors bring objective and independent views, advice and judgment on interests, not only of the Group, but also of the shareholders, employees, customers, suppliers and the many communities in which the Group conducts its business. Independent Directors are essential for protecting the interests of shareholders and can make significant contributions to the Company's decision making by bringing in the quality of detached impartiality.

For the independent director of whom the tenure exceeds a cumulative term of nine (9) years, the independent director may continue to serve the Board subject to the director's re-designation as a non-independent director upon his/her completion of the nine (9) years. The Directors' Independence Policy serves as a guide in limiting the tenure of the independent director to nine (9) years and ensuring the independence of directors. Two-tier voting process will be applied in the Annual General Meeting ("AGM") for retaining any Independent Directors serving beyond nine (9) years.

However, the Board may, in exceptional circumstances decide that a director remains as an independent director after serving a cumulative term of nine (9) years, subject to the following:

(i) assessment by the Nominating & Remuneration Committee, regarding the independence and contribution of the said Director; and

(ii) shareholders' approval in a general meeting, where the Board, assisted by the Nominating & Remuneration Committee, provides strong justification on such recommendation.

2.3 Diversity of Board and Key Personnel Team

The appointment of Board and Key Personnel are based on their merit, skill and working experience and due regard are placed for diversity in terms of skills, experience and cultural background.

The Board Diversity Policy serves as a guide in ensuring the diversity of the Board which enhances the effective contribution of all Directors. The Board does not have a specific policy for setting targets for women or age composition on the Board as the Board believes in fair and equal participation for all individuals of right calibre irrespective of race, age or gender.

Please refer to the Profile of Directors and Key Personnel team on pages 6 to 9 and 10 to 12 respectively for further information.

2.4 Nominating & Remuneration Committee

The Chairman of the Nominating & Remuneration Committee is Mr. Chia Chee Ming, Timothy, the Senior Independent Director of the Company. The Committee is primarily responsible to advise the Board on the nomination of new Board members and/or Board member and assessment of the effectiveness of the Board as a whole, the Committees of the Board, to conduct an assessment and evaluation on the contribution of each individual director and effectiveness of the Audit & Risk Management Committee.

The Committee is also responsible for reviewing the Board composition and right mix of skills and balance as well as considering the Board's succession planning and making recommendations for new appointment of directors and members of Board Committees as well as identifying suitable training programme for the Board. It also recommends to the Board on the remuneration policy and framework, performance measures criteria and proposes to the Board on the remuneration of the directors and key personnel.

The Terms of Reference of the Nominating & Remuneration Committee is set out in the Board Charter and is available on the Company's website at www.msmelt.com.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

2. BOARD COMPOSITION (CONT'D)

2.5 Recruitment Process and Annual Assessment of Directors

In discharging its responsibilities, the Nominating & Remuneration Committee has developed certain criteria for use in the recruitment and annual assessment of Directors. The suitability of candidates is evaluated for recommendation to the Board and the Nominating & Remuneration Committee takes into consideration, inter-alia, the competency, commitment (including time commitment), contribution and performance of the candidates, including, where appropriate, the criteria on assessing the independence of candidates' appointments as Independent Directors. The Nominating & Remuneration Committee met with each of the newly appointed Directors during the financial year under review, in person prior to recommending their appointment to the Board.

Following the appointment of a new Director, the Committee ensures that an induction programme is arranged for, which includes establishing rapport with other Directors, furnishing the Director with necessary information for a better understanding of the business, e.g. Board minutes and management reports, the Board Charter and arranging visits to key sites.

The Company's Constitution provides that one-third (1/3) of the Directors for the time being or, if their number is not three (3) or a multiple of three (3), then the number nearest to one-third (1/3) shall retire from office and be eligible for re-election provided always that all Directors shall retire from office at least once in every three (3) years, but shall be eligible for re-election. A retiring Director shall retain office until the close of the meeting at which he retires whether adjourned or not.

The Committee reviews annually the required mix of skills and experience for Directors and assesses annually the contributions of each individual Director and the effectiveness of the Board Committees and the Board as a whole. Furthermore, the Nominating & Remuneration Committee reviews the size and composition of the Board with particular consideration on the impact on the effective functioning of the Board.

The evaluation of the suitability of candidates is solely based on the candidates' competency, character, time commitment, integrity and experience in meeting the needs of the Company. Nevertheless, the Board takes cognisance of the policy of the Government advocating for more women directors on the Board of PLCs and shall give due considerations when assessing their candidature. Presently, there is two (2) women directors in the Board.

The Nominating & Remuneration Committee reviews and evaluates the performance of individual Director including Independent Directors, Board as a whole and Board Committees on an annual basis with the aim of providing individual contribution effectiveness of the Board and its Committees, identify gaps, maximise strengths and address weaknesses of the Board.

The assessment criteria used in the assessment of Board, Board Committees and individual Director include mix of skills and experience and size of the Board, quality of inputs, understanding of their roles, duties and responsibilities and etc.

The assessment of the independence of Independent Directors is in accordance with the criteria as set out in the Main Market Listing Requirements of Bursa Malaysia.

During the financial year under review, the Board met four times. The details of the attendance of the Board members are as follows:

Directors	No. of meetings attended
1. Ms. Chew Gek Khim *(Chairman)*	4/4
2. Mr. Chia Chee Ming, Timothy	4/4
3. Mr. John Mathew A/L Mathai	4/4
4. Datuk Kamaruddin Bin Taib	4/4
5. Dato' Dr. (Ir.) Patrick Yong Mian Thong	4/4
6. Dato' Roslina Binti Zainal *(Appointed on 2 August 2021)*	2/2
7. Dato' Robert Teo Keng Tuan *(Resigned on 31 December 2021)*	4/4
8. Mr. Yap Seng Chong *(Appointed on 31 December 2021)*	N/A
9. Datuk Lim Hong Tat *(Appointed on 28 January 2022)*	N/A

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

2. BOARD COMPOSITION (CONT'D)

2.6 Board Committees

The Board Committees are as follows:

(i) Audit & Risk Management Committee; and
(ii) Nominating & Remuneration Committee.

The following are directors who served as members of the committees during the financial year 2021 and as the date of this report. The attendance of each member of the committees for the meetings held in the financial year 2021 are as detailed below:

(i) Audit & Risk Management Committee

Directors	No. of meetings attended
1. Dato' Robert Teo Keng Tuan *(Chairman)* *(Ceased to be Chairman on 31 December 2021)*	4/4
2. Ms. Chew Gek Khim *(Ceased to be a member on 14 February 2022)*	4/4
3. Mr. Chia Chee Ming, Timothy *(Ceased to be a member on 14 February 2022)*	4/4
4. Mr. Yap Seng Chong *(Chairman)* *(Appointed as a Chairman on 31 December 2021)*	N/A
5. Datuk Kamaruddin Bin Taib *(Appointed as a member on 14 February 2022)*	N/A
6. Datuk Lim Hong Tat *(Appointed as a member on 14 February 2022)*	N/A

(ii) Nominating & Remuneration Committee

Directors	No. of meetings attended
1. Mr. Chia Chee Ming, Timothy *(Chairman)*	3/3
2. Mr. John Mathew A/L Mathai	3/3
3. Ms. Chew Gek Khim *(Ceased to be a member on 14 February 2022)*	3/3
4. Dato' Roslina Binti Zainal *(Appointed as a member on 14 February 2022)*	N/A

The Board is satisfied with the time commitment given by the Directors. All directors do not hold more than 5 directorships as required under Paragraph 15.06 of the Main Market Listing Requirements of Bursa Malaysia.

All directors have attended the Mandatory Accreditation Programme as required by the Main Market Listing Requirements of Bursa Malaysia.

During the course of the financial year, they have also attended other training programmes which include conferences, forums, seminars, workshops and briefings, apart from the briefings conducted by the Company Secretary pertaining to updates on the Main Market Listing Requirements of Bursa Malaysia. The External Auditors also briefed the Board members on any changes to the Malaysian Financial Reporting Standard that affects the Group's financial statements.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

2. BOARD COMPOSITION (CONT'D)

2.6 Board Committees (cont'd)

Details of the training programmes attended/participated on areas include the following:

Directors	Training/Conference/Forum/Seminar/Workshop Attended	Date
1. Ms. Chew Gek Khim	1. Mercer – Leadership Workshop	5 Mar 2021
	2. Forbes Asia CEO Webinar	30 Mar 2021
	3. 40th IISS Fullerton Lecture with US Secretary of Defense, Llyod Austin	27 Jul 2021
	4. The Pyramid Club: US-China Relations: How Much Worse Can It Get	27 Aug 2021
	5. Invitation to Speak at NUS Inaugral Leadership Development Course	22 Oct 2021
2. Mr. Chia Chee Ming, Timothy	1. Singapore Redefined Webcast	18 May 2021
	2. Vertex: IT Training	3 Jun 2021
	3. Technology-Focused Webinars 2021 – Blockchain & NFTs in 30 minutes: A Primer for a Non-Technical Audience	29 Jun 2021
	4. IPS-Nathan Lecture Series by Ravi Menon: The Four Horsemen	7 Jul 2021
	5. IPS-Nathan Lecture Series by Ravi Menon: An Inclusive Society	22 Jul 2021
	6. Asia's Global Marquee Event – Beyond Pandemic & Politics: Behold Southeast Asia and the World	26 Jul 2021
	7. IPS-Nathan Lecture Series by Ravi Menon: An Inspiring Nation	28 Jul 2021
	8. Technology-Focused Webinars 2021 – What's a Token (and Other Mysteries): A Primer to Tokens and Fundraising	19 Aug 2021
	9. SID Directors Conference 2021: Asia's Renaissance: The New Era of Recovery and Reopening	8 & 9 Sep 2021
	10. A&G Webinar: Updates to the SGX-ST Listing Rules	17 Sep 2021
	11. Essential Series: Board Governance of SPACs	30 Nov 2021
3. Mr. John Mathew A/L Mathai	1. Practice Group Litigation Weekly Case Discussion – Lim Kien Seng & Anor. v. Manoharan Kandasamy [2021] 2 CLJ 307 (Federal Court)	5 Mar 2021
	2. RTA Webinar on "Recognition of Foreign Insolvency Orders in Malaysia and a Lesson to Learn from the Past Experience in Singapore"	25 Mar 2021
	3. Practice Group Litigation Weekly Case Discussion – Ng Chang Seng v. Technip Geoproduction (M) Sdn Bhd & Anor [2021] 1 CLJ 365	2 Apr 2021
	4. RTA Shipping Law Webinar "Navigating Uncharted Waters in 2021"	8 Apr 2021
	5. Practice Group Litigation Weekly Case Discussion - Zschimmer & Schwarz GmbH & Co KG Chemische Fabriken v Persons Unknown & Anor [2021] 7 MLJ 178	16 Apr 2021
	6. Practice Group Litigation Weekly Case Discussion - Prudential Assurance Co Singapore (Pte) Ltd v Tan Shou Yi Peter and Another [2021] SGHC 109 and Sun Electric Pte Ltd and Another v Menrva Solutions Pte Ltd and Another [2021] SGHC 101	21 May 2021
	7. RTA Aviation/Cape Town Convention Webinar	9 Jun 2021
	8. Practice Group Litigation Weekly Case Discussion - Goh Teng Whoo & Anor v Ample Objectives Sdn Bhd [2021] 3 MLJ 159 (Federal Court)	2 Jul 2021
	9. RTA Academy/Transformation Management Training	9 Jul 2021
	10. Practice Group Litigation Weekly Case Discussion - Robert Ong Thien Cheng v Luno Pte. Ltd. & Anor [2020] 1 LNS 2194	13 Aug 2021

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

2. BOARD COMPOSITION (CONT'D)

2.6 Board Committees (cont'd)

Details of the training programmes attended/participated on areas include the following:

Directors	Training/Conference/Forum/Seminar/Workshop Attended	Date
4. Datuk Kamaruddin Bin Taib	1. Non-Executive Global Mandatory Training - Trimester 1 Health Safety & Well-Being, Risk Management, Cyber Data Privacy	31 Jan 2021
	2. Non-Executive Global Mandatory Training - Trimester 2 Financial Crime Risk AB & C AML Sanctions Fraud, Tax Transparency	23 Feb 2021
	3. Distinguished Board Leadership Series Rethinking our Approach to Cyber Defence in Financial Institutions	11 Mar 2021
	4. Walkthrough of the New Product Development	15 Mar 2021
	5. Budget 2020	25 Mar 2021
	6. Non-Executive Global Mandatory Training - Trimester 3 Conduct Including "Speak Up" Workplace Harassment	28 Mar 2021
	7. Board Effectiveness Evaluation Industry Briefing	1 Apr 2021
	8. ASEAN Healthcare Webinar: COVID-19 Vaccine Rollout and the Recovery of the ASEAN Economy	7 Apr 2021
	9. (i) Sanctions (ii) Dawn Raid	12 Apr 2021
	10. BNM - FIDE FORUM - MASB Dialogue: MFRS 17 Insurance Contracts: What Every Director Must Know	20 Apr 2021
	11. Regional Webinar: Scaling up Sustainable Finance in ASEAN – the Malaysian Journey	3 May 2021
	12. Implementing Amendments in the Malaysian Code on Corporate Governance	1 Jun 2021
	13. (i) Environmental, Social & Governance (ii) Responsible Investments (iii) Security Operations Centre & Security Monitoring	2 Jun 2021
	14. RMiT & Digital Transformation: What They Mean for Governance & Strategy of Banks and Insurance Boards	11 Jun 2021
	15. Masterclass on Inclusion & Diversity for CEOs & Board Members	22 Jun 2021
	16. Flagship Event on Climate Change - Finance for Change Virtual Conference (i) Sustainability as a Business Strategy for Financial Institutions (ii) JC3 Outcomes and Implications for Financial Institutions (iii) Sustainable Finance for the Private Sector	23 - 25 Jun 2021
	17. BNM - FIDE Forum Dialogue on RMiT Implementation	8 Jul 2021
	18. Climate Change Impact on Banks & Role of the Board	17 &18 Aug 2021
	19. Shaping the Future of FI Board Leadership	18 Aug 2021
	20. The Board's Roles and Responsibilities in Crisis Communication	19 Aug 2021
	21. Cyber Security in Time of COVID	1 Sep 2021
	22. Risk-Based Capital Framework for Insurers and Takaful Operators	6 Sep 2021
	23. Climate Risk	17 Sep 2021

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

2. BOARD COMPOSITION (CONT'D)

2.6 Board Committees (cont'd)

Details of the training programmes attended/participated on areas include the following:

Directors	Training/Conference/Forum/Seminar/Workshop Attended	Date
4. Datuk Kamaruddin Bin Taib (cont'd)	24. (i) IT - Google Workshop (ii) Corporate Governance - MCCG 2021 (iii) Risk Management & Internal Control Halal Awareness Training	21 Sep 2021
	25. How Financial Institutions are Tackling the Net Zero Challenge	24 Sep 2021
	26. Digital Transformation Executive Program	12 & 14 Oct 2021
	27. Human Rights	5 Oct 2021
	28. Data Analytics	13 Oct 2021
	29. MIA Webinar Series: Board Assessment- A Key Cog in an Effective Governance Structure	25 Oct 2021
	30. Cyber Awareness	5 Nov 2021
	31. (i) Climate Change - Trimester 2 (ii) Risks - Trimester 2	30 Dec 2021
5. Dato' Roslina Binti Zainal	1. Texas and Other Power Markets After the Big Freeze: Diagnosis and Prognosis	19 Mar 2021
	2. Climate Change: What Will the Next Decade Bring?	22 Apr 2021
	3. Transition to a Net Zero Emissions Economy	8 - 11 Jun 2021
	4. Paving the Way for Profitability Through Sustainability	16 & 17 Jun 2021
	5. Low Carbon Policy – Carbon Neutral Pathways	6 Jul 2021
	6. Governance in Audit – Audit's Evolving Role in the New Normal	15 Jul 2021
	7. The 3rd New Southern Policy Forum	19 Jul 2021
	8. Balancing Risk Management with Sustainability Commitment – New Expectations of Investment Community	18 Aug 2021
	9. Khazanah Megatrends Forum 2021	4 - 6 Oct 2021
	10. TNB Women Summit 2021	15 Dec 2021
6. Mr. Yap Seng Chong	1. COVID-19 Series - Income Taxes, Fair Value Measurement and Leases	6 Jan 2021
	2. IFRS 16 Leases - Current Application Issues	11 Jan 2021
	3. Common Auditing Pitfalls	18 Feb 2021
	4. ASEAN Tax Forum	18 & 19 Aug 2021
	5. Global IFRS - Goodwill Impairment Assessment	25 Aug 2021
	6. Lenovo Tech World 2021: (i) Smarter Hybrid Learning; (ii) Zero Emission Computing; (iii) IT's Circular Economy and Making Sustainability Tangible; and (iv) Inclusive Technology	8 Sep 2021
	7. Quarterly Accounting Webcast, Q3-2021	23 Sep 2021
	8. Asia Pacific Tax Symposium	10 & 11 Nov 2021
	9. Budget 2022 Seminar	12 Nov 2021
	10. Global IFRS Year End Update	15 Dec 2021

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

3. REMUNERATION

3.1 Remuneration Policy

The determination of remuneration of Non-Executive Directors is a matter for the Board, as a whole to decide with individual directors abstaining from the discussion of his/her own remuneration.

In line with the Directors' Remuneration Policy, the Board in deciding, the appropriate level of fees of each Non-Executive Director, also takes into consideration, the experience, the level of responsibilities undertaken, time commitment required in attending both the scheduled and special Board meetings, deliberation time required for board papers as well as the number of memberships assumed on Board Committees.

In deciding the remuneration for key personnel, the Board takes into consideration the skills, qualification, roles and working experience of the key personnel besides the business performance of the Company.

3.2 Details of Directors' Remuneration

Pursuant to the Main Market Listing Requirements of Bursa Malaysia, the details of the remuneration received by the Directors of the Company, on a named basis, during the financial year ended 31 December 2021 are disclosed as follows:

Directors	Fees (RM'000)	Salaries (RM'000)	Allowance (RM'000)	Benefits in kind (RM'000)	Other emoluments (RM'000)	Total (RM'000)
Non-Executive Directors						
Ms. Chew Gek Khim	102.0	-	8.0	-	-	110.0
Mr. Chia Chee Ming, Timothy	90.5	-	8.0	-	-	98.5
Mr. John Mathew A/L Mathai	59.0	-	5.0	-	-	64.0
Datuk Kamaruddin Bin Taib	50.0	-	4.0	-	-	54.0
Dato' Roslina Binti Zainal *(a)*	8.2	-	2.0	-	-	10.2
Dato' Robert Teo Keng Tuan *(b)*	86.0	-	7.0	-	-	93.0
Mr. Yap Seng Chong *(c)*	-	-	-	-	-	-
Total	395.7	-	34 .0	-	-	429.7
Executive Director						
Dato' Dr. (Ir.) Patrick Yong Mian Thong	-	1,104.0	-	31.3	647.7	1,783.0
Total	-	1,104.0	-	31.3	647.7	1,783.0

(a) Appointed as a Director of the Company on 2 August 2021.
(b) Resigned as a Director of the Company on 31 December 2021.
(c) Appointed as a Director on 31 December 2021.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

3. REMUNERATION (CONT'D)

3.3 Remuneration of Top Five Key Personnel

The Board is of the view that disclosing the top five key personnel's remuneration on a named basis according to salaries, bonuses, benefits-in-kind and other emoluments would be disadvantageous to the Company due to the confidentiality and sensitivity of each remuneration package which is structured competitively to attract, motivate and retain talents.

Accordingly, the remuneration of the top five key personnel team of the Company in bands of RM50,000 is as follows:

Range of Remuneration (RM)	No of Key Personnel
700,000 – 750,000	1
600,000 – 650,000	2
550,000 – 600,000	1
400,000 – 450,000	1
Total	**5**

PRINCIPLE B - EFFECTIVE AUDIT AND RISK MANAGEMENT

1. AUDIT & RISK MANAGEMENT COMMITTEE

In assisting the Board to discharge its duties on financial reporting, the Board established an Audit Committee which was subsequently renamed as the Audit & Risk Management Committee on 7 November 2018. The Audit & Risk Management Committee is chaired by the independent director.

On the composition and terms of reference of the Audit & Risk Management Committee, please refer to the Audit & Risk Management Committee Report on pages 49 to 51 for further information.

2. ASSESSMENT OF SUITABILITY AND INDEPENDENCE OF EXTERNAL AUDITORS

The Board, via the Audit & Risk Management Committee, has annually assessed the suitability and independence of the External Auditors.

It is also a requirement for our External Auditors, Messrs Ernst & Young to rotate the audit engagement partner as well as its other key audit partners from their audit of MSC and its subsidiaries once in every 5 years as set out in the Malaysian Institute of Accountants' By-Laws (on Professional Ethics, Conduct and Practice).

In this regard, the Audit & Risk Management Committee has assessed the suitability and independence of Messrs Ernst & Young as External Auditors of the Company for the financial year ended 31 December 2021.

Having satisfied itself with their technical competency, audit independence and fulfillment of criteria as set out in its terms of reference, the Audit & Risk Management Committee has recommended their re-appointment to the Board, upon which the shareholders' approval will be sought at the forthcoming AGM.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE B - EFFECTIVE AUDIT AND RISK MANAGEMENT (CONT'D)

3. RISK MANAGEMENT AND INTERNAL CONTROLS

Recognising the importance of risk management and internal controls, the Board has in past years formalised a structured risk management and internal control framework to identify, evaluate, control, monitor and report the principal business risks faced by the Group on an ongoing basis. The key features of the risk management framework are set out in the Statement on Risk Management and Internal Control of this Annual Report.

The Audit & Risk Management Committee assists the Board in reviewing the adequacy and operating effectiveness of the system of risk management and internal control in the Group besides overseeing financial reporting.

The Company has also appointed Crowe Governance Sdn Bhd as the service provider for Enterprise Risk Management Update and Internal Control Review for the Group for financial year 2021.

In line with the MCCG and the Main Market Listing Requirements of Bursa Malaysia, the Board has an independent Internal Audit function which is led by Mr. Yoon Choon Kong, the Group Internal Auditor who reports directly to the Audit & Risk Management Committee. Mr. Yoon holds a Diploma in Management from the Malaysian Institute of Management, is an associate member of the Institute of Internal Auditors Malaysia and a certified Lead Auditor, National Registration Scheme for Lead Assessors of Quality Systems (UK). During the financial year under review, apart from himself, he is supported by two (2) staff in the in-house Internal Audit Division and an external team of professional internal auditors on a co-sourced basis. The Internal Auditor does not have any conflict of interests with the Company.

Details of the Company's internal control system and its framework including the scope of work during the financial year under review are provided in the Statement on Risk Management and Internal Control of the Group on pages 52 to 54 of this Annual Report.

PRINCIPLE C – INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

1. COMMUNICATION AND ENGAGEMENT WITH STAKEHOLDERS

The Company recognises the importance of being transparent and accountable to its investors and, as such, has maintained an active and continuous communication between the Company and its stakeholders that enables the Board and Management to communicate effectively with investors, financial community and the public generally. The various channels of communications are through the quarterly announcements on financial results and media release in relation thereto to Bursa Malaysia and the Singapore Exchange Securities Trading Limited ("SGX"), relevant announcements and circulars, when necessary, AGM and through the Group's website at www.msmelt.com where shareholders can access corporate information, annual reports, press releases, financial information, company announcements, share price performance and corporate social responsibility reporting.

2. CONDUCT OF GENERAL MEETINGS

The AGM, which is the principal forum for shareholder dialogue, allows shareholders to review the Group's performance via the Company's annual report and pose questions to the Board for clarification. At the AGM, the shareholders participate in deliberating on resolutions being proposed or on the Group's operations in general. During the last virtual AGM, a question & answer session was held in the presence of directors, where the Chairman invited shareholders to raise questions with responses from the Board.

The Company dispatches its notice of AGM and Administrative Guide to shareholders at least 28 days before the date of the meeting to enable shareholders to go through the annual report and papers supporting the resolutions proposed. The 42nd AGM of the Company held on 18 June 2021 was conducted fully virtual and online poll voting whereby shareholders and proxies can access and participate remotely. The shareholders and proxies can refer to the Administrative Guide on the procedure of virtual AGM.

Shareholders are invited to ask questions regarding the resolutions being proposed before putting a resolution to vote as well as matters relating to the Group's operations in general.

The Summary of Proceedings and Key Matters discussed during the 42nd AGM was made available to shareholders on the Company's website.

This Statement is made in accordance with the resolution of the Board of Directors dated 15 April 2022.

ADDITIONAL COMPLIANCE INFORMATION

The following information is provided in compliance with the Main Market Listing Requirements of Bursa Malaysia.

Utilisation of Proceeds

The Company had on 29 July 2021 issued 20,000,000 shares under the Proposed Private Placement. The status of the utilisation of proceed raised from the Proposed Private Placement is as follows:

Utilisation purposes	Proposed utilisation (RM'000)	Actual utilisation (RM'000)	Expected timeframe for utilisation of proceeds (from the date of listing of the Placement Shares)
Repayment of bank borrowings	30,000	30,000	Within 12 months
Working capital	7,194	7,194	Within 12 months
Estimated expenses in relation to the Proposed Private Placement	806	806	Immediately
Total	**38,000**	**38,000**	

Audit Fees and Non-Audit Fees

The audit fees paid/payable to the external auditors, Messrs Ernst & Young in relation to the audit and non-audit services rendered to the Company and its subsidiaries for the financial year ended 31 December 2021 are as follows:

	The Group (RM)	The Company (RM)
Audit Fees	782,250	392,700
Non-Audit Fees	10,500	10,500

Material Contracts

There were no material contracts entered into by the Company and its subsidiaries involving Directors, Chief Executive and Major Shareholders' interest during the financial year ended 31 December 2021.

Recurrent Related Party Transactions of Revenue or Trading Nature

During the financial year, the Company and its subsidiaries had not entered into any recurrent related party transactions, which are of revenue or trading nature, which requires shareholders' mandate.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

The Audit Committee was established on 30 August 1994 with the principal objective to assist the Board of Directors in fulfilling its fiduciary responsibilities relating to corporate governance, system of internal controls and financial reporting practices of the Group. Subsequently, the Audit Committee was renamed as Audit & Risk Management Committee on 7 November 2018.

In performing their duties and discharging their responsibilities, the Audit & Risk Management Committee is guided by its terms of reference ("TOR"). The Audit & Risk Management Committee's TOR is available at the Company's website at www.msmelt.com.

Composition and Meetings of the Audit & Risk Management Committee

The Audit & Risk Management Committee of the Company currently comprises solely of three (3) Independent Non-Executive Directors.

There were four (4) meetings held during the financial year under review, and the record of attendance of each member of the Committee are as follows:

Present Members	No. of meetings attended
Mr. Yap Seng Chong *(a)* *Chairman, Independent Non-Executive Director*	-
Datuk Kamaruddin Bin Taib *(b)* *Member, Independent Non-Executive Director*	-
Datuk Lim Hong Tat *(b)* *Member, Independent Non-Executive Director*	-

Past Members	No. of meetings attended
Dato' Robert Teo Keng Tuan *(c)* *Chairman, Independent Non-Executive Director*	4/4
Ms. Chew Gek Khim *(d)* *Member, Non-Independent Non-Executive Director*	4/4
Mr. Chia Chee Ming, Timothy *(d)* *Member, Senior Independent Director*	4/4

(a) Appointed as the Chairman of the Committee on 31 December 2021
(b) Appointed as a member of the Committee on 14 February 2022
(c) Resigned as the Chairman of the Committee on 31 December 2021
(d) Ceased as a member of the Committee on 14 February 2022

The meetings were appropriately structured through the use of agenda and meeting papers, which contained sufficient information, were distributed to members with proper notification in writing.

The Company Secretary, as the secretary of the Committee, was present at all meetings. Representatives of the External Auditors, Messrs Ernst & Young, the Internal Auditor, as well as the Group CEO, Group Chief Financial Officer ("Group CFO") and other Key Personnel staff also attended the meetings, where appropriate, at the invitation of the Committee.

At each Board meeting, the Chairman of the Committee briefs the Board pertaining to matters discussed at the meeting of Committee and the minutes of Committee meeting is circulated to the Board for their notation.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

Training and Continuous Engagement

Members of the Committee have attended relevant training seminars to enhance their competency in fulfilling their functions and duties more effectively, including trainings which are relevant to their discharge of duties as Committee members. Details of training attended by each member are set out on pages 42 to 44 of this Annual Report.

During the financial year, the Chairman of the Committee continuously engaged with the key personnel and the Auditors by way of telephone conversations and attending ad-hoc meetings, in order to be kept informed of matters affecting the Group. Through such engagements, relevant issues were brought to the attention of the Committee in a timely manner.

Summary of Activities during the Financial Year under Review

The Committee carried out its duties in accordance with its terms of reference during the financial year under review. The main activities undertaken by the Committee were as follows:

- Reviewed with the External Auditors:

  1. Scope of work and audit plan for the financial year prior to the commencement of audit fieldwork; and

  2. The Directors' Report and the audited financial statements of the Company and Group prior to submission to the Board for consideration and approval. The review was to ensure that the audited financial statements were drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016. Significant issues resulting from the audit of the financial statements by the External Auditors were deliberated.

- Met with the External Auditors at least once during the financial year, without the presence of Management, to discuss problems and reservations arising from the interim and final audits and other matters which the External Auditors wished to discuss with the Committee;

- Considered and recommended to the Board on the re-appointment of the External Auditors and the audit fees payable to the External Auditors for the Board's submission to shareholders for approval at the Annual General Meeting;

- Reviewed the independence, suitability, objectivity and effectiveness of the External Auditors and the services provided, including non-audit services. The Committee has obtained written assurance from the External Auditors that they remained independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements. Non-audit fees totaling RM10,500.00 were paid to the External Auditors during the financial year for the provision of services in respect of the review of the Company's Statement on Risk Management and Internal Control and other audit related services;

- Reviewed the quarterly financial results against the budget and the results of the preceding year;

- Reviewed the quarterly unaudited financial results announcements prior to recommending them to the Board for consideration and approval for release to Bursa Malaysia and SGX. The review and discussions were conducted with the Group CEO, Group CFO and other Key Personnel;

- Reviewed the Group Internal Audit function's resource requirements, adequacy of plan, functions and scope for the financial year under review;

- Reviewed the performance and competency of the Group Internal Audit function;

- Reviewed the internal audit program, processes and reports, which highlighted the audit issues, recommendation and Management's responses and discussed with Management and ensure appropriate actions were taken to improve the system of internal controls based on improvement opportunities identified in the internal audit reports;

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

- Reviewed the adequacy and effectiveness of the governance and risk management processes as well as the internal control system through risk assessment reports from Crowe Governance Sdn. Bhd. (External Consultant - Crowe) and the internal audit function. Significant risk issues were summarised and communicated to the Board for consideration and resolution;

- Reviewed the risk assessment updates for significant operating subsidiaries and assessed the appropriateness of the mitigation action plans to address the principal risks; and

- Reviewed the transactions with related parties and conflict of interest situations that arose within the Group.

Internal Audit Function

The Committee is supported by an in-house Internal Audit function in the discharge of its duties and responsibilities with support from External Consultant-Crowe. The Internal Audit function provides independent assurance on the adequacy and integrity of the risk management, internal control and governance processes.

The Internal Auditor, who reports directly to the Audit & Risk Management Committee, is responsible for the regular review and appraisal of the effectiveness of the risk management, internal control and governance processes within the Group.

A summary of the work undertaken by the Internal Audit function during the financial year is as follows:

- Prepared the annual risk-based internal audit plan for the Committee's approval;

- Carried out internal audits of the Group on a risk-based basis to review the adequacy of internal controls in the auditable areas and to assess consistency in the compliance with established policies and procedures. Verification (on sampling basis) of the existence, adequacy and effectiveness of risk controls established by Management within the selected processes and/or subprocesses covering strategic, operational and financial aspects of the Group's operations;

- Issued internal audit reports to the Committee on the state of internal control of the various operating units within the Group and the extent of compliance of the units with the Group's established policies and procedures and management action plans to mitigate identified risks, with copies extended to Management, highlighting deficiencies together with corresponding improvement opportunities. The Internal Auditor attended all Audit & Risk Management Committee meetings and presented reports on areas of audit concern for the Committee's deliberation; and

- Monitored remedial action taken by Management in response to recommendations made to address internal control deficiencies highlighted in previous cycles of internal audit.

The total cost incurred for the Internal Audit function for the financial year ended 31 December 2021 was RM944,000.00.

Further details of the activities of the Internal Audit function are set out in the Statement on Risk Management and Internal Control on pages 52 to 54 of this Annual Report.

This Report is made in accordance with the resolution of the Board of Directors dated 15 April 2022.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Introduction

Paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia requires the board of directors of listed issuers to include in its annual report a "statement about the state of risk management and internal control of the listed issuer as a group". The Board of the Company is committed to maintaining an effective system of risk management and internal control in Malaysia Smelting Corporation Berhad ("MSC") and its subsidiaries (collectively referred to as the "Group") and is pleased to provide the following Statement on Risk Management and Internal Control (this "Statement"), which outlines the nature and scope of the risk management and internal control system of the Group during the financial year ended 31 December 2021.

For the purpose of disclosure, the Board has taken into consideration the enumerations encapsulated in the "Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers" (the "Guidelines"), a publication endorsed by Bursa Malaysia pursuant to Paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia.

Board's Responsibility

The Board acknowledges its responsibility for maintaining as well as reviewing the adequacy and integrity of the risk management and internal control system to safeguard its shareholders' investment and other stakeholders' interests. The system of internal control covers not only financial controls but also non-financial controls such as operational and compliance controls and risk management procedures.

In view of the limitations inherent in any system of risk management and internal control, the system is designed to manage risks within tolerable and knowledgeable limits, rather than to eliminate, the risk of failure to achieve the Group's business and corporate objectives. Accordingly, it can only provide reasonable but not absolute assurance, against material misstatement or loss.

In evaluating the adequacy of the Group's system of risk management and internal control, the Board is assisted by the Audit & Risk Management Committee which comprises solely of three (3) Independent Directors. Notwithstanding the delegated responsibilities, the Board acknowledges its overall responsibility in the establishment and oversight of the Group's risk management and internal control system.

The Board affirms that there is an on-going process for identifying, assessing, managing, monitoring and reporting significant risks faced by the Group. The Board, through its Audit & Risk Management Committee, regularly reviews the results of this process, including mitigation measures taken by Management, to address areas of key risks as identified. This process has been in place for the financial year under review and up to the date of approval of this Statement for inclusion in the Annual Report of the Company.

Risk Management

The Board is guided by Practices 9.1 and 9.2 of the Malaysian Code on Corporate Governance ("MCCG") which calls for the establishment of an effective risk management and internal control framework and the disclosure thereof. Management is responsible for identifying, assessing, monitoring and reporting of risks and internal control as well as providing assurance to the Board that it has done so in accordance with the policies and procedures set by the Board. Further assurance is provided by the Internal Auditors, which operates across the Group.

The Board believes that maintaining an effective risk management and internal control system is premised on the following key elements of the Group's risk management framework:-

- A risk management structure which outlines the lines of reporting and establishes the responsibilities at different levels, i.e. the Board, Audit & Risk Management Committee and Management, as follows:

  > Board and Audit & Risk Management Committee – ensure that there is a sound framework for internal controls and risk management;

  > Management and key staff for all the businesses/divisions – to review the risk profiles and performance of business units and report to the Group Chief Executive Officer ("Group CEO").

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Risk Management (cont'd)

- Identification of principal risks (present and potential) faced by business units in the Group and Management's plans to mitigate or manage these risks was carried out. For the financial year under review, risk assessments and updates were undertaken by the Management and key staff for all the businesses/divisions. The results of these assessments and management action plans to manage critical risks were reported to the Group CEO for his further review. The Audit & Risk Management Committee, with assistance from the Internal Auditors and external consultants, then reviewed the Group Risk Profile which was compiled from the review of the individual risk profiles and risk registers. For each principal risk, the assessment process considers the potential likelihood of occurrence and magnitude, effectiveness of controls in place (if any), and action plans taken to manage those risks to the desired level. The risk responses and internal controls that Management have taken and/or are taking are discussed at Audit & Risk Management Committee meetings.

- Risk appetite and parameters (qualitative and quantitative) for the Group and individual business units have been articulated so as to gauge the acceptability of risk exposures;

- Risk Management Policy and Guidelines Document was reviewed and updated to ensure its relevance across the Group. The document offers practical guidance to employees on risk management issues; and

- Preparation of action plans to address risk and control issues on an ongoing basis. The action plans include the utilisation of internal audit procedures, as discussed in further detail below.

Whilst the Board considers the risk management framework to be robust, the framework is still subject to periodic testing and continuous improvement, taking into consideration better practices and the changing business environment.

Internal Audit Function

The Group has in place an independent in-house Internal Audit team. During the financial year, the Board appointed an independent professional services firm, Crowe Governance Sdn. Bhd., to support the in-house Internal Audit team (collectively referred to as the "Internal Auditors"). The Internal Auditors reports directly and provides assurance to the Audit & Risk Management Committee on the adequacy and effectiveness of risk management, internal control and governance systems. In carrying out its activities, the Internal Auditors has unrestricted access to the relevant records, personnel and physical properties.

The Internal Auditors independently reviews the risk identification, assessment and control processes implemented by Management, and reports to Audit & Risk Management Committee on a quarterly basis the outcome thereof. The Internal Auditors also reviews the internal control system within the Group based on a risk-based annual internal audit plan approved by the Audit & Risk Management Committee. Its audit strategy and plan are based on the risk profiles of major business units of the Group. The Audit & Risk Management Committee evaluates the Internal Auditors to assess its effectiveness in discharging its responsibilities.

Further details of the work undertaken by the Internal Auditors are set out in the Audit & Risk Management Committee Report on pages 49 to 51 of this Annual Report as well as the Corporate Governance Overview Statement of MSC which is made available via an announcement on the website of Bursa Malaysia and Singapore Exchange Securities Trading Limited.

Internal Control

The key elements of the Group's internal control system are described below:

(a) Code of Ethics and Whistleblowing Policy and Procedures

  - The Board is responsible for setting the ethical tone of the Group and engendering a healthy corporate culture. A Code of Ethics has been put in place to set out the standards of ethics and conduct expected from its Directors and employees to enhance the standards of corporate governance and corporate behaviour. The Code of Ethics covers all aspects of the Group's business which include, amongst others, confidentiality of information, dealings in securities, conflict of interest, gifts, bribes and dishonest conducts.

  - The Board has formalised a set of Whistleblowing Policy and Procedures to provide avenues for stakeholders of the Group to raise legitimate concerns relating to potential breaches of legislation malpractices in an objective manner without fear of reprisal.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Internal Control (cont'd)

(b) Lines of Responsibility and Delegation of Authority

- A process of hierarchical reporting has been established which provides for a documented and auditable trail of accountability; and
- The establishment of limits of authority through Expenditure Controls and Delegation of Authority Limits Policy for both the Company and its subsidiaries. In designing and implementing these limits of authority structures and systems, the Group is guided by the principle that no one individual should have unfettered powers.

(c) Written Policies and Procedures

- The establishment of policies and procedures on health and safety, training and development, equal employment opportunities, human opportunities, staff performance and handling misconducts; and
- The establishment of operational and financial policies and procedures for major subsidiaries, covering core processes like tin smelting, tin trading activities, mining, asset management, purchasing, payment, inventory and payroll.

(d) Planning, Monitoring and Reporting

- The Group CEO reports to the Board on significant changes in the business and the external environment;
- The Group Chief Financial Officer ("Group CFO") provides the Board with quarterly financial reports, which includes key financial indicators;
- Management information, which includes the monthly management reports covering both key financial and operational information, is provided to key Management for monitoring of performance against the business plan;
- Management meetings are held regularly to identify, discuss and resolve strategic, operational, financial and key management issues; and
- The Audit & Risk Management Committee reviews the Group's quarterly financial performance, together with Management, which is subsequently reported to the Board.

(e) Insurance

- Insurance and physical safeguards over major assets are in place to ensure that the assets of the Group are covered against any mishaps that may result in material losses to the Group. The insurance coverage is reviewed at regular intervals to ensure its adequacy vis-à-vis the Group's risk appetite.

These key elements are relevant across Group operations and provide continuous assurance to increasingly higher levels of Management and, ultimately, to the Board. The processes are reviewed by the Internal Auditors, which evaluate the adequacy and effectiveness of the system of internal controls. Planned corrective actions are independently monitored for timely completion.

Commentary on the Adequacy and Effectiveness of the Group's Risk Management and Internal Control Systems

The Board has received assurance in writing from the Group CEO and the Group CFO that the Group's risk management and internal control system has been operating adequately and effectively, in all material respects, during the financial year under review and up to the date of this Statement. Based on this assurance, the input from external and internal auditors, as well as the Board's review, the Board is of the view that the risk management and internal control system is adequate to meet the needs of the Group in addressing financial, operational and compliance risks and have not resulted in any material losses, contingencies or uncertainties that would require disclosure in the Group's annual report. Notwithstanding this, the Board and Key Senior Management remain committed to strengthening the Group's control environment and processes. Ongoing measures and appropriate action plans will be put in place to enhance the Group's system of internal control as and when necessary.

Pursuant to Paragraph 15.23 of the Main Market Listing Requirements of Bursa Malaysia, the external auditors have reviewed this Statement for inclusion in the Annual Report of the Group for the year ended 31 December 2021 and reported to the Board that nothing has come to their attention which caused them to believe that the Statement intended to be included in the Annual Report of the Company was not prepared, in all material respects, in accordance with the disclosures required by Paragraphs 41 and 42 of the Guidelines, nor was it factually inaccurate. The review of this Statement by external auditors was performed in accordance with the scope set out in Audit and Assurance Practice Guides 3, Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report, issued by the Malaysia Institute of Accountants.

This Statement is made in accordance with the resolution of the Board of Directors dated 15 April 2022.

STATEMENT OF RESPONSIBILITY BY DIRECTORS

IN RESPECT OF THE PREPARATION OF THE ANNUAL AUDITED FINANCIAL STATEMENTS

The Directors are responsible for ensuring that the annual audited financial statements of the Group and of the Company are drawn up in accordance with the requirements of the applicable Malaysian Financial Reporting Standards, International Financial Reporting Standards, the provisions of the Companies Act 2016 and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The Directors are also responsible for ensuring that the annual audited financial statements of the Group and of the Company are prepared with reasonable accuracy from the accounting records which give a true and fair view of the financial position of the Group and of the Company as at 31 December 2021 and of their financial performance and cash flows for the financial year ended 31 December 2021.

In preparing the annual audited financial statements, the Directors have:

- Selected suitable accounting policies and applied them consistently;
- Made judgments and estimates that are reasonable and prudent; and
- Made an assessment of the Group's and of the Company's ability to continue as a going concern.

The Directors also have a general responsibility to take reasonable steps to safeguard the assets of the Group and of the Company, to prevent and detect fraud and other irregularities.

This Statement is made in accordance with the resolution of the Board of Directors dated 15 April 2022.

FINANCIAL STATEMENTS

DIRECTORS' REPORT

The directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2021.

Principal activities

The principal activities of the Company are investment holding, the smelting of tin concentrates and tin bearing materials, the production of various grades of refined tin metal under the MSC brand name and the sales and delivery of refined tin metal and by-products.

The principal activities of the subsidiaries are tin mining, tin warehousing, property holding and rental, and investment holding. Other information relating to the subsidiaries are disclosed in Note 19 to the financial statements.

Results

	Group RM'000	Company RM'000
Profit net of tax	**118,486**	**15,641**
Profit attributable to:		
Owners of the Company	118,058	15,641
Non-controlling interests	428	-
	118,486	**15,641**

There were no material transfers to or from reserves or provisions during the financial year other than as disclosed in the financial statements.

In the opinion of the directors, the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature other than those disclosed in Notes 12 and 24 to the financial statements respectively.

Dividends

The amount of dividend paid by the Company since 31 December 2020 was as follows:

	RM'000
In respect of the financial year ended 31 December 2020:	
First and final single-tier dividend of RM0.01 per share on 400,000,000 ordinary shares, declared on 18 June 2021 and paid on 23 July 2021	4,000

Subject to the approval of the members at the forthcoming Annual General Meeting of the Company, the directors recommend the payment of a first and final single-tier dividend of RM0.07 per share amounting to RM29,400,000 for the financial year ended 31 December 2021.

The financial statements for the financial year ended 31 December 2021 do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in shareholders' equity as an appropriation of retained earnings in the financial year ending 31 December 2022.

DIRECTORS' REPORT

Share capital

During the financial year, the Company increased its issued and paid-up ordinary share capital from RM200,000,000 to RM237,194,000 by way of issuance of 20,000,000 ordinary shares through a private placement at an issue price of RM1.90 per ordinary share. The proceeds from the issuance of shares is net of transaction costs of RM806,000.

The new ordinary shares issued during the financial year ranked pari passu in all respects with the existing ordinary shares of the Company.

Directors

The name of the directors of the Company in office since the beginning of the financial year to the date of this report are:

Ms. Chew Gek Khim	(Chairman)
Mr. Chia Chee Ming, Timothy	
Mr. John Mathew A/L Mathai	
Datuk Kamaruddin Bin Taib*	
Dato' Dr. (Ir.) Yong Mian Thong	
Dato' Roslina Binti Zainal	(Appointed on 2 August 2021)
Mr. Yap Seng Chong*	(Appointed on 31 December 2021)
Datuk Lim Hong Tat*	(Appointed on 28 January 2022)
Dato' Robert Teo Keng Tuan	(Resigned on 31 December 2021)

* Being members of Audit Committee as at the date of this report

In accordance with Clause 102 of the Constitution of the Company, Dato' Dr. (Ir.) Yong Mian Thong and Datuk Kamaruddin Bin Taib retire by rotation at the forthcoming Annual General Meeting and being eligible offer themselves for re-election.

In accordance with Clause 109 of the Constitution of the Company, Dato' Roslina Binti Zainal, Mr. Yap Seng Chong and Datuk Lim Hong Tat retire at the forthcoming Annual General Meeting and being eligible offer themselves for re-election.

The name of the directors of the Company's subsidiaries in office since the beginning of the financial year to the date of this report are:

Ms. Chew Gek Khim	
Mr. John Mathew A/L Mathai	
Dato' Dr. (Ir.) Yong Mian Thong	
Mr. Lee Hock Chye	
Mr. Raveentiran A/L Krishnan	
Mr. Madzlan Bin Zam	
Dato' Abdul Aziz Bin Mohamed	
(Alternate: Dato' Hj Mohd Abdah Bin Mohd Alif)	
Ms. Tan Wei Tze	(Appointed on 15 January 2021)
En. Zihanz Alymann Bin Kamarul Zaman	(Resigned on 30 June 2021)
Mr. Mohd Najib Bin Jaafar	(Demised on 30 March 2022)

DIRECTORS' REPORT

Directors' benefits

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the directors might acquire benefits by means of acquisition of shares in or debentures of the Company or any other body corporate.

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors as shown below) by reason of a contract made by the Company or a related corporation with any director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

The directors' benefits are as follows:

	Group RM'000	Company RM'000
Fees	482	457
Salary, bonus and benefits-in-kind	1,783	1,783
	2,265	2,240

Indemnities of directors or officers

During the financial year, the directors and officers of the Group and of the Company are covered under the Directors & Officers Management Liability Insurance ("D&O Insurance") in respect of liabilities arising from acts committed in their respective capacity as, inter alia, the directors and officers of the Group and of the Company subject to the terms of the D&O Insurance. The total insured limit of D&O Insurance effected for the directors and officers of the Group and of the Company was RM30 million.

DIRECTORS' REPORT

Directors' interests

According to the register of directors' shareholdings, the interests of directors in office at the end of the financial year in shares in the holding companies, the Company and its related corporations during the financial year were as follows:

	← Number of ordinary shares			→
	1 January 2021	**Bought**	**Sold**	**31 December 2021**
Ultimate holding company				
Tan Chin Tuan Pte. Ltd.				
Direct interest				
Ms. Chew Gek Khim	92,478,922	-	-	92,478,922
Immediate holding company				
The Straits Trading Company Limited				
Direct interest				
Ms. Chew Gek Khim	741,200	-	-	741,200
Mr. Chia Chee Ming, Timothy	3,900	-	-	3,900
The Company				
Direct interest				
Ms. Chew Gek Khim	1,600,000	-	-	1,600,000
Mr. Chia Chee Ming, Timothy	-	240,000	-	240,000
Dato' Dr. (Ir.) Yong Mian Thong	360,800	20,300	-	381,100

None of the other directors in office at the end of the financial year had any interest in shares in the holding companies, the Company or its related corporations during the financial year.

DIRECTORS' REPORT

Holding companies

The immediate holding company of the Company is The Straits Trading Company Limited, a public limited liability company incorporated in Singapore and listed on the Singapore Exchange Securities Trading Limited (SGX-ST). The penultimate holding and ultimate holding companies of the Company are The Cairns Pte. Ltd. and Tan Chin Tuan Pte. Ltd. respectively, both of which are private limited liability companies incorporated in Singapore.

Other statutory information

(a) Before the statements of profit or loss and statements of financial position of the Group and of the Company were made out, the directors took reasonable steps:

(i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that there were no known bad debts and that no provision for doubtful debts was necessary; and

(ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.

(b) At the date of this report, the directors are not aware of any circumstances:

(i) which would require the write off of bad debts or to make any provision for doubtful debts in respect of the financial statements of the Group and the Company; and

(ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading.

(c) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

(d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

(e) At the date of this report, there does not exist:

(i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or

(ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.

DIRECTORS' REPORT

Other statutory information (cont'd)

(f) In the opinion of the directors:

(i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group and of the Company to meet their obligations when they fall due; and

(ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

DIRECTORS' REPORT

Auditors

The auditors, Ernst & Young PLT, have expressed their willingness to continue in office.

Auditors' remuneration is as follows:

	Group RM'000	Company RM'000
Ernst & Young	782	393

Indemnification of auditors

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young PLT, as part of the terms of its audit engagement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young PLT during or since the financial year.

Signed on behalf of the board in accordance with a resolution of the directors dated 15 April 2022.

Chew Gek Khim

Dato' Dr. (Ir.) Yong Mian Thong

STATEMENT BY DIRECTORS

PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016

We, Chew Gek Khim and Dato' Dr. (Ir.) Yong Mian Thong, being two of the directors of Malaysia Smelting Corporation Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 73 to 185 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2021 and of their financial performance and cash flows for the year then ended.

Signed on behalf of the board in accordance with a resolution of the directors dated 15 April 2022.

Chew Gek Khim

Dato' Dr. (Ir.) Yong Mian Thong

STATUTORY DECLARATION

PURSUANT TO SECTION 251(1)(B) OF THE COMPANIES ACT 2016

I, Lam Hoi Khong, being the officer primarily responsible for the financial management of Malaysia Smelting Corporation Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 73 to 185 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act 1960.

Subscribed and solemnly declared
by the abovenamed Lam Hoi Khong
at Klang, Selangor D.E.
on 15 April 2022

Lam Hoi Khong
(CA 18848)

Before me,

Tee Hsiao Mei (B272)
Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF MALAYSIA SMELTING CORPORATION BERHAD

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Malaysia Smelting Corporation Berhad, which comprise the statements of financial position as at 31 December 2021 of the Group and of the Company, and statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 73 to 185.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2021, and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the financial statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence and other ethical responsibilities

We are independent of the Group and of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

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 Group and of the Company for the current year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF MALAYSIA SMELTING CORPORATION BERHAD

Key audit matters (cont'd)

We have fulfilled the responsibilities described in the *Auditors' 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 of our audit opinion on the accompanying financial statements.

Inventories

As disclosed in Note 24 to the financial statements, the Group and the Company recorded a carrying amount of tin-bearing inventories amounting to RM774.9 million (2020: RM593.4 million) as at 31 December 2021, representing 79% and 81% (2020: 87% and 85%) of the Group's and the Company's total current assets respectively. During the year, the Group and the Company made a reversal on the write-down allowance of RM24.0 million (2020: RM7.1 million) of tin-bearing inventories previously written-down to their net realisable value.

The Company contracts with various suppliers on different terms and conditions for the purchases of tin-in-concentrates. Given the high number of different purchase contracts and with different terms and conditions, we identified the accuracy and timing of recognition of tin-in-concentrates to be an area of focus. Accordingly, we also identified the existence of tin-in–concentrate to be an area of focus in view of the magnitude of amount and voluminous quantity.

We also identified valuation of tin-in-concentrates, tin-in-process and refined tin metal as an area of focus due to the magnitude of the balances. Moreover, as the tin inventories are stated at the lower of cost and net realisable value, the determination of whether the tin inventories will be realised for a value less than cost (where the tin inventories are forecasted to be sold below cost) required management to make significant judgements and estimates.

In addressing the area of focus in respect of the existence of physical quantities, accuracy and timing of recognition of tin-in-concentrates, we performed, amongst others, the following procedures:

(a) We read the significant purchase contracts to obtain an understanding of the terms and conditions to establish the Company's rights and obligations over tin-in-concentrates purchased.

(b) We tested the relevant internal controls over the accuracy and timing of recognition of tin-in-concentrates.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF MALAYSIA SMELTING CORPORATION BERHAD

Inventories (cont'd)

In addressing the area of focus in respect of the existence of physical quantities, accuracy and timing of recognition of tin-in-concentrates, we performed, amongst others, the following procedures: (cont'd)

(c) We inspected, on a sample basis, documents which evidenced the receipt of tin-in-concentrates from suppliers.

(d) We also focused on testing purchase transactions close to the year end to establish whether the transactions were recorded in the correct accounting period.

(e) We attended and observed the physical stock counts and obtained an understanding of the tin content sampling methodology used by management.

(f) We obtained an understanding of the work performed by management's expert involved in the physical stock count.

(g) We evaluated the competence, capabilities and objectivity of the management's expert.

(h) We evaluated the appropriateness of the work performed by management's expert.

(i) We inspected, on a sample basis, roll-forward of tin inventories from physical stock count cut-off date to the reporting date, which consists of documents evidenced the receipt of tin-in-concentrates from suppliers and documents evidenced the delivery of refined tin metal to customers.

(j) We evaluated management's assessment of allowance for tin loss.

In addressing the area of focus in respect of the valuation of tin-in-concentrates, tin-in-process and refined tin metal, we performed, amongst others, the following procedures:

(a) We obtained an understanding of the Company's production process and the types of costs included in the valuation of tin-in-concentrates, tin-in-process and refined tin metal.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF MALAYSIA SMELTING CORPORATION BERHAD

Inventories (cont'd)

In addressing the area of focus in respect of the valuation of tin-in-concentrates, tin-in-process and refined tin metal, we performed, amongst others, the following procedures: (cont'd)

(b) We also obtained an understanding of the internal controls over the recording of tin-in-concentrates consumed and the valuation of different stages of tin-in-process.

(c) We inspected, on a sample basis, documents which evidenced the cost of purchase of tin-in-concentrates from suppliers and cost of production.

(d) We tested, on a sample basis, documents which evidenced the cost of production of tin-in-process and refined tin metal.

(e) We tested the arithmetic calculation of the costing of tin inventories.

In addressing the area of focus in respect of the net realisable value of tin inventories, we performed, amongst others, the following procedures:

(a) We discussed with management to obtain an understanding on the basis and assumptions used in estimating the net realisable value of the tin inventories and assessed the reasonableness of such basis and assumptions used.

(b) We evaluated the inputs used in the assumptions such as forecasted tin prices, forecasted exchange rates and further processing costs, in deriving the net realisable value of tin inventories.

(c) We tested the arithmetic calculation of the net realisable value.

Provision for mine restoration costs

As disclosed in Note 30(a) to the financial statements, the Group recorded a provision for mine restoration costs of RM38.9 million in respect of restoration obligations of its subsidiary, Rahman Hydraulic Tin Sdn. Bhd. as at 31 December 2021. The Group is required to obtain approval on its mine restoration plan from the Perak State Mineral Resources Committee, under the Mineral (Perak) Enactment 2003. The Group recognises a provision for these costs at each reporting date based on the estimated costs required to fulfil this obligation according to the methodology and plan formulated by the external consultant.

The timing of the cash outflow can only be confirmed by uncertain future events not wholly within the control of the Group and may develop in ways not initially expected. Therefore, the Group continually assesses the timing and development of the discussion with the relevant authorities. Such assessment required management to make significant judgment and estimates. Accordingly, we consider this to be an area of audit focus.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF MALAYSIA SMELTING CORPORATION BERHAD

Provision for mine restoration costs (cont'd)

In addressing this area of focus, we performed, amongst others, the following procedures:

(a) We evaluated the competence, capabilities and objectivity of the external mine restoration consultant engaged by the Group.

(b) We obtained an understanding of the methodology adopted by the consultant in formulating the restoration plan.

(c) We also evaluated the significant cost components through enquiries with the external consultant and, where relevant, we compared the cost components to past experience or quotations obtained from third party contractors and suppliers.

(d) We assessed whether the discount rate used in determining the net present value of the restoration cost reflects current market assessments of the time value of money to the liability.

(e) We also evaluated the adequacy of the Group's disclosure about the significant judgements and estimates involved in determining the provision for mine restoration costs.

Information other than the financial statements and auditors' report thereon

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon. We have obtained the Directors' Report prior to the date of this auditors' report. The remaining other information expected to be included in the annual report are expected to be made available to us after the date of this auditors' report.

Our opinion on the financial statements of the Group and of the Company 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 of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditors' report, 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 AUDITORS' REPORT

TO THE MEMBERS OF MALAYSIA SMELTING CORPORATION BERHAD

Information other than the financial statements and auditors' report thereon (cont'd)

When we read the remaining other information expected to be included in the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors of the Company and take appropriate action.

Responsibilities of the directors for the financial statements

The directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the directors are responsible for assessing the Group's and the Company'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 the directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 approved standards on auditing in Malaysia and International Standards on Auditing 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 approved standards on auditing in Malaysia and International Standards on Auditing, 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 of the Group and of the Company, 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.

Auditors' responsibilities for the audit of the financial statements (cont'd)

- 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 and the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' 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 or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company 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 auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company 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 financial statements of the Group. 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.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF MALAYSIA SMELTING CORPORATION BERHAD

Auditors' responsibilities for the audit of the financial statements (cont'd)

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 Group and of the Company for the current year and are therefore the key audit matters. We describe these matters in our auditors' 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.

Other matters

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Ernst & Young PLT
202006000003 (LLP0022760-LCA) & AF 0039
Chartered Accountants

Liew Foo Shen
No. 03349/01/2024 J
Chartered Accountant

Kuala Lumpur, Malaysia
15 April 2022

STATEMENTS OF PROFIT OR LOSS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Note	Group 2021 RM'000	Group 2020 RM'000	Company 2021 RM'000	Company 2020 RM'000
Revenue	4	1,076,560	813,359	1,076,557	813,354
Other items of income					
Dividend income	5	-	-	-	35,937
Interest income	6	367	838	1,543	1,500
Other income	7	1,459	421	3,257	2,399
Expenses					
Costs of tin mining and smelting	8	(789,641)	(680,653)	(968,684)	(751,455)
Depreciation expense	8	(10,770)	(15,823)	(5,667)	(5,336)
Amortisation expenses	8	(1,266)	(1,310)	(3)	(3)
Employee benefits expense	9	(67,000)	(57,014)	(33,247)	(32,928)
Reversal of impairment losses /(Impairment losses)	10	2,510	(2,528)	-	(5,081)
Finance costs	11	(15,768)	(15,961)	(13,385)	(12,304)
Other expenses	12	(42,522)	(12,890)	(38,318)	(8,054)
Total expenses		(924,457)	(786,179)	(1,059,304)	(815,161)
Share of results of associate and joint venture		4,433	(4,254)	-	-
Profit before tax	8	158,362	24,185	22,053	38,029
Income tax expense	13	(39,876)	(9,535)	(6,412)	(824)
Profit net of tax		118,486	14,650	15,641	37,205
Attributable to:					
Owners of the Company		118,058	15,164	15,641	37,205
Non-controlling interests		428	(514)	-	-
		118,486	14,650	15,641	37,205

	Note	Group 2021	Group 2020
Earnings per share attributable to owners of the Company (sen per share):			
- Basic and diluted	14	28.3	3.8

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

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Profit net of tax	118,486	14,650	15,641	37,205
Other comprehensive income:				
Items that will not be reclassified to profit or loss:				
Revaluation reserves on properties, net	546	4,083	(217)	1,244
Net fair value changes in quoted investments at Fair Value through Other Comprehensive Income ("FVOCI")	35,097	13,597	35,097	13,597
	35,643	17,680	34,880	14,841
Items that may be subsequently reclassified to profit or loss:				
Foreign currency translation	(3)	2	-	-
Share of foreign currency translation of associate and joint venture	45	(250)	-	-
	42	(248)	-	-
Other comprehensive income for the year, net of tax	35,685	17,432	34,880	14,841
Total comprehensive income for the year	154,171	32,082	50,521	52,046
Total comprehensive income attributable to:				
Owners of the Company	153,743	32,596	50,521	52,046
Non-controlling interests	428	(514)	-	-
Total comprehensive income for the year	154,171	32,082	50,521	52,046

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

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2021

	Note	Group 2021 RM'000	Group 2020 RM'000	Company 2021 RM'000	Company 2020 RM'000
Assets					
Non-current assets					
Property, plant and equipment	16	138,240	137,912	65,662	67,112
Right-of-use assets	17(a)	5,300	6,918	433	518
Land held for development		78,654	78,654	-	-
Intangible assets	18	3,595	3,165	143	146
Investments in subsidiaries	19	-	-	148,781	148,781
Investments in associate and joint venture	20	30,477	25,999	10,473	10,473
Investment securities	21	58,456	23,359	58,456	23,359
Other non-current assets	22	13,734	12,167	-	-
Deferred tax assets	23	6,348	9,085	-	6,128
		334,804	297,259	283,948	256,517
Current assets					
Inventories	24	789,862	604,131	804,559	610,061
Trade receivables	25	11,798	25,576	11,797	25,574
Other receivables	26	546	1,148	40,227	36,358
Trade prepayments	27	36,505	10,255	36,505	10,255
Other prepayments		1,250	1,056	914	976
Tax recoverable		17,539	17,588	17,518	16,738
Derivative financial instruments	28	-	625	-	625
Cash, bank balances and deposits	29	122,576	36,846	67,363	19,279
		980,076	697,225	978,883	719,866
Total assets		1,314,880	994,484	1,262,831	976,383

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021

	Note	Group 2021 RM'000	Group 2020 RM'000	Company 2021 RM'000	Company 2020 RM'000
Equity and liabilities					
Current liabilities					
Provisions	30	-	13,798	-	13,257
Borrowings	31	416,306	355,223	366,298	355,223
Trade and other payables	32	188,441	133,127	292,447	138,432
Lease liabilities	17(b)	380	1,621	67	64
Current tax payable		29,335	607	14	-
Derivative financial instruments	28	310	1,075	-	1,075
		634,772	505,451	658,826	508,051
Net current assets		345,304	191,774	320,057	211,815
Non-current liabilities					
Provisions	30	52,461	39,128	11,817	-
Deferred tax liabilities	23	2,961	2,554	215	-
Borrowings	31	40,000	49,357	40,000	-
Lease liabilities	17(b)	4,045	4,187	332	406
Derivative financial instruments	28	-	531	-	-
		99,467	95,757	52,364	406
Total liabilities		734,239	601,208	711,190	508,457
Net assets		580,641	393,276	551,641	467,926
Equity attributable to owners of the Company					
Share capital	33	237,194	200,000	237,194	200,000
Other reserves	34	57,517	21,832	44,270	9,390
Retained earnings		285,727	171,669	270,177	258,536
		580,438	393,501	551,641	467,926
Non-controlling interests		203	(225)	-	-
Total equity		580,641	393,276	551,641	467,926
Total equity and liabilities		1,314,880	994,484	1,262,831	976,383

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

			Attributable to owners of the Company							
				Non-distributable					Distributable	
	Note	Total equity RM'000	Equity attributable to owners of the Company, total RM'000	Share capital RM'000	Revaluation reserves RM'000	Foreign currency translation reserves RM'000	FVOCI reserves RM'000	Other reserve RM'000	Retained earnings RM'000	Non-controlling interests RM'000
Group										
At 1 January 2020		369,194	368,905	200,000	8,277	1,273	(6,856)	1,706	164,505	289
Profit for the year		14,650	15,164	-	-	-	-	-	15,164	(514)
Other comprehensive income		17,432	17,432	-	4,083	(248)	13,597	-	-	-
Total comprehensive income		32,082	32,596	-	4,083	(248)	13,597	-	15,164	(514)
Transaction with owners of the Company:										
Dividend	15	(8,000)	(8,000)	-	-	-	-	-	(8,000)	-
At 31 December 2020		393,276	393,501	200,000	12,360	1,025	6,741	1,706	171,669	(225)

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

			Attributable to owners of the Company							
				Non-distributable					Distributable	
	Note	Total equity RM'000	Equity attributable to owners of the Company, total RM'000	Share capital RM'000	Revaluation reserves RM'000	Foreign currency translation reserves RM'000	FVOCI reserves RM'000	Other reserve RM'000	Retained earnings RM'000	Non-controlling interests RM'000
Group										
At 1 January 2021		393,276	393,501	200,000	12,360	1,025	6,741	1,706	171,669	(225)
Profit for the year		118,486	118,058	-	-	-	-	-	118,058	428
Other comprehensive income		35,685	35,685	-	546	42	35,097	-	-	-
Total comprehensive income		154,171	153,743	-	546	42	35,097	-	118,058	428
Transactions with owners of the Company:										
Issue of ordinary shares	33	37,194	37,194	37,194	-	-	-	-	-	-
Dividend	15	(4,000)	(4,000)	-	-	-	-	-	(4,000)	-
Total transactions with owners of the Company		33,194	33,194	37,194	-	-	-	-	(4,000)	-
At 31 December 2021		580,641	580,438	237,194	12,906	1,067	41,838	1,706	285,727	203

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Note	Total equity RM'000	Share capital RM'000	Revaluation reserves RM'000	FVOCI reserves RM'000	Retained earnings RM'000
			← Non-distributable		→	Distributable
Company						
At 1 January 2020		423,880	200,000	1,405	(6,856)	229,331
Profit for the year		37,205	-	-	-	37,205
Other comprehensive income		14,841	-	1,244	13,597	-
Total comprehensive income		52,046	-	1,244	13,597	37,205
Transaction with owners of the Company:						
Dividend	15	(8,000)	-	-	-	(8,000)
At 31 December 2020		467,926	200,000	2,649	6,741	258,536

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

			← Non-distributable	→		Distributable
	Note	Total equity RM'000	Share capital RM'000	Revaluation reserves RM'000	FVOCI reserves RM'000	Retained earnings RM'000
Company						
At 1 January 2021		467,926	200,000	2,649	6,741	258,536
Profit for the year		15,641	-	-	-	15,641
Other comprehensive income		34,880	-	(217)	35,097	-
Total comprehensive income		50,521	-	(217)	35,097	15,641
Transactions with owners of the Company:						
Issue of ordinary shares	33	37,194	37,194	-	-	-
Dividend	15	(4,000)	-	-	-	(4,000)
Total transactions with owners of the Company		33,194	37,194	-	-	(4,000)
At 31 December 2021		551,641	237,194	2,432	41,838	270,177

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

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

		Group		Company	
	Note	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Operating activities					
Profit before tax		158,362	24,185	22,053	38,029
Adjustments for:					
Amortisation	8	1,266	1,310	3	3
Bad debts written off	12	-	20	-	-
Deferred mine exploration and evaluation expenditures written off	8	-	12	-	-
Depreciation	8	10,770	15,823	5,667	5,336
Dividend income received from a subsidiary	5	-	-	-	(35,937)
Fair value changes in forward currency contracts	7,12	404	(10)	625	453
Fair value changes in forward tin contracts	7,12	(1,075)	278	(1,075)	278
Gain on disposal of property, plant and equipment and lease modification		-	(127)	-	(17)
Impairment of corporate club memberships	10	-	49	-	49
(Reversal of impairment)/Impairment of mine properties	10	(1,920)	1,920	-	-
(Reversal of impairment)/Impairment of mining rights	10	(590)	590	-	-
Impairment of receivables	10	-	36	-	36
(Reversal of impairment)/Impairment of investments in associate and joint venture	10	-	(67)	-	4,996
Interest expense		14,614	14,498	13,370	12,289
Interest income	6	(367)	(838)	(1,543)	(1,500)
Reversal of inventories written down to net realisable value	8	(24,000)	(7,100)	(24,000)	(7,100)
Property, plant and equipment expensed off	16	162	-	162	-
Property, plant and equipment written off	12	12	123	11	122
(Reversal of provision)/Provision for voluntary separation/ retrenchment compensation	9	(1,440)	418	(1,440)	418
Reversal of revaluation deficit on property	7	-	-	-	(96)
Share of results of associate and joint venture		(4,433)	4,254	-	-
Unrealised loss/(gain) on exchange		976	43	325	(55)
Unwinding of discount on provision	11	1,139	1,448	-	-
Operating cash flows before changes in working capital		153,880	56,865	14,158	17,304

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Note	Group 2021 RM'000	Group 2020 RM'000	Company 2021 RM'000	Company 2020 RM'000
Operating activities (cont'd)					
Increase in inventories		(161,731)	(129,588)	(170,498)	(135,637)
Decrease/(Increase) in receivables		14,407	(10,145)	13,909	(10,262)
Decrease in amount due from subsidiaries		-	-	4,286	4,271
Increase in trade prepayments		(26,250)	(4,619)	(26,250)	(4,619)
(Increase)/Decrease in other prepayments		(313)	909	(61)	(59)
Increase in payables		54,586	2,206	43,731	2,788
Decrease in amount due to immediate holding company		(30)	(33)	(30)	(33)
Increase/(Decrease) in amount due to subsidiaries		-	-	64,311	(29,151)
Cash generated from/(used in) operations		34,549	(84,405)	(56,444)	(155,398)
Income tax (paid)/refunded		(8,127)	(5,140)	(766)	3,734
Interest paid		(14,066)	(14,873)	(12,127)	(12,132)
Payment for voluntary separation compensation		-	(2,016)	-	(2,016)
Net cash generated from/(used in) operating activities		12,356	(106,434)	(69,337)	(165,812)
Investing activities					
Advances given to subsidiaries		-	-	(7,349)	(9,916)
Interest received		367	838	236	529
Net dividend received from a subsidiary	5	-	-	-	35,937
Payment for right-of-use assets		(34)	(781)	-	-
Payment for deferred mine exploration and evaluation expenditures and mine properties	22	(835)	(1,319)	-	-
Proceeds from disposal of property, plant and equipment		-	115	-	3
Purchase of property, plant and equipment		(8,740)	(14,674)	(4,394)	(7,810)
Net cash (used in)/generated from investing activities		(9,242)	(15,821)	(11,507)	18,743

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Note	Group 2021 RM'000	Group 2020 RM'000	Company 2021 RM'000	Company 2020 RM'000
Financing activities					
Advances received from a subsidiary		-	-	45,000	16,000
Dividend paid	15	(4,000)	(8,000)	(4,000)	(8,000)
Drawdown of term loan		40,000	-	40,000	-
Drawdown of short term trade borrowings		10,851	138,396	10,851	138,396
Payment of lease liabilities		(1,383)	(6,998)	(71)	(201)
Proceeds from issuance of ordinary shares	33	37,194	-	37,194	-
Net cash generated from financing activities		82,662	123,398	128,974	146,195
Net increase/(decrease) in cash and cash equivalents		85,776	1,143	48,130	(874)
Effect of changes in foreign exchange rates		(46)	(35)	(46)	(35)
Cash and cash equivalents as at 1 January		36,846	35,738	19,279	20,188
Cash and cash equivalents as at 31 December	29	122,576	36,846	67,363	19,279

Reconciliation of liabilities arising from financing activities:

Group

2021	**Carrying amount as at 1 January 2021 RM'000**	**Cash flows RM'000**	**Non-cash changes: Foreign exchange movement RM'000**	**Carrying amount as at 31 December 2021 RM'000**
Lease liabilities	5,808	(1,383)	-	4,425
Loan from immediate holding company	73,461	-	-	73,461
Short term trade borrowings	355,223	10,851	224	366,298
Term loans	49,357	40,000	651	90,008
Total liabilities from financing activities	**483,849**	**49,468**	**875**	**534,192**

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

Reconciliation of liabilities arising from financing activities (cont'd):

Group

2020	Carrying amount as at 1 January 2020 RM'000	Cash flows RM'000	Non-cash changes: Additions RM'000	Non-cash changes: Derecognition RM'000	Non-cash changes: Foreign exchange movement RM'000	Carrying amount as at 31 December 2020 RM'000
Lease liabilities	10,120	(6,998)	3,906	(1,220)	-	5,808
Loan from immediate holding company	73,461	-	-	-	-	73,461
Short term trade borrowings	216,912	138,396	-	-	(85)	355,223
Term loan	49,259	-	-	-	98	49,357
Total liabilities from financing activities	**349,752**	**131,398**	**3,906**	**(1,220)**	**13**	**483,849**

Company

2021	Carrying amount as at 1 January 2021 RM'000	Cash flows RM'000	Non-cash changes: Foreign exchange movement RM'000	Carrying amount as at 31 December 2021 RM'000
Lease liabilities	470	(71)	-	399
Loan from immediate holding company	73,461	-	-	73,461
Short term trade borrowings	355,223	10,851	224	366,298
Term loan	-	40,000	-	40,000
Total liabilities from financing activities	**429,154**	**50,780**	**224**	**480,158**

2020	Carrying amount as at 1 January 2020 RM'000	Cash flows RM'000	Non-cash changes: Additions RM'000	Non-cash changes: Foreign exchange movement RM'000	Carrying amount as at 31 December 2020 RM'000
Lease liabilities	1,102	(201)	(431)	-	470
Loan from immediate holding company	73,461	-	-	-	73,461
Short term trade borrowings	216,912	138,396	-	(85)	355,223
Total liabilities from financing activities	**291,475**	**138,195**	**(431)**	**(85)**	**429,154**

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

1. Corporate information

The Company is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of the Bursa Malaysia Securities Berhad. The Company is secondarily listed on the Singapore Exchange Securities Trading Limited ("SGX-ST"). The Registered Office of the Company is located at Lot 6, 8 & 9, Jalan Perigi Nanas 6/1, Pulau Indah Industrial Park, West Port, Port Klang, 42920 Pulau Indah, Selangor, Malaysia. The principal place of business of the Company is located at Lot 6, 8 & 9, Jalan Perigi Nanas 6/1, Pulau Indah Industrial Park, West Port, Port Klang, 42920 Pulau Indah, Selangor, Malaysia.

The immediate holding company of the Company is The Straits Trading Company Limited, a public limited liability company incorporated in Singapore and listed on the SGX-ST which publishes financial statements available for public use. The penultimate holding and ultimate holding companies of the Company are The Cairns Pte. Ltd. and Tan Chin Tuan Pte. Ltd. respectively, both of which are private limited liability companies incorporated in Singapore.

The principal activities of the Company are investment holding, the smelting of tin concentrates and tin bearing materials, the production of various grades of refined tin metal under the MSC brand name and the sales and delivery of refined tin metal and by-products. The principal activities of the subsidiaries, associate and joint venture are set out in Notes 19 and 20 respectively.

There have been no significant changes in the nature of the principal activities during the financial year.

2. Summary of significant accounting policies

2.1 Basis of preparation

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

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 all values are rounded to the nearest thousand ("RM'000") except when otherwise indicated.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

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

2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except as follow:

On 1 January 2021, the Group and the Company have adopted the following amendments to MFRS mandatory for annual financial periods beginning on or after 1 January 2021.

Description	*Effective for annual periods beginning on or after*
Amendments to MFRS 9 Financial Instruments, MFRS 139 Financial Instruments: Recognition and Measurement, MFRS 7 Financial Instruments: Disclosures – Interest Rate Benchmark Reform, MFRS 4 Insurance Contracts and MFRS 16 Leases *(Interest Rate Benchmark Reform – Phase 2)*	1 January 2021
Amendment to MFRS 16 Leases *(COVID-19 Related Rent Concessions beyond 30 June 2021)*	1 April 2021

Amendments to MFRS 9 Financial Instruments, MFRS 139 Financial Instruments: Recognition and Measurement, MFRS 7 Financial Instruments: Disclosures – Interest Rate Benchmark Reform, MFRS 4 Insurance Contracts and MFRS 16 Leases (Interest Rate Benchmark Reform – Phase 2)

The amendments provide practical expedients whereby modifications due to changes in interest rate benchmark resulting from interest rate benchmark reform, would only require an update to the effective interest rate to reflect the change in the interest rate benchmark and would not result in derecognition or adjustment to the carrying amount of financial instruments and leases. The amendments also provide practical reliefs for hedge accounting requirements. These amendments had no material impact on the consolidated financial statements of the Group and the Company. The Group and the Company intend to use the practical expedients in future periods if they become applicable. As at reporting date, transitional activities are currently ongoing, and the Group and the Company have no transactions for which the benchmark rate had been replaced with an alternative benchmark rate.

Adoption of the above standards did not have material impact on the financial performance or position of the Group and of the Company.

2.3 Standards issued but not yet effective

The Group and the Company have not adopted the following standards that have been issued but not yet effective.

Description	*Effective for annual periods beginning on or after*
Amendments to MFRS 9 Financial Instruments and Illustrative Examples accompanying MFRS 16 Leases *(Annual Improvements to MFRS Standards 2018 – 2020)*	1 January 2022

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

2.3 Standards issued but not yet effective (cont'd)

The Group and the Company have not adopted the following standards that have been issued but not yet effective. (cont'd)

Description	*Effective for annual periods beginning on or after*
Amendments to MFRS 3 Business Combinations *(Reference to Conceptual Framework)*	1 January 2022
Amendments to MFRS 116 Property, Plant and Equipment *(Property, Plant and Equipment – Proceeds before Intended Use)*	1 January 2022
Amendments to MFRS 137 Provisions, Contingent Liabilities and Contingent Assets *(Onerous Contracts – Cost of Fulfilling a Contract)*	1 January 2022
MFRS 17 Insurance Contracts	1 January 2023
Amendments to MFRS 17 Insurance Contracts *(Initial Application of MFRS 17 and MFRS 9 – Comparative Information)*	1 January 2023
Amendments to MFRS 101 Presentation of Financial Statements *(Classification of Liabilities as Current or Non-current)*	1 January 2023
Amendments to MFRS 101 Presentation of Financial Statements and MFRS Practice Statement 2 *(Disclosure of Accounting policies)*	1 January 2023
Amendments to MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors *(Definition of Accounting Estimates)*	1 January 2023
Amendments to MFRS 112 Income Taxes *(Deferred Tax related to Assets and Liabilities arising from a Single Transaction)*	1 January 2023
Amendments to MFRS 10 and MFRS 128 Consolidated Financial Statement: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

The Group and the Company will adopt the above new standards when they become effective. A brief discussion on the above significant new standards is summarised below:

Amendments to MFRS 9 Financial Instruments (Annual Improvements to MFRS Standards 2018-2020)

The Amendments to MFRS 9 clarifies the fees a company includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability.

Amendments to Illustrative Examples accompanying MFRS 16 Leases (Annual Improvements to MFRS Standard 2018-2020)

The Amendments to MFRS 16 deletes from Illustrative Example 13 the reimbursement relating to leasehold improvements in order to remove any potential confusion regarding the treatment of lease incentives.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

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

2.3 Standards issued but not yet effective (cont'd)

Amendments to MFRS 116 Property, Plant and Equipment *(Property, Plant and Equipment – Proceeds before Intended Use)*

The Amendments to MFRS 116 prohibits a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company shall recognise such sales proceeds and related cost in profit or loss.

Amendments to MFRS 137 Provisions, Contingent Liabilities and Contingent Assets *(Onerous Contracts – Cost of Fulfilling a Contract)*

The Amendments to MFRS 137 specify which costs an entity includes in determining the cost of fulfilling a contract for the purpose of assessing whether the contract is onerous.

Amendments to MFRS 101 Presentation of Financial Statements *(Classification of Liabilities as Current or Non-current)*

The Amendments to MFRS 101 aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. The amendments include clarifying the classification requirements for debt a company might settle by converting it into equity.

The amendments clarify, not change, existing requirements, and so are not expected to affect companies' financial statements significantly. However, they could result in companies reclassifying some liabilities from current to non-current, and vice versa; this could affect a company's loan covenants.

Amendments to MFRS 101 Presentation of Financial Statements and MFRS Practice Statement 2 *(Disclosure of Accounting policies)*

The Amendments to MFRS 101 requires entities to disclose their material accounting policy information rather than their significant accounting policies. The Amendments, amongst others, also include examples of circumstances in which an entity is likely to consider an accounting policy information to be material to its financial statements.

To support the Amendments to MFRS 101, MFRS Practice Statement 2 was also amended to provide guidance on how to apply the concept of materiality to accounting policy information disclosures. The guidance and examples provided in the MFRS Practice Statement 2 highlight the need to focus on entity-specific information and demonstrate how the four-step materiality process can address standardised (or boilerplate) information and duplication of requirements of MFRSs in the accounting policy information disclosures.

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

2.3 Standards issued but not yet effective (cont'd)

Amendments to MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors *(Definition of Accounting Estimates)*

The Amendments to MFRS 108 revises the definition of accounting estimates to clarify how companies should distinguish changes in accounting policies from changes in accounting estimates. The distinction is important because changes in accounting estimates are applied prospectively to transactions, other events, or conditions from the date of that change, but changes in accounting policies are generally also applied retrospectively to past transactions and other past events.

Amendments to MFRS 112 Income Taxes *(Deferred Tax related to Assets and Liabilities arising from a Single Transaction)*

The Amendments to MFRS 112 specifies how companies should account for deferred tax on transactions such as leases and decommissioning obligation. In specified circumstances, MFRS 112 exempts companies from recognising deferred tax when they recognise assets or liabilities for the first time.

2.4 Basis of consolidation

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

The Company controls an investee if and only if the Company has all the following:

(i) Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
(ii) Exposure, or rights, to variable returns from its involvement with the investee; and
(iii) The ability to use its power over the investee to affect its returns.

When the Company has less than a majority of the voting rights of an investee, the Company considers the following in assessing whether or not the Company's voting rights in an investee are sufficient to give it power over the investee:

(i) The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
(ii) Potential voting rights held by the Company, other vote holders or other parties;
(iii) Rights arising from other contractual arrangements; and
(iv) Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

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

2.4 Basis of consolidation (cont'd)

Subsidiaries are consolidated when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

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

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. The resulting difference is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets and liabilities of the subsidiary and any non-controlling interest, is recognised in profit or loss. The subsidiary's cumulative gain or loss which has been recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss or where applicable, transferred directly to retained earnings. The fair value of any investment retained in the former subsidiary at the date control is lost is regarded as the cost on initial recognition of the investment.

Business combinations

Acquisitions of subsidiaries are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. The Group elects on a transaction-by-transaction basis whether to measure the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Transaction costs incurred are expensed and included in administrative expenses.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes in the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in profit or loss. If the contingent consideration is classified as equity, it will not be remeasured. Subsequent settlement is accounted for within equity.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

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

2.4 Basis of consolidation (cont'd)

Business combinations (cont'd)

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

2.5 Subsidiaries

A subsidiary is an entity over which the Company has all the following:

(i) Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);

(ii) Exposure, or rights, to variable returns from its involvement with the investee; and

(iii) The ability to use its power over the investee to affect its returns.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less accumulated impairment losses, if any. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

The policy for the recognition and measurement of impairment losses is in accordance with Note 2.12.

2.6 Investments in associate and joint venture

An associate is an entity in which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

On acquisition of an investments in associate or joint venture, any excess of the cost of investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill and included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities of the investee over the cost of investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of the associate's or joint venture's profit or loss for the period in which the investment is acquired.

An associate or a joint venture is equity accounted for from the date on which the investee becomes an associate or a joint venture.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

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

2.6 Investments in associate and joint venture (cont'd)

Under the equity method, on initial recognition, the investments in associate or joint venture is recognised at cost, and the carrying amount is increased or decreased to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture after the date of acquisition. When the Group's share of losses in an associate or a joint venture equals or exceeds its interest in the associate or joint venture, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

Profits and losses resulting from upstream and downstream transactions between the Group and its associate or joint venture are recognised in the Group's financial statements only to the extent of unrelated investors' interests in the associate or joint venture. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred.

The financial statements of the associate and joint venture are prepared as of the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investments in associate or joint venture. The Group determines at the end of each reporting period whether there is any objective evidence that the investment in the associate or joint venture is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value and recognises the amount in profit or loss.

In the Company's separate financial statements, investments in associate and joint venture are accounted for at cost less accumulated impairment losses, if any. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

The policy for the recognition and measurement of impairment losses is in accordance with Note 2.12.

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

2.7 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The costs of intangible assets acquired in a business combination are their fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any.

Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in profit or loss in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired.

The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in profit or loss.

The useful lives of the intangible assets of the Group are as follows:

Mining rights	4 to 11 years
Corporate club memberships	71 to 73 years

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

The policy for the recognition and measurement of impairment losses is in accordance with Note 2.12.

(i) Mining rights

Mining rights acquired are stated at their fair values as at the date of acquisition. Following initial recognition, mining rights are carried at cost less accumulated amortisation and accumulated impairment losses, if any.

Mining rights are amortised based on the unit-of-production method so as to write off the mining rights in proportion to the depletion of the estimated economically recoverable ore resources. Changes in the estimated economically recoverable ore resources are accounted for on a prospective basis.

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

2.7 Intangible assets (cont'd)

(ii) Corporate club memberships

Club memberships acquired separately are measured on initial recognition at cost. Following initial recognition, club memberships are carried at cost less accumulated amortisation and accumulated impairment losses, if any. Club memberships are amortised on a straight-line basis over the finite useful life.

2.8 Mine exploration, evaluation expenditures and mine properties

a) Deferred mine exploration and evaluation expenditures

Exploration and evaluation activity involves the search for mineral resources, the determination of technical feasibility and the assessment of commercial viability of an identified resource.

Exploration and evaluation activity includes:

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

Licence costs paid in connection with a right to explore in an existing exploration area are capitalised and amortised based on the unit-of-production method.

Mine exploration and evaluation expenditures incurred for a new area of interest are accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage that permits a reasonable assessment of the existence of economically recoverable ore resources. These costs also include directly attributable employee remuneration, materials used and overhead costs.

Once an economically mineable resource for an area of interest is established and development is sanctioned, such exploration and evaluation expenditure is transferred to mine properties. No amortisation is charged during the exploration and evaluation phase.

The policy for the recognition and measurement of impairment losses is in accordance with Note 2.12.

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

2.8 Mine exploration, evaluation expenditures and mine properties (cont'd)

b) Mine properties

Mine properties are stated at cost less accumulated amortisation and accumulated impairment losses, if any.

All expenditures incurred in connection with development activities in respect of each mine property, which includes all activities conducted in the preparation of economically recoverable ore resources until commercial production are accumulated in respect of each mine property. Exploration and evaluation expenditure is also transferred to mine properties once the work completed to date for the area supports the future development of the property and such development received appropriate approvals. These costs are only deferred to the extent that they are expected to be recouped through the successful development of the area.

Waste removal (stripping) costs incurred during the production phase of a surface mine (production stripping costs) are only capitalised to mine property expenditure when all the following criteria are met:

a. It is probable that the future economic benefits (improved access to an ore body) associated with the stripping activity will flow to the entity;
b. The entity can identify the component of an ore body for which access has been improved; and
c. The costs relating to the improved access to that component can be measured reliably.

Expenditure for a mine property which is considered to provide minimal benefit to future periods is recognised as an expense in profit or loss.

When production for a mine property commences, the accumulated cost for the mine property is amortised based on the unit-of-production method so as to write off the expenditure in proportion to the depletion of the estimated economically recoverable ore resources. Changes in the estimated economically recoverable ore resources are accounted for on a prospective basis.

A review is carried out annually on the carrying amount of a mine property to determine whether there is any indication of impairment. An impairment loss is recognised as an expense in profit or loss.

The policy for the recognition and measurement of impairment losses is in accordance with Note 2.12.

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

2.9 Mine restoration expenditure

Restoration expenditure incurred during the production phase of operations is recognised in profit or loss as part of the cost of production of the mine property concerned.

Significant mine restoration expenditure to be incurred subsequent to the cessation of production of each mine property is provided based on the present value of the estimated expenditure to be incurred.

2.10 Property, plant and equipment and depreciation

Property, plant and equipment, other than land and buildings are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing parts of the property, plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced at intervals, the Group and the Company recognise such parts as individual assets with specific useful lives and depreciate them accordingly. 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. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Land and buildings are measured at fair value less accumulated depreciation and impairment losses recognised after the date of the revaluation. Valuations are performed with sufficient regularity to ensure that the fair value of a revalued asset does not differ materially from its carrying amount.

Any revaluation surplus is recorded in other comprehensive income and hence, credited to the revaluation reserve in equity, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss, in which case, the increase is recognised in profit or loss. A revaluation deficit is recognised in profit or loss, except to the extent that it offsets an existing surplus on the same asset recognised in the revaluation reserve.

The accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Upon disposal, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings.

In the tin mining subsidiaries, plant and equipment including mine restoration asset, used in mining are depreciated using the unit-of-production method based on economically recoverable ore except in cases of assets whose useful life is shorter than the life of mine, in which case, the straight-line method is applied. Changes in the estimated economically recoverable ore resources and the useful lives of plant and equipment are accounted for on a prospective basis.

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

2.10 Property, plant and equipment and depreciation (cont'd)

Freehold land has an unlimited useful life and therefore is not depreciated. Capital work-in-progress are also not depreciated as these assets are not available for use. Depreciation of other property, plant and equipment of the Group and of the Company is provided for on a straight-line method to write off the cost of each asset to its residual value over the shorter of their estimated economic useful lives or life of the mine where appropriate. The estimated useful lives are as follows:

Leasehold land	80 years
Buildings	10 to 40 years
Plant, equipment and vehicles	3 to 25 years
Furniture	4 to 10 years

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss when the asset is derecognised.

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate.

The policy for the recognition and measurement of impairment losses is in accordance with Note 2.12.

2.11 Land held for development

Land held for development consists of land (representing long-term inventories) on which no significant development work has been undertaken other than earthwork, infrastructure work and professional fees incurred to put the land ready for development or where development activities are not expected to be completed within the normal operating cycle. Such land is classified as non-current asset and is stated at the lower of cost and net realisable value.

Cost associated with the acquisition of land include the purchase price of the land, professional fees, stamp duties, commissions, conversion fees and other relevant levies.

Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and applicable variable selling expenses.

Land held for development is transferred to property development costs (under current assets) when development activities have commenced and where the development activities can be completed within the Group's normal operating cycle.

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

2.12 Impairment of non-financial assets

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

An asset's recoverable amount is the higher of an asset's or cash-generating unit's ("CGU") 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 groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses of continuing operations are recognised in profit or loss, except for a property previously revalued and the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

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 unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

2.13 Financial assets

Initial recognition and measurement

Financial assets are recognised when, only when the entity becomes party to the contractual provisions of the instruments.

At initial recognition, the Group and the Company measure 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 and the Company expect to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third party if the trade receivables do not contain a significant financing component at initial recognition.

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

2.13 Financial assets (cont'd)

Subsequent measurement

Investments in debt instruments

Subsequent measurement of debt instruments depends on the Group's and the Company's business model for managing the asset and the contractual cash flow characteristics of the asset. The three measurement categories for classification of debt instruments are:

- 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 rate method, less impairment. Gains and losses are recognised in profit or loss when the assets are derecognised or impaired, and through amortisation process.

- Fair value through other comprehensive income ("FVOCI")

  Financial assets that are held for collection of contractual of cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Financial assets measured at FVOCI are subsequently measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except for impairment losses, foreign exchange gains and losses and interest calculated using the effective interest rate method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised.

- Fair value through profit or loss

  Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt instrument that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss in the period in which it arises. Interest income from these financial assets is included in finance income.

Investment in equity instruments

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

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

2.13 Financial assets (cont'd)

Subsequent measurement (cont'd)

Derivatives

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. Changes in fair value of derivatives are recognised in profit or loss.

Derecognition

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.

2.14 Impairment of financial assets

The Group and the Company assess at each financial year end whether there has been a significant increase in credit risk for financial assets by comparing the risk of default occurring over the expected life with the risk of default since initial recognition. In determining whether credit risk on a financial asset has increased significantly since initial recognition, the Group and the Company use external credit rating and other supportive information to assess deterioration in credit quality of a financial asset where practical. The Group and the Company assess whether the credit risk on a financial asset has increased significantly on an individual or collective basis. For collective basis evaluation, financial assets are grouped on the basis of similar risk characteristics.

The Group and the Company consider past loss experience and observable data such as current changes and future forecasts in economic conditions to estimate the amount of expected impairment loss. The methodology and assumptions including any forecasts of future economic conditions are reviewed regularly.

The carrying amount of the financial asset is reduced through the use of an allowance account and the impairment loss is recognised in profit or loss. When a financial asset becomes uncollectible, it is written off against the allowance account.

The Group and the Company measure the impairment loss based on the two-step approach to measure the Expected Credit Loss ("ECL") on financial assets:

- 12-months ECL

  For a financial asset for which there is no significant increase in credit risk since initial recognition, the Group and the Company shall measure the allowance for impairment for that financial asset at an amount based on the probability of default occurring within the next 12 months considering the loss given default of that financial asset.

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

2.14 Impairment of financial assets (cont'd)

The Group and the Company measure the impairment loss based on the two-step approach to measure the Expected Credit Loss ("ECL") on financial assets (cont'd):

- Lifetime ECL

  For a financial asset for which there is a significant increase in credit risk since initial recognition, a lifetime ECL for that financial asset is recognised as allowance for impairment by the Group and the Company. If, in a subsequent period the significant increase in credit risk since initial recognition is no longer evident, the Group and the Company shall revert the loss allowance measurement from lifetime ECL to 12-months ECL.

If in a subsequent period, the credit quality improves and reverses any previously assessed significant increase in credit risk since initial recognition, then the impairment loss reverts from lifetime ECL to 12-months ECL.

2.15 Inventories

Inventories are stated at the lower of cost and net realisable value.

Cost of trading inventory of refined tin metal is determined on a first-in first-out basis.

Cost of tin inventories which have matching sales contract for refined tin metal from tin smelting operations, are stated at the value of such contract less cost of conversion. This value is consistent with cost, as it is the practice of the tin smelting operations of the Company to buy tin-in-concentrates and sell refined tin metal on a back to back price basis.

Cost of tin inventories which has no matching sales contract is calculated using the weighted average cost method less cost of conversion.

Absorption costing is used in the mining operations to assign costs to tin inventories using the weighted average cost method which includes both variable and fixed overhead cost components.

Cost of other inventories comprising stores, spares, fuels, coal and saleable by-products is determined using the weighted average cost method.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

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

2.16 Cash, bank balances and deposits

Cash, bank balances and deposits in the statements of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less that are readily convertible to cash and which are subject to an insignificant risk of changes in value.

For the purpose of the statements of cash flows, cash and cash equivalents consist of cash, bank balances and deposits as defined above, net of outstanding bank overdrafts.

2.17 Lease

The Group and the Company as lessee

<u>Right-of-use assets</u>

The Group and the Company recognise 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 and the Company are reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term of the assets, as follows:

Leasehold land	28 to 93 years
Motor vehicles	7 years

Right-of-use assets are subject to impairment.

<u>Lease liabilities</u>

At the commencement date of the lease, the Group and the Company recognise 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 receivables, 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 the Company, and payments of penalties for terminating a lease, if the lease term reflects the Group and the Company exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group and the Company use the incremental borrowing rate at the lease commencement date if 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 in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

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

2.17 Lease (cont'd)

The Group and the Company as lessee (cont'd)

<u>Short-term leases and leases of low-value assets</u>

The Group and the Company apply 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 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.

The Group and the Company as lessor

Leases in which the Group and the Company do not transfer substantially all the risks and benefits of ownership of an asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income.

Contingent rents are recognised as revenue in the period in which they are earned.

2.18 Provisions

Provisions are recognised when the Group and the Company have 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 a reliable estimate can be made of the amount of the obligation. When the Group and the Company expect some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to any provision is presented in profit or loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

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

2.19 Financial liabilities

Initial recognition and measurement

Financial liabilities are classified as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group and the Company determine the classification of their financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, plus directly attributable transaction costs.

The Group's and the Company's financial liabilities include trade and other payables, loans and borrowings including bank overdraft, and derivative financial instruments.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. This category includes derivative financial instruments entered into by the Group and the Company that do not meet the hedge accounting criteria. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in profit or loss.

Trade and other payables, and loans and borrowings

After initial recognition, trade and other payables, and loans and borrowings are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in profit or loss.

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

2.19 Financial liabilities (cont'd)

Subsequent measurement (cont'd)

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Financial guarantees are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, financial guarantees are measured at the higher of the amount of the loss allowance determined in accordance with the impairment model under MFRS 9 and the amount initially recognised less, when appropriate, the cumulative amount of income recognised.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss.

2.20 Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statements of financial position if, and only if:

- There is a currently enforceable legal right to offset the recognised amounts; and
- There is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously

2.21 Fair value measurement

The Group and the Company measure financial instruments such as derivatives, and non-financial assets such as properties, at fair value at each reporting date. Also, fair values of financial instruments measured at amortised cost are disclosed in Note 38(b).

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to the Group and the Company.

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

2.21 Fair value measurement (cont'd)

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group and the Company use valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group and the Company determine whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Group and the Company determine the policies and procedures for recurring fair value measurement for properties and derivatives instruments such as forward currency contracts.

External valuers may be involved for valuation of significant assets, such as properties. Involvement of external valuers is decided upon annually by the Company. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained.

At each reporting date, the Group and the Company analyse the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Group's and the Company's accounting policies. For this analysis, the Group and the Company verify the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The Group and the Company also compare the change in the fair value of each asset and liability with relevant external sources, where practical to determine whether the change is reasonable.

For the purpose of fair value disclosures, the Group and the Company have determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

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

2.22 Derivative financial instruments and hedge accounting

Initial recognition and subsequent measurement

The Group and the Company use derivative financial instruments such as forward currency contracts and forward commodity contracts, to manage their foreign currency risks and commodity price risks respectively. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss, except for the effective portion of cash flow hedges, which is recognised in other comprehensive income.

Forward commodity contracts entered by the Group and the Company for trading and back to back sales with a stable customer base do not fall under the category of derivative financial instrument.

For the purpose of hedge accounting, hedges are classified as:

- Fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment
- Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment
- Hedges of a net investment in a foreign operation

At the inception of a hedge relationship, the Group and the Company formally designate and document the hedge relationship to which the Group and the Company wish to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Hedge accounting will be discontinued in a situation where a derivative, which has been designated as a hedging instrument, is novated to effect clearing within a central counterparty as a result of laws or regulation, if specific conditions are met (in this context, a novation indicates that parties to a contract agree or replace their original counterparty with a new one). Any change to the fair value of the derivative designated as a hedging instrument arising from the novation should be included in the assessment and measure of hedge effectiveness with retrospective application.

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

2.22 Derivative financial instruments and hedge accounting (cont'd)

Initial recognition and subsequent measurement (cont'd)

Hedges that meet the strict criteria for hedge accounting are accounted for as described below:

Fair value hedges

The change in the fair value of a hedging derivative is recognised in profit or loss. The change in the fair value of the hedged item attributable to the risk hedged is recorded as part of the carrying value of the hedged item and is also recognised in profit or loss.

For fair value hedges relating to items carried at amortised cost, any adjustment to carrying value is amortised through profit or loss over the remaining term of the hedge using the effective interest rate method. Effective interest rate amortisation may begin as soon as an adjustment exists and no later than when the hedged item ceases to be adjusted for changes in its fair value attributable to the risk being hedged.

If the hedge item is derecognised, the unamortised fair value is recognised immediately in profit or loss.

When an unrecognised firm commitment is designated as a hedged item, the subsequent cumulative change in the fair value of the firm commitment attributable to the hedged risk is recognised as an asset or liability with a corresponding gain or loss recognised in profit or loss.

Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognised directly in other comprehensive income in the hedging reserve, while any ineffective portion is recognised immediately in profit or loss.

Amounts recognised as other comprehensive income are transferred to profit or loss when the hedged transaction affects profit or loss, such as when the hedged interest income or interest expense is recognised or when a forecast sale or purchase occurs. When the hedged item is the cost of a non-financial asset or non-financial liability, the amounts recognised as other comprehensive income are transferred to the initial carrying amount of the non-financial asset or liability.

If the forecast transaction or firm commitment is no longer expected to occur, the cumulative gain or loss previously recognised in equity is transferred to profit or loss. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, any cumulative gain or loss previously recognised in other comprehensive income remains in other comprehensive income until the forecast transaction or firm commitment affects profit or loss.

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

2.22 Derivative financial instruments and hedge accounting (cont'd)

Initial recognition and subsequent measurement (cont'd)

Derivatives that are not designated or do not qualify for hedge accounting

Any gains or losses arising from changes in fair value of derivatives during the year that do not qualify for hedge accounting are directly recognised in profit or loss.

Current versus non-current classification

Derivative instruments are classified as current or non-current or separated into a current and non-current portion based on an assessment of the facts and circumstances (i.e., the underlying contracted cash flows):

- When the Group and the Company hold a derivative instrument as an economic hedge (and do not apply hedge accounting) for a period beyond 12 months after the reporting date, the derivative instrument is classified as non-current (or separated into current and non-current portions) consistent with the classification of the underlying item.

- Embedded derivative that is not closely related to the host contract is classified consistent with the cash flows of the host contract.

- Derivative instrument that is designated as, and are effective hedging instrument, is classified consistently with the classification of the underlying hedged item. The derivative instrument is separated into a current portion and a non-current portion only if a reliable allocation can be made.

2.23 Foreign currencies

The Group's consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is also the functional currency of the Company. 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.

i) Transactions and balances

Transactions in foreign currencies are initially recorded by the Group entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rate of exchange at the reporting date.

All differences arising on settlement or translation of monetary items are taken to the profit or loss with the exception of monetary items that are designated as part of the hedge of the Group's net investment of a foreign operation. These are recognised in other comprehensive income until the net investment is disposed, at which time, the cumulative amount is reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in other comprehensive income.

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

2.23 Foreign currencies (cont'd)

i) Transactions and balances (cont'd)

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

ii) Group companies

On consolidation the assets and liabilities of foreign operations are translated into RM at the rate of exchange prevailing at the reporting date and their income and expenses are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and are recorded in the functional currency of the foreign operation and translated at the closing rate at the reporting date.

2.24 Revenue and other income recognition

The Group and the Company satisfy a performance obligation and recognise revenue over time if the Group's and the Company's performance:

(i) Do not create an asset with an alternative use to the Group and the Company and have an enforceable right to payment for performance completed to-date; or

(ii) Create or enhance an asset that the customer controls as the asset is created or enhanced; or

(iii) Provide benefits that the customer simultaneously receives and consumes as the Group and the Company perform.

For performance obligations where any one of the above conditions is not met, revenue is recognised at the point in time at which the performance obligation is satisfied.

When the Group and the Company satisfy a performance obligation by delivering the promised goods or services, it creates a contract based asset on the amount of consideration earned by the performance. Where the amount of consideration received from a customer exceeds the amount of revenue recognised, this gives rise to a contract liability.

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

2.24 Revenue and other income recognition (cont'd)

Revenue is measured at the fair value of consideration received or receivable. The following describes the performance obligations in contracts with customers:

(i) Sale of tin

Revenue is recognised when "control" of the goods is transferred to the customer. For sale of tin through Kuala Lumpur Tin Market ("KLTM")/ London Metal Exchange ("LME"), revenue is recognised upon tin warrant issued. Tin warrant is a document of possession, and is used as the means of delivery tin metal under KLTM/ LME contracts. For sale of tin to the end-customer, revenue is recognised upon delivery of tin to the customer, or according to the agreed Incoterms with customers.

(ii) Smelting revenue

Smelting revenue is recognised at a point in time upon performance of services. The Group and the Company act as an agent to provide tin smelting services on tin materials supply by the customers. The Group and the Company do not own and have no control of the tin materials.

(iii) Sale of by-products

Revenue is recognised upon delivery/shipment to the customer, or according to the agreed Incoterms with customers.

(iv) Others

Others represent delivery and handling service charges which are recognised upon performance of services.

(v) Other income

- Interest income is recognised on an accrual basis using effective interest method.
- Dividend income is recognised when the Group's and the Company's right to receive payment is established.

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

2.25 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2.26 Income tax

(a) Current tax

Current income tax assets and liabilities for the current period 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 reporting date in the countries where the Group and the Company operate and generate taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in profit or loss. 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 between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

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

- 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

- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, 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.

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

2.26 Income tax (cont'd)

(b) Deferred tax (cont'd)

Deferred tax liabilities are recognised for all taxable temporary differences, except for: (cont'd)

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

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

- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, 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 each reporting date 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 each reporting date and are recognised to the extent that it has become probable that future taxable profits 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 reporting date.

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.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, would be recognised subsequently if new information about facts and circumstances changed. The adjustment would either be treated as a reduction to goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or in profit or loss.

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

2.27 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. 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. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(b) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group and the Company pay fixed contributions into separate entities or funds and will have no legal or constructive obligations to pay further contributions if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years. Such contributions are recognised as expense in the period in which the related services is performed. As required by law, companies in Malaysia make such contributions to the Employees Provident Fund ("EPF").

(c) Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group and the Company recognise termination benefits when they are demonstrably committed to either terminate the employment of current employees according to a detailed plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy. In the case of an offer made to encourage voluntary redundancy, the measurement of termination benefits is based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after reporting date are discounted to present value.

2.28 Segment reporting

For management purposes, the Group is organised into operating segments based on business segments which are independently managed by the respective segment chief operating officers responsible for the performance of the respective segments under their charge. The segment chief operating officers report directly to the chief executive officer of the Group who regularly reviews the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 39, including the factors used to identify the reportable segments and the measurement basis of segment information.

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

2.29 Share capital and share issuance expenses

An equity instrument is any contract that evidences a residual interest in the assets of the Group and the Company after deducting all of their liabilities. Ordinary shares are equity instruments.

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

2.30 Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Group and the Company.

Contingent liabilities and assets are not recognised in the statements of financial position of the Group and the Company.

2.31 Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised in profit or loss on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

3. Significant accounting judgements and estimates

The preparation of the financial statements of the Group and the Company 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 reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future. The judgements made in applying accounting policies and key sources of estimation uncertainty are discussed below:

(a) Depreciation of plant and equipment for tin smelting and refining

The cost of plant and equipment for tin smelting and refining is depreciated on a straight-line basis over the assets' useful lives. Management estimated the useful lives of these plant and equipment for tin smelting and refining to be within 3 to 25 years. These are common life expectancies applied in such industry. Changes in the expected level of usage could impact the economic useful lives and the residual values of these assets. The carrying amount at the reporting date for such plant and equipment for tin smelting and refining is disclosed in Note 16.

(b) Provision for mine restoration costs

Provision for mine restoration costs is made based on the present value of the estimated future expenditure to be incurred subsequent to the cessation of production. Significant management judgement and estimation are required in determining the estimated restoration cost.

The provision for mine restoration costs, based on the methodology proposed by the external consultant and adopted by the subsidiary in its mine restoration plan, represents the current best estimate made by the Board of Directors. Where expectations from the relevant authorities differ from the plan submitted or actual amount differs from the original estimates, the differences may significantly impact the carrying amount of provision for mine restoration costs. Further details in relation to the provision for mine restoration costs are disclosed in Note 30(a).

The provision for mine restoration costs are provided based on the following key assumptions:

- Estimated cost per hectare amounted to RM90,220;
- Discount rate of 3.75%; and
- Timing of the restoration which would spread over 25 years.

If the estimated cost per hectare used in the calculation had been 5% higher or lower than management's estimate, the carrying amount of the provision would have been RM1,944,000 higher or lower.

If the discount rate used in the calculation had been 1% higher or lower than management's estimate, the carrying amount of the provision would have been RM4,014,000 lower or higher.

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

(c) Tin inventories

Significant management judgement and estimation is required in determining the valuation of tin-in-concentrates, tin-in-process and refined tin metal. Inventories are written down to its net realisable value when events or changes in circumstances indicate that the carrying amounts may not be fully recoverable, and the write-down is reversed when there is indication of recovery. Where actual amount differs from the original estimates, the differences will impact the carrying amount of inventories. The carrying amount of inventories at the reporting date is disclosed in Note 24.

Estimates of net realisable value by the Group and the Company are based on forecasted tin price of approximately RM118,275 per tonne, from several independent research houses after taking into consideration of price or cost and conditions existing as of the reporting date.

If forecasted tin price fall below RM73,000 per tonne, every RM1 drop will result net realisable value written down by RM6,555.

In addition, significant estimate is required in determining the allowance for tin loss rate in deriving the valuation of tin-in-concentrates. The allowance for tin loss is provided for the tin-in-concentrates received subsequent after physical stock count cut-off date.

If the estimated allowance for tin loss rate used in the calculation had been 0.1% higher than management's estimate, the carrying amount of the tin inventories would have been RM324,000 lower.

(d) Income taxes, deferred tax assets/liabilities and tax recoverable

The Group and the Company are subject to income taxes in Malaysia. Significant judgement is required in determining the capital allowance, reinvestment allowance and mining allowances and deductibility of certain expenses and temporary differences during the estimation of the provision for income taxes and deferred tax liabilities. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group and the Company recognise liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax, tax recoverable and deferred income tax provisions in the period in which such determination is made.

Deferred tax assets are recognised for all unused tax losses, unabsorbed capital allowances, and unused reinvestment allowances to the extent that it is probable that taxable profit will be available against which the unused tax losses, unabsorbed capital allowances, and unused reinvestment allowances can be utilised. Significant judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

The amount of income tax expense recognised in profit or loss and the carrying amount of deferred tax assets/liabilities at the reporting date are disclosed in Notes 13 and 23 respectively.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

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

(e) Provision for voluntary separation/ retrenchment compensation

Provision for voluntary separation/ retrenchment compensation are provided based on the present value of the estimated future employee termination benefits to be incurred subsequent to the relocation of the plant. Significant management judgement and estimation are required in determining the estimated attrition rate and discount rate. The Group and the Company estimated that the cost would be realised in 2 years' time and calculated the provision based on the following assumptions:

- Attrition rate of 10%; and
- Discount rate of 2.15%.

If the attrition rate used in the calculation had been 5% higher or lower, the carrying amount of the provision would have been RM2,070,000 lower or higher.

If the discount rate used in the calculation had been 1% higher or lower, the carrying amount of the provision would have been RM228,000 lower or higher.

Please refer to Note 30(b) for further details.

(f) Ore reserve and resource estimates

Ore reserve and resource estimates 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 reserve and resource 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. The standards and guidelines used in the resource estimation are complied with industry practice.

In the tin mining subsidiaries, property, plant and equipment including mine restoration asset used in mining are depreciated using the unit-of-production method based on economically recoverable ore resources except in cases of assets whose useful life is shorter than the life of mine, in which case, the straight-line method is applied. Changes in estimated economically recoverable ore reserve, resource and useful lives of property, plant and equipment are accounted for on a prospective basis from the beginning of the year in which the changes arise. Changes in the estimated economically recoverable ore reserve, resource and expected level of usage could impact the economic useful lives and the residual values of these assets, therefore future depreciation charge could be revised. The carrying amount at the reporting date for property, plant and equipment is disclosed in Note 16.

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

(f) Ore reserve and resource estimates (cont'd)

The change in estimates of ore reserve and resource may impact the Group's reported financial position and results, in the following way:

- Depreciation and amortisation charges in the statement of profit or loss may change where such charges are determined using unit-of-production ("UOP") method, or where the useful life of the related assets change.
- The carrying value of mine properties, mining rights, property, plant and equipment where their depreciation and amortisation charges are determined using UOP method, may be affected.

The carrying value of RHT's mine properties, mining rights, property, plant and equipment where their depreciation and amortisation charges are determined using UOP method as at 31 December 2021 was RM37.0 million (2020: RM37.6 million). The Group estimated the remaining life of mines would be 10 years.

If the quantity of economically recoverable ore reserve and resource used in the calculation of depreciation and amortisation charge had been 10% lower than management's estimate, the accelerated depreciation and amortisation would have been increase by RM3,700,000.

(g) Reversal of impairment/(Impairment) of mining rights and mine properties

These require estimates and assumptions on the quantity of economically recoverable ore resources, expected future costs and expenses to produce the metal or minerals, effective interest rates, expected future prices used in the impairment test for mining rights, deferred mine exploration and evaluation expenditures and mine properties. Actual outcomes could differ from these estimates and assumptions.

In 2021, following the higher tin prices forecasts, management estimated the value-in-use ("VIU") for SL Tin to be higher than the net carrying value of its mining rights and mine properties. The carrying amount at the reporting date for mining rights is disclosed in Note 18 and that for mine properties is disclosed in Note 22. Accordingly, The recoverable amount of RM14.0 million was derived based on value-in-use calculation determined at the level of CGU. The calculation of value-in-use is most sensitive to the following assumptions:

- Forecasted tin price of RM118,275 per tonne; and
- Quantity of economically recoverable ore reserve and resource estimates

The recoverable amount would have been lower than the net carrying value of SL Tin's mining rights and mine properties if the forecasted tin price decrease by 43% or the quantity of economically recoverable ore reserve and resources decrease by 45%.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

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

(h) Share of loss in investment in joint venture, KM Resources, Inc. ("KMR")

The Board of Directors is of the view that there is no obligation for the Group to inject any further capital into the joint venture either by way of subscription of new shares or by loan, in accordance with the Shareholders Agreement of the joint venture. Accordingly, the losses were shared up to the carrying amount of the investment in joint venture.

Further details of the investment in joint venture are disclosed in Note 20.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

4. Revenue

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Sale of tin	1,047,504	761,196	1,047,504	761,196
Smelting revenue	20,109	36,642	20,109	36,642
Sale of by-products	7,299	12,799	7,299	12,799
Others	1,648	2,722	1,645	2,717
	1,076,560	813,359	1,076,557	813,354

The following table illustrates the Group's revenue as disaggregated by major products or services and provides a reconciliation of the disaggregated revenue with the Group's two business segments as disclosed in Note 39. The table also includes the timing of revenue recognition.

	Tin smelting RM'000	Tin mining RM'000	Sub-total RM'000	(Eliminations)/ Adjustments RM'000	Total RM'000
2021					
Major products or services:					
Sale of tin	1,047,504	303,673	1,351,177	(303,673)	1,047,504
Smelting revenue	20,109	-	20,109	-	20,109
Sale of by-products	7,299	-	7,299	-	7,299
Others	1,648	-	1,648	-	1,648
	1,076,560	303,673	1,380,233	(303,673)	1,076,560
Timing of revenue recognition					
At a point in time	1,076,560	303,673	1,380,233	(303,673)	1,076,560
2020					
Major products or services:					
Sale of tin	761,196	160,425	921,621	(160,425)	761,196
Smelting revenue	36,642	-	36,642	-	36,642
Sale of by-products	12,799	-	12,799	-	12,799
Others	2,722	-	2,722	-	2,722
	813,359	160,425	973,784	(160,425)	813,359
Timing of revenue recognition					
At a point in time	813,359	160,425	973,784	(160,425)	813,359

There is no separate disclosure for the disaggregation of revenue for the Company as the Company has only one business segment, i.e. tin smelting.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

5. Dividend income

	Company	
	2021	2020
	RM'000	RM'000
Dividend income from:		
Investments in subsidiaries		
- Unquoted in Malaysia	-	35,937

6. Interest income

	Group		Company	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Interest income from:				
- Subsidiaries	-	-	1,307	971
- Deposits placed with licensed banks	361	496	230	187
- Tin sales	6	342	6	342
	367	838	1,543	1,500

7. Other income

	Group		Company	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Management fee	-	-	1,800	1,800
Scrap sales	138	155	138	155
Miscellaneous income	246	14	244	14
Gain on disposal of property, plant and equipment	-	110	-	-
Gain on lease modification	-	17	-	17
Net foreign exchange gain:				
- Realised	-	-	-	231
- Unrealised	-	115	-	86
Net fair value changes in derivative financial instruments:				
- Forward currency contracts	-	10	-	-
- Forward tin contracts	1,075	-	1,075	-
Reversal of revaluation deficit on property	-	-	-	96
	1,459	421	3,257	2,399

8. Profit before tax

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

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
After charging/(crediting):				
Auditors' remuneration:				
- statutory audits	782	764	393	540
- under provision in prior year	70	-	70	-
- other services	11	10	11	10
Amortisation of mining rights (Note 18)	152	251	-	-
Amortisation of corporate club memberships (Note 18)	8	8	3	3
Amortisation of mine properties (Note 22)	1,106	1,051	-	-
Amortisation expenses	1,266	1,310	3	3
Cost of tin mining and smelting*	789,641	680,653	968,684	751,455
Deferred mine exploration and evaluation expenditures written off (Note 22)*	-	12	-	-
Depreciation of property, plant and equipment (Note 16)	9,118	8,872	5,582	5,120
Depreciation of right-of-use assets (Note 17(a))	1,652	6,951	85	216
Depreciation expenses	10,770	15,823	5,667	5,336
Directors' fees (Note 36(b))	482	549	457	459
Reversal of inventories written down to net realisable value*	(24,000)	(7,100)	(24,000)	(7,100)

* The costs of tin mining and smelting include cost of purchase, production costs (other than employee benefits expense, depreciation and amortisation) and other related costs, deferred mine exploration and evaluation expenditure written off, and reversal of inventories written down to net realisable value.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

9. Employee benefits expense

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Wages and salaries*	58,976	49,003	28,661	27,501
Social security contribution	647	597	318	296
Contribution to defined contribution plan	6,814	5,108	4,155	3,250
(Reversal of provision)/Provision for voluntary separation/retrenchment compensation	(1,440)	418	(1,440)	418
Other benefits	2,003	1,888	1,553	1,463
	67,000	57,014	33,247	32,928

* The Group and the Company received government grants totalling RM787,200 (2020: RM716,400) and RM187,200 (2020: RM Nil) respectively as wage subsidies to retain local employees for approved period during the Coronavirus (COVID-19) outbreak.

The grants were deducted against wages and salaries expenses.

10. (Reversal of impairment losses)/Impairment losses

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
(Reversal of impairment)/Impairment of mining rights (Note 18)	(590)	590	-	-
Impairment of corporate club memberships (Note 18)	-	49	-	49
(Reversal of impairment)/Impairment of mine properties (Note 22)	(1,920)	1,920	-	-
Impairment of receivables (Note 25)	-	36	-	36
(Reversal of impairment)/Impairment of investments in associate and joint venture	-	(67)	-	4,996
	(2,510)	2,528	-	5,081

11. Finance costs

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Interest expense on bank borrowings	11,676	10,710	9,925	8,668
Interest expense on amount due to a subsidiary	-	-	697	482
Interest expense on lease liabilities (Note 17(b))	208	694	18	45
Interest expense on loan from immediate holding company	2,730	3,094	2,730	3,094
Commitment fees	15	15	15	15
Unwinding of discount on provision (Note 30)	1,139	1,448	-	-
	15,768	15,961	13,385	12,304

12. Other expenses

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Administrative expenses	6,497	5,915	2,724	1,968
Marketing and distribution expenses	548	658	548	658
Bad debts written off	-	20	-	-
Net foreign exchange loss:				
- Realised	2,899	1,321	2,899	-
- Unrealised	856	-	205	-
Net loss from settlement of forward tin contracts	31,306	4,575	31,306	4,575
Property, plant and equipment written off	12	123	11	122
Net fair value changes in derivative financial instruments:				
- Forward currency contracts	404	-	625	453
- Forward tin contracts	-	278	-	278
	42,522	12,890	38,318	8,054

13. Income tax expense

Major components of income tax expense

The major components of income tax expense are as follows:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Statements of profit or loss				
Malaysian income tax:				
Current income tax	37,353	9,397	-	1
(Over)/Under provision in prior years	(449)	414	-	451
	36,904	9,811	-	452
Deferred tax (Note 23):				
Relating to origination and reversal of temporary differences	2,268	397	6,260	1,601
Under/(Over) provision in prior years	704	(673)	152	(1,229)
	2,972	(276)	6,412	372
Income tax expense recognised in profit or loss	39,876	9,535	6,412	824
Statements of comprehensive income				
Deferred tax related to other comprehensive income (Note 23):				
Net surplus/(deficit) on revaluation of properties	172	1,290	(69)	393

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

13. Income tax expense (cont'd)

Domestic current income tax is calculated at the statutory tax rate of 24% (2020: 24%) of the estimated assessable profit for the year.

Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions. The income tax rates applicable to foreign subsidiaries are as follows:

	2021	2020
Indonesia	25%	25%
Singapore	17%	17%

<u>Reconciliation between tax expense and accounting profit</u>

The reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate are as follows:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Profit before tax	158,362	24,185	22,053	38,029
Taxation at Malaysian statutory tax rate of 24% (2020: 24%)	38,007	5,804	5,293	9,127
Different tax rates in other countries	1	3	-	-
Income not subject to tax	(602)	(17)	-	(8,652)
Government grants exempted from tax	(189)	(172)	(45)	-
Expenses not deductible for tax purpose	3,334	3,155	1,012	1,127
Share of results of associate and joint venture	(1,064)	1,021	-	-
Deferred tax assets not recognised	134	-	-	-
(Over)/Under provision of tax expense in prior years	(449)	414	-	451
Under/(Over) provision of deferred tax in prior years	704	(673)	152	(1,229)
Income tax expense recognised in profit or loss	39,876	9,535	6,412	824

14. Basic and diluted earnings per share

Basic and diluted earnings per share are calculated by dividing profit for the year attributable to owners of the Company by the weighted average number of ordinary shares in issue during the financial year.

	Group	
	2021	2020
Profit net of tax attributable to owners of the Company (RM'000)	118,058	15,164
Weighted average number of ordinary shares in issue ('000)	416,848	400,000
Basic and diluted earnings per share (sen)	28.3	3.8

15. Dividends

			Net dividend per ordinary share	
	2021 RM'000	**2020 RM'000**	**2021 sen**	**2020 sen**
First and final single-tier dividend of RM0.02 per share on 400,000,000 ordinary shares, for the year ended 31 December 2019, declared on 2 September 2020 and paid on 30 September 2020	-	8,000	-	2
First and final single-tier dividend of RM0.01 per share on 400,000,000 ordinary shares, for the year ended 31 December 2020, declared on 18 June 2021 and paid on 23 July 2021	4,000	-	1	-
	4,000	8,000	1	2

Subject to the approval of the members at the forthcoming Annual General Meeting of the Company, the directors recommend the payment of a first and final single-tier dividend of RM0.07 per share amounting to RM29,400,000 for the financial year ended 31 December 2021.

The financial statements for the financial year ended 31 December 2021 do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in shareholders' equity as an appropriation of retained earnings in the financial year ending 31 December 2022.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

16. Property, plant and equipment

Group	Freehold land RM'000	Leasehold land RM'000	Buildings RM'000	Plant, equipment, vehicles and furniture RM'000	Mine restoration RM'000	Capital work-in-progress RM'000	Total RM'000
Cost or Valuation							
At 1 January 2021							
- At cost	-	-	-	135,835	32,911	10,191	178,937
- At valuation	306	32,500	25,827	-	-	-	58,633
	306	32,500	25,827	135,835	32,911	10,191	237,570
Additions	-	-	-	872	52	8,112	9,036
Reversal	-	-	-	-	(216)	-	(216)
Expensed off	-	-	-	(162)	-	-	(162)
Written off	-	-	-	(2,065)	-	-	(2,065)
Transfer in/(out)	-	1,039	718	4,443	-	(6,200)	-
Revaluation (deficit)/surplus	-	(17)	735	-	-	-	718
Reclassified from other non-current assets (Note 22)	-	-	-	82	-	-	82
Elimination of accumulated depreciation on revaluation	-	(422)	(1,073)	-	-	-	(1,495)
At 31 December 2021	306	33,100	26,207	139,005	32,747	12,103	243,468
Representing:							
- At cost	-	-	-	139,005	32,747	12,103	183,855
- At valuation	306	33,100	26,207	-	-	-	59,613
At 31 December 2021	306	33,100	26,207	139,005	32,747	12,103	243,468
Accumulated depreciation							
At 1 January 2021	-	-	-	85,044	14,614	-	99,658
Depreciation charge for the year (Note 8)	-	422	1,073	6,321	1,302	-	9,118
Written off	-	-	-	(2,053)	-	-	(2,053)
Elimination of accumulated depreciation on revaluation	-	(422)	(1,073)	-	-	-	(1,495)
At 31 December 2021	-	-	-	89,312	15,916	-	105,228
Net carrying amount							
Representing:							
- At cost	-	-	-	49,693	16,831	12,103	78,627
- At valuation	306	33,100	26,207	-	-	-	59,613
At 31 December 2021	306	33,100	26,207	49,693	16,831	12,103	138,240

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

Group	Freehold land RM'000	Leasehold land RM'000	Buildings RM'000	Plant, equipment, vehicles and furniture RM'000	Mine restoration RM'000	Capital work-in-progress RM'000	Total RM'000
Cost or Valuation							
At 1 January 2020							
- At cost	-	-	-	131,118	22,800	10,116	164,034
- At valuation	306	29,900	19,922	-	-	-	50,128
	306	29,900	19,922	131,118	22,800	10,116	214,162
Additions	-	-	-	1,325	10,111	14,780	26,216
Disposals	-	-	-	(494)	-	-	(494)
Written off	-	-	-	(6,272)	-	-	(6,272)
Transfer in/(out)	-	-	4,547	10,158	-	(14,705)	-
Revaluation surplus	-	2,988	2,385	-	-	-	5,373
Elimination of accumulated depreciation on revaluation	-	(388)	(1,027)	-	-	-	(1,415)
At 31 December 2020	306	32,500	25,827	135,835	32,911	10,191	237,570
Representing:							
- At cost	-	-	-	135,835	32,911	10,191	178,937
- At valuation	306	32,500	25,827	-	-	-	58,633
At 31 December 2020	306	32,500	25,827	135,835	32,911	10,191	237,570
Accumulated depreciation							
At 1 January 2020	-	-	-	85,707	13,132	-	98,839
Depreciation charge for the year (Note 8)	-	388	1,027	5,975	1,482	-	8,872
Disposals	-	-	-	(489)	-	-	(489)
Written off	-	-	-	(6,149)	-	-	(6,149)
Elimination of accumulated depreciation on revaluation	-	(388)	(1,027)	-	-	-	(1,415)
At 31 December 2020	-	-	-	85,044	14,614	-	99,658
Net carrying amount							
Representing:							
- At cost	-	-	-	50,791	18,297	10,191	79,279
- At valuation	306	32,500	25,827	-	-	-	58,633
At 31 December 2020	306	32,500	25,827	50,791	18,297	10,191	137,912

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

Company	Buildings RM'000	Plant, equipment, vehicles and furniture RM'000	Capital work-in-progress RM'000	Total RM'000
Cost or Valuation				
At 1 January 2021				
- At cost	-	98,605	5,226	103,831
- At valuation	19,131	-	-	19,131
	19,131	98,605	5,226	122,962
Additions	-	-	4,591	4,591
Expensed off	-	(162)	-	(162)
Written off	-	(1,977)	-	(1,977)
Transfer in/(out)	437	3,050	(3,487)	-
Revaluation deficit	(286)	-	-	(286)
Elimination of accumulated depreciation on revaluation	(726)	-	-	(726)
At 31 December 2021	18,556	99,516	6,330	124,402
Representing:				
- At cost	-	99,516	6,330	105,846
- At valuation	18,556	-	-	18,556
At 31 December 2021	18,556	99,516	6,330	124,402
Accumulated depreciation				
At 1 January 2021	-	55,850	-	55,850
Depreciation charge for the year (Note 8)	726	4,856	-	5,582
Written off	-	(1,966)	-	(1,966)
Elimination of accumulated depreciation on revaluation	(726)	-	-	(726)
At 31 December 2021	-	58,740	-	58,740
Net carrying amount				
Representing:				
- At cost	-	40,776	6,330	47,106
- At valuation	18,556	-	-	18,556
At 31 December 2021	18,556	40,776	6,330	65,662

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

Company	Buildings RM'000	Plant, equipment, vehicles and furniture RM'000	Capital work-in-progress RM'000	Total RM'000
Cost or Valuation				
At 1 January 2020				
- At cost	-	96,997	9,246	106,243
- At valuation	13,506	-	-	13,506
	13,506	96,997	9,246	119,749
Additions	-	-	8,133	8,133
Disposals	-	(8)	-	(8)
Written off	-	(5,990)	-	(5,990)
Transfer in/(out)	4,547	7,606	(12,153)	-
Revaluation surplus	1,733	-	-	1,733
Elimination of accumulated depreciation on revaluation	(655)	-	-	(655)
At 31 December 2020	19,131	98,605	5,226	122,962
Representing:				
- At cost	-	98,605	5,226	103,831
- At valuation	19,131	-	-	19,131
At 31 December 2020	19,131	98,605	5,226	122,962
Accumulated depreciation				
At 1 January 2020	-	57,258	-	57,258
Depreciation charge for the year (Note 8)	655	4,465	-	5,120
Disposals	-	(5)	-	(5)
Written off	-	(5,868)	-	(5,868)
Elimination of accumulated depreciation on revaluation	(655)	-	-	(655)
At 31 December 2020	-	55,850	-	55,850
Net carrying amount				
Representing:				
- At cost	-	42,755	5,226	47,981
- At valuation	19,131	-	-	19,131
At 31 December 2020	19,131	42,755	5,226	67,112

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

Group

Land and buildings owned by the Group were revalued on 31 December 2021 based on valuations carried out by independent firms of professional valuers as follows:

	Description of Property	Valuation RM'000
(i)	Land and buildings in Pulau Indah Industrial Park	52,460
(ii)	80 units of flats in Bukit Mertajam	4,496
(iii)	Land and buildings in Daerah Hulu Perak	2,657
		59,613

Further details on the valuation are disclosed in Note 38(a).

Had the revalued properties been carried at historical cost less accumulated depreciation and accumulated impairment losses, if any, the net carrying amount of each class of the properties that would have been included in the financial statements of the Group and of the Company at the reporting date would be as follows:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Freehold land	105	105	-	-
Leasehold land	24,115	23,385	-	-
Buildings	18,932	19,168	14,615	14,873

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17. Right-of-use assets and lease liabilities

(a) Right-of-use assets

Group	Leasehold land RM'000	Motor vehicles RM'000	Total RM'000
Cost			
1 January 2021	17,524	596	18,120
Additions	34	-	34
At 31 December 2021	17,558	596	18,154
Accumulated depreciation			
At 1 January 2021	11,124	78	11,202
Depreciation charge for the year (Note 8)	1,567	85	1,652
At 31 December 2021	12,691	163	12,854
Net carrying amount			
At 31 December 2021	4,867	433	5,300

Group	Leasehold land RM'000	Buildings RM'000	Motor vehicles RM'000	Total RM'000
Cost				
At 1 January 2020	13,626	691	596	14,913
Additions	4,687	-	-	4,687
Derecognition*	(789)	(691)	-	(1,480)
At 31 December 2020	17,524	-	596	18,120
Accumulated depreciation				
At 1 January 2020	4,389	138	-	4,527
Depreciation charge for the year (Note 8)	6,735	138	78	6,951
Derecognition*	-	(276)	-	(276)
At 31 December 2020	11,124	-	78	11,202
Net carrying amount				
At 31 December 2020	6,400	-	518	6,918

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

17. Right-of-use assets and lease liabilities (cont'd)

(a) Right-of-use assets (cont'd)

Company	Motor vehicles RM'000
Cost	
At 1 January 2021/ 31 December 2021	596
Accumulated depreciation	
At 1 January 2021	78
Depreciation charge for the year (Note 8)	85
At 31 December 2021	163
Net carrying amount	
At 31 December 2021	433

Company	Buildings RM'000	Motor vehicles RM'000	Total RM'000
Cost			
At 1 January 2020	691	596	1,287
Derecognition*	(691)	-	(691)
At 31 December 2020	-	596	596
Accumulated depreciation			
At 1 January 2020	138	-	138
Depreciation charge for the year (Note 8)	138	78	216
Derecognition*	(276)	-	(276)
At 31 December 2020	-	78	78
Net carrying amount			
At 31 December 2020	-	518	518

17. Right-of-use assets and lease liabilities (cont'd)

(b) Lease liabilities

	Group		Company	
	2021 RM'000	**2020 RM'000**	**2021 RM'000**	**2020 RM'000**
Non-current				
Lease liabilities	4,045	4,187	332	406
Current				
Lease liabilities	380	1,621	67	64
Total lease liabilities	4,425	5,808	399	470

The movement of lease liabilities during the year is as follow:

	Group		Company	
	2021 RM'000	**2020 RM'000**	**2021 RM'000**	**2020 RM'000**
At 1 January	5,808	10,120	470	1,102
Additions	-	3,906	-	-
Derecognition*	-	(1,220)	-	(431)
Interest charged (Note 11)	208	694	18	45
Payments of:				
- Principal	(1,383)	(6,998)	(71)	(201)
- Interest	(208)	(694)	(18)	(45)
At 31 December	4,425	5,808	399	470

***** In the previous financial year, there was derecognition of right-of-use asset and leasehold land as a result of early termination of lease of land, and a lease modification for not exercising the extension option of lease of an office premises. Following the derecognition of right-of-use assets and lease liabilities, a gain on lease modification of RM17,000 was recognised in profit or loss.

The following are the amounts recognised in profit or loss:

	Group		Company	
	2021 RM'000	**2020 RM'000**	**2021 RM'000**	**2020 RM'000**
Expense relating to short-term leases	4,643	3,271	1,161	1,209
Expense relating to leases of low-value assets	213	199	146	149

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18. Intangible assets

Group	Mining rights RM'000	Corporate club memberships RM'000	Total RM'000
Cost			
At 1 January 2020/ 31 December 2020/ 1 January 2021/ 31 December 2021	21,817	566	22,383
Accumulated amortisation and impairment losses			
At 1 January 2021	19,101	117	19,218
Amortisation for the year (Note 8)	152	8	160
Reversal of impairment loss (Note 10)	(590)	-	(590)
At 31 December 2021	18,663	125	18,788
At 1 January 2020	18,260	60	18,320
Amortisation for the year (Note 8)	251	8	259
Impairment loss (Note 10)	590	49	639
At 31 December 2020	19,101	117	19,218
Net carrying amount			
At 31 December 2021	3,154	441	3,595
At 31 December 2020	2,716	449	3,165

Company	Corporate club membership RM'000
Cost	
At 1 January 2020/ 31 December 2020/ 1 January 2021/ 31 December 2021	215
Accumulated amortisation and impairment losses	
At 1 January 2021	69
Amortisation for the year (Note 8)	3
At 31 December 2021	72
At 1 January 2020	17
Amortisation for the year (Note 8)	3
Impairment loss (Note 10)	49
At 31 December 2020	69
Net carrying amount	
At 31 December 2021	143
At 31 December 2020	146

18. Intangible assets (cont'd)

Mining rights

These consist of the mining rights of Rahman Hydraulic Tin Sdn. Bhd. ("RHT") and SL Tin Sdn. Bhd. ("SL Tin"). Based on the assessment carried out by management, a reversal of impairment loss of RM590,000 (2020: an impairment loss of RM590,000) in respect of the mining rights of SL Tin was recognised in profit or loss of the Group due to improvement of the tin prices compared to prior year. The net carrying amount of the mining rights of SL Tin as at 31 December 2021 is RM1,429,000 (2020: RM846,000). Significant accounting judgements and estimates involved in determining the reversal of impairment loss/(impairment loss) are disclosed in Note 3(g).

19. Investments in subsidiaries

Company	2021 RM'000	2020 RM'000
Unquoted shares, at cost	148,781	148,781

Details of the subsidiaries of the Group and the Company are as follows:

Name of subsidiaries	Country of incorporation	Principal activities	Proportion of ownership interest held by the Group^		Proportion of ownership interest held by non-controlling interests^	
			2021	2020	2021	2020
Held by the Company:			%	%	%	%
Malaysia Smelting Corporation (Warehousing) Sdn. Bhd. ("MSCW")*	Malaysia	Tin warehousing	100	100	-	-
Rahman Hydraulic Tin Sdn. Bhd. ("RHT")*	Malaysia	Tin mining	100	100	-	-
MSC Properties Sdn. Bhd. ("MSCP")*	Malaysia	Property holding and rental	100	100	-	-
Straits Resource Management Private Limited ("SRM")**	Singapore	Dormant	100	100	-	-
M Smelt (C) Sdn. Bhd. ("M Smelt")*	Malaysia	Property holding and rental	100	100	-	-

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19. Investments in subsidiaries (cont'd)

Name of subsidiaries	Country of incorporation	Principal activities	Proportion of ownership interest held by the Group^ 2021	Proportion of ownership interest held by the Group^ 2020	Proportion of ownership interest held by non-controlling interests^ 2021	Proportion of ownership interest held by non-controlling interests^ 2020
Held through subsidiaries:			%	%	%	%
Held by RHT						
SL Tin Sdn. Bhd. ("SL Tin")*	Malaysia	Tin mining	80#	80#	20	20
Held by SRM						
PT SRM Indonesia ("PT SRM")***	Indonesia	Dormant	99#	99#	1	1

^ equals to the proportion of voting rights held
* Audited by Ernst & Young PLT, Malaysia
** Audited by member firm of Ernst & Young Global in the respective country
*** Audited by firms of auditors other than Ernst & Young PLT
# Indirect interest

The non-controlling interests in respect of SL Tin and PT SRM are not material to the Group.

20. Investments in associate and joint venture

	Group 2021 RM'000	Group 2020 RM'000	Company 2021 RM'000	Company 2020 RM'000
Investment in associate				
In Malaysia:				
Unquoted shares, at cost	10,473	10,473	10,473	10,473
Share of post-acquisition reserves	20,004	15,526	-	-
	30,477	25,999	10,473	10,473
Investment in joint venture				
In Malaysia:				
Unquoted shares, at cost	8,193	8,193	8,193	8,193
Share of post-acquisition reserves	(1,154)	(1,154)	-	-
	7,039	7,039	8,193	8,193
Accumulated impairment losses	(7,039)	(7,039)	(8,193)	(8,193)
	-	-	-	-
Total investments in associate and joint venture	30,477	25,999	10,473	10,473

20. Investments in associate and joint venture (cont'd)

The Group has not recognised loss relating to KM Resources, Inc. ("KMR") where its share of loss exceeds the Group's interest in this joint venture. Significant accounting judgement in relation to the share of loss not recognised is disclosed in Note 3(h).

(i) Investment in associate

Details of the associate of the Group and the Company are as follows:

Name of associate	Country of incorporation	Principal activities	Proportion of ownership interest* 2021 %	Proportion of ownership interest* 2020 %	Accounting model applied
Held by the Company:					
Redring Solder (M) Sdn. Bhd. ("Redring")	Malaysia	Manufacture and sale of solder products and letting of properties	40	40	Equity method

* equals to the proportion of voting rights held

The associate has the same reporting period as the Group.

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20. Investments in associate and joint ventures (cont'd)

(i) Investment in associate (cont'd)

The summarised financial information of Redring, a material associate, based on its financial statements and a reconciliation with the carrying amount of Group's interest is set out below.

Summarised statement of financial position of Redring is as follows:

	2021 RM'000	2020 RM'000
Non-current assets	16,492	17,504
Current assets	70,382	56,894
Total assets	86,874	74,398
Non-current liabilities	180	587
Current liabilities	10,501	8,813
Total liabilities	10,681	9,400
Net assets	76,193	64,998

Summarised statement of profit or loss and other comprehensive income of Redring as follows:

	2021 RM'000	2020 RM'000
Revenue	123,064	68,036
Profit before tax	13,310	2,771
Profit for the year	11,083	1,317
Other comprehensive income	112	80
Total comprehensive income	11,195	1,397

Reconciliation of the summarised financial information presented above to the carrying amount of the Group's interest in Redring:

	2021 RM'000	2020 RM'000
Net assets at 31 December	76,193	64,998
Interest in associate	40%	40%
Carrying value of Group's interest in associate	30,477	25,999

20. Investments in associate and joint ventures (cont'd)

(ii) Investment in joint venture

Details of the joint venture of the Group and the Company are as follows:

Name of joint venture	Country of incorporation	Proportion of ownership interest* 2021 %	2020 %	Nature of relationship	Accounting model applied
Held by the Company:					
KM Resources, Inc. ("KMR")	Labuan, Malaysia	30	30	Note (a)	Equity method

* equals to the proportion of voting rights held

Note (a)

KMR is an investment holding company with subsidiaries in the Philippines involved in the mining and processing of copper, gold, zinc and silver. The subsidiaries of KMR in the Philippines have ceased the mining and processing operations due to depletion of mineral resources.

KMR has the same reporting period as the Group.

21. Investment securities

Group and Company	2021 RM'000	2020 RM'000
Equity securities		
Quoted investments	58,456	23,359

The fair value of each of the investments in equity instruments designated at FVOCI at the end of the reporting period is as follows:

Group and Company	2021 RM'000	2020 RM'000
At FVOCI:		
- Equity securities (quoted)		
- Decklar Resources Inc. ("Decklar")	410	124
- Alphamin Resources Corp. ("Alphamin")	58,046	23,235
	58,456	23,359

Decklar and Alphamin are both incorporated in Canada and listed on the Toronto Venture Exchange.

22. Other non-current assets

Group	Deferred mine exploration and evaluation expenditures RM'000	Mine properties RM'000	Total RM'000
At 1 January 2021	486	11,681	12,167
Additions	570	265	835
Reclassified to property, plant and equipment (Note 16)	-	(82)	(82)
Amortisation to profit or loss (Note 8)	-	(1,106)	(1,106)
Reversal of impairment loss recognised in profit or loss (Note 10)	-	1,920	1,920
At 31 December 2021	1,056	12,678	13,734
At 1 January 2020	11,117	2,714	13,831
Additions	1,097	222	1,319
Transfer (out)/in	(11,716)	11,716	-
Amortisation to profit or loss (Note 8)	-	(1,051)	(1,051)
Written off to profit or loss (Note 8)	(12)	-	(12)
Impairment loss recognised in profit or loss (Note 10)	-	(1,920)	(1,920)
At 31 December 2020	486	11,681	12,167

Based on the assessment carried out by management, a reversal of impairment loss of RM1,920,000 (2020: an impairment loss of RM1,920,000) in respect of the mine properties of SL Tin was recognised in profit or loss of the Group due to improvement of the tin prices compared to prior year. The carrying amount of the mine properties of SL Tin as at 31 December 2021 is RM4,563,000 (2020: RM2,746,000). Significant accounting judgements and estimates involved in determining the reversal of impairment loss/(impairment loss) are disclosed in Note 3(g).

23. Deferred tax

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Deferred tax (assets)/ liabilities				
At 1 January	(6,531)	(7,545)	(6,128)	(6,893)
Recognised in profit or loss (Note 13)	2,972	(276)	6,412	372
Recognised in other comprehensive income (Note 13)	172	1,290	(69)	393
At 31 December	(3,387)	(6,531)	215	(6,128)
Presented after appropriate offsetting as follows:				
Deferred tax assets	(6,348)	(9,085)	-	(6,128)
Deferred tax liabilities	2,961	2,554	215	-
	(3,387)	(6,531)	215	(6,128)
Presented prior to offsetting as follows:				
Deferred tax assets	(15,026)	(16,830)	(7,526)	(13,614)
Deferred tax liabilities	11,639	10,299	7,741	7,486
	(3,387)	(6,531)	215	(6,128)

The components and movements of deferred tax liabilities and assets during the financial year prior to offsetting are as follows:

Deferred tax liabilities

	Property, plant and equipment RM'000	Fair value changes on derivative financial instruments RM'000	Total RM'000
Group			
At 1 January 2021	10,407	(108)	10,299
Recognised in profit or loss	1,060	108	1,168
Recognised in other comprehensive income	172	-	172
At 31 December 2021	11,639	-	11,639
At 1 January 2020	7,459	67	7,526
Recognised in profit or loss	1,658	(175)	1,483
Recognised in other comprehensive income	1,290	-	1,290
At 31 December 2020	10,407	(108)	10,299

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23. Deferred tax (cont'd)

Deferred tax liabilities (cont'd)

	Property, plant and equipment RM'000	Fair value changes on derivative financial instruments RM'000	Total RM'000
Company			
At 1 January 2021	7,594	(108)	7,486
Recognised in profit or loss	216	108	324
Recognised in other comprehensive income	(69)	-	(69)
At 31 December 2021	7,741	-	7,741
At 1 January 2020	6,384	67	6,451
Recognised in profit or loss	817	(175)	642
Recognised in other comprehensive income	393	-	393
At 31 December 2020	7,594	(108)	7,486

Deferred tax assets

	Unutilised tax losses and unabsorbed capital allowances RM'000	Unutilised reinvestment allowance RM'000	Receivables RM'000	Other provisions RM'000	Others RM'000	Total RM'000
Group						
At 1 January 2021	(1,492)	(715)	(177)	(14,175)	(271)	(16,830)
Recognised in profit or loss	241	-	-	1,839	(276)	1,804
At 31 December 2021	(1,251)	(715)	(177)	(12,336)	(547)	(15,026)
At 1 January 2020	(4,895)	(1,991)	(168)	(8,017)	-	(15,071)
Recognised in profit or loss	3,403	1,276	(9)	(6,158)	(271)	(1,759)
At 31 December 2020	(1,492)	(715)	(177)	(14,175)	(271)	(16,830)

23. Deferred tax (cont'd)

Deferred tax assets (cont'd)

Company	Unutilised tax losses and unabsorbed capital allowances RM'000	Unutilised reinvestment allowance RM'000	Receivables RM'000	Other provisions RM'000	Others RM'000	Total RM'000
At 1 January 2021	(1,383)	(715)	(177)	(11,068)	(271)	(13,614)
Recognised in profit or loss	132	-	-	6,232	(276)	6,088
At 31 December 2021	(1,251)	(715)	(177)	(4,836)	(547)	(7,526)
At 1 January 2020	(4,895)	(1,991)	(168)	(6,290)	-	(13,344)
Recognised in profit or loss	3,512	1,276	(9)	(4,778)	(271)	(270)
At 31 December 2020	(1,383)	(715)	(177)	(11,068)	(271)	(13,614)

24. Inventories

	Group 2021 RM'000	Group 2020 RM'000	Company 2021 RM'000	Company 2020 RM'000
At cost:				
Tin inventories	774,938	115,062	793,426	124,886
Other inventories (stores, spares, fuels, coal and saleable by-products)	14,924	10,753	11,133	6,859
	789,862	125,815	804,559	131,745
At net realisable value:				
Tin inventories	-	478,316	-	478,316
	789,862	604,131	804,559	610,061

Tin inventories comprise feed materials or tin-in-concentrates, tin bearing intermediates or tin-in-process and refined tin metal.

The carrying amount of tin inventories include allowance for tin loss of RM2,270,000 (2020: RM4,610,000).

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24. Inventories (cont'd)

In 2019, the Group and the Company wrote down RM31,100,000 of its tin-bearing inventories to their net realisable value due to unfavourable tin prices. In 2020 and 2021, following the improvement of tin prices, RM7,100,000 and RM24,000,000 of the write-down were reversed respectively.

The cost of inventories recognised as an expense in profit or loss is RM789,641,000 (2020: RM680,653,000) for the Group and RM968,684,000 (2020: RM751,455,000) for the Company.

25. Trade receivables

	Group		Company	
	2021 RM'000	**2020 RM'000**	**2021 RM'000**	**2020 RM'000**
Current				
Third parties	12,534	26,312	12,533	26,310
Allowance for impairment				
- Third parties	(736)	(736)	(736)	(736)
Trade receivable, net	11,798	25,576	11,797	25,574
Add: **Other receivables** (Note 26)	546	1,148	40,227	36,358
Add: **Cash and bank balances** (Note 29)	122,576	36,846	67,363	19,279
Total financial assets carried at amortised cost	134,920	63,570	119,387	81,211

Credit risk

The Group's and the Company's normal trade credit terms range from cash term to 90 days (2020: from cash term to 90 days). Other credit terms are assessed and approved on a case-by-case basis.

Other information on financial risks of trade receivables are disclosed in Note 37.

The aging analysis of trade receivables is as follows:

	Gross RM'000	**Allowance for impairment RM'000**	**Net RM'000**
Group			
At 31 December 2021			
Not past due	11,544	-	11,544
Past due:			
30 to 60 days	8	-	8
61 to 90 days	24	-	24
91 to 120 days	222	-	222
More than 120 days	736	736	-
	990	736	254
Total	12,534	736	11,798

25. Trade receivables (cont'd)

The aging analysis of trade receivables is as follows: (cont'd)

	Gross RM'000	Allowance for impairment RM'000	Net RM'000
Group			
At 31 December 2020			
Not past due	25,328	-	25,328
Past due:			
30 to 60 days	240	-	240
61 to 90 days	6	-	6
More than 120 days	738	736	2
	984	736	248
Total	26,312	736	25,576
Company			
At 31 December 2021			
Not past due	11,543	-	11,543
Past due:			
30 to 60 days	8	-	8
61 to 90 days	24	-	24
91 to 120 days	222	-	222
More than 120 days	736	736	-
	990	736	254
Total	12,533	736	11,797
At 31 December 2020			
Not past due	25,326	-	25,326
Past due:			
30 to 60 days	240	-	240
61 to 90 days	6	-	6
More than 120 days	738	736	2
	984	736	248
Total	26,310	736	25,574

25. Trade receivables (cont'd)

Receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group and the Company.

At the reporting date, the Group and the Company have trade receivables arising from export sales amounting to RM8,292,000 (2020: RM7,651,000) which are to be settled via letters of credit issued by reputable banks in the countries where the customers are based.

Receivables that are past due but not impaired

Both the Group and the Company have trade receivables amounting to RM254,000 (2020: RM248,000) that are past due at the reporting date but not impaired. Although these balances are unsecured in nature, they are mostly due from creditworthy customers.

Receivables that are impaired

The Group's and the Company's trade receivables that are impaired at the reporting date and the movements of allowance accounts used to record the impairment were as follows:

	Group/Company Individually impaired	
	2021	**2020**
	RM'000	**RM'000**
Trade receivables-nominal amounts	736	736
Less: Allowance for impairment	(736)	(736)
	-	-

Movement in the allowance accounts:

	Group/Company	
	2021	**2020**
	RM'000	**RM'000**
At 1 January	736	700
Impairment for the year (Note 10)	-	36
At 31 December	736	736

26. Other receivables

	Group		Company	
	2021 RM'000	**2020 RM'000**	**2021 RM'000**	**2020 RM'000**
Current				
Third parties	33	92	19	79
Subsidiaries	-	-	39,249	35,370
Joint venture	1	1	1	1
Related party	95	-	95	-
	129	93	39,364	35,450
Deposits	417	1,055	863	908
Total other receivables	546	1,148	40,227	36,358

Amounts due from subsidiaries

These are unsecured and repayable on demand and include advances amounting to RM39,212,000 (2020: RM34,819,000) where interest rates ranging from 3.0% to 4.0% (2020: 3.0% to 4.0%) per annum is charged.

Further details on related party transactions are disclosed in Note 36.

Other information on financial risks of other receivables are disclosed in Note 37.

27. Trade prepayments

	2021 RM'000	**2020 RM'000**
Group and Company		
Trade prepayments	36,505	10,255

Trade prepayments relate to provisional advances paid to suppliers of tin-in-concentrates.

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28. Derivative financial instruments

Derivative financial instruments included in the statements of financial position at the reporting date were:

	Group		Company	
	Assets RM'000	Liabilities RM'000	Assets RM'000	Liabilities RM'000
At 31 December 2021				
Forward currency contracts	-	310	-	-
Analysed as:				
Current	-	310	-	-
Non-current	-	-	-	-
At 31 December 2020				
Forward currency contracts	625	531	625	-
Forward tin contracts	-	1,075	-	1,075
	625	1,606	625	1,075
Analysed as:				
Current	625	1,075	625	1,075
Non-current	-	531	-	-

(a) Forward currency contracts

Forward currency contracts were entered into for the purpose of managing foreign exchange risk. The fair value changes of these contracts are recognised in profit or loss. During the financial year, there were no contracts designated as cash flow or fair value hedge.

(b) Forward tin contracts

Forward tin contracts were entered into for tin trading, arbitraging for profit and to manage tin price risk. The fair value changes of these contracts are recognised in profit or loss. During the financial year, there were no contracts designated as cash flow or fair value hedge.

28. Derivative financial instruments (cont'd)

The Group and the Company have the following derivative financial instruments at the reporting date:

At 31 December 2021

Forward currency contracts not designated as hedges

Forward currency contracts not designated as hedges to manage its foreign currency risk on expected future repayment of borrowings in Singapore Dollar (SGD):

Group

Buy SGD	Maturity period	Average exchange rate RM/SGD
SGD16,200,000	November 2022	3.1448

A fair value loss of RM310,000 in respect of these contracts has been recognised in profit or loss.

At 31 December 2020

(i) Forward currency contracts not designated as hedges

Forward currency contracts not designated as hedges to manage its foreign currency risk on expected future sales receivables and purchases payables.

Group and Company

Sell USD	Range of maturity period	Average exchange rate RM/USD
USD14,674,000	From January 2021 to June 2021	4.0716

A fair value gain of RM625,000 with a deferred tax expense of RM150,000 in respect of these contracts has been recognised in profit or loss.

Forward currency contracts not designated as hedges to manage its foreign currency risk on expected future repayment of borrowings in Singapore Dollar (SGD):

Group

Buy SGD	Maturity period	Average exchange rate RM/SGD
SGD16,200,000	November 2022	3.1448

A fair value loss of RM531,000 in respect of these contracts has been recognised in profit or loss.

28. Derivative financial instruments (cont'd)

At 31 December 2020 (cont'd)

(ii) Forward tin contracts not designated as hedges

Forward tin contracts not designated as hedges to manage its tin price risk.

Group and Company

Tin sales contracts	Range of maturity period	Average tin price per tonne
USD4,356,000	From January 2021 to February 2021	USD18,148

A fair value loss of RM2,298,000 with a deferred tax benefit of RM552,000 in respect of these contracts has been recognised in profit or loss.

Group and Company

Tin purchases contracts	Range of maturity period	Average tin price per tonne
USD3,878,000	From February 2021 to March 2021	USD18,919

A fair value gain of RM1,223,000 with a deferred tax expense of RM294,000 in respect of these contracts has been recognised in profit or loss.

29. Cash, bank balances and deposits

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Cash on hand and at banks	31,545	10,079	17,400	6,184
Deposits of up to three months maturity with licensed banks	91,031	26,767	49,963	13,095
Cash, bank balances and deposits/Cash and cash equivalents	122,576	36,846	67,363	19,279

Deposits are made for varying periods of between 1 day and 1 month (2020: between 1 day and 3 months) depending on the immediate cash requirements of the Group and the Company, and earn interests at the respective short-term deposit rates. The weighted average effective interest rates as at 31 December 2021 for the Group and the Company were 1.5% (2020: 1.5%) and 1.6% (2020: 1.5%) per annum, respectively.

30. Provisions

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Provision for mine restoration				
- RHT	38,881	37,990	-	-
- SL Tin	1,763	1,679	-	-
	40,644	39,669	-	-
Provision for voluntary separation/ retrenchment compensation	11,817	13,257	11,817	13,257
	52,461	52,926	11,817	13,257
Analysed as:				
Current	-	13,798	-	13,257
Non-current	52,461	39,128	11,817	-

Provision for mine restoration

	Group	
	2021 RM'000	2020 RM'000
At 1 January	39,669	28,110
Addition during the year	6,430	10,049
Revision during the year	(6,594)	62
Unwinding of discount on provision (Note 11)	1,139	1,448
At 31 December	40,644	39,669
Current	-	541
Non-current:		
Later than 1 year but not later than 2 years	433	544
Later than 2 years but not later than 5 years	2,933	2,402
Later than 5 years	37,278	36,182
	40,644	39,128
	40,644	39,669

Provision for voluntary separation/ retrenchment compensation

	Group and Company	
	2021 RM'000	2020 RM'000
At 1 January	13,257	15,000
Addition during the year	170	418
Revision during the year	(1,610)	-
Reclassified to trade and other payables	-	(145)
Paid during the year	-	(2,016)
At 31 December	11,817	13,257
Current	-	13,257
Non-current:		
Later than 1 year but not later than 2 years	11,817	-
	11,817	13,257

30. Provisions (cont'd)

(a) Provision for mine restoration

The Group's tin mining activity is conducted principally through its subsidiary, RHT. RHT is obliged to restore and rehabilitate the mine subsequent to the cessation of production.

Mine restoration costs will be substantially incurred subsequent to the cessation of mine production. Please refer to Note 3(b) for significant accounting judgements and estimates.

In November 2019, RHT has obtained approval from the authority to extend the mining leases to year 2034.

In September 2020, RHT has re-submitted its original mine restoration plan amounting to RM28.9 million (net present value: RM26.5 million) to the relevant authorities. However, there is a delay in the commencement of mine restoration due to no approval obtained from the relevant authorities as of to date. As per latest assessment, RHT is required to prepare and resubmit a new Mine Rehabilitation Plan ("MRP") to the relevant authorities based on the relevant data, specifications, methods and costs within 3 years from the issuance of the new mining leases in November 2019, which will be expired in November 2022.

The new mine restoration plan (including the enlarged disturbed area) amounting to RM45.2 million (net present value: RM38.9 million) is expected to be submitted to the relevant authorities in year 2022.

(b) Provision for voluntary separation/ retrenchment compensation

The provision amounting to RM15,000,000 as at 31 December 2019 was in respect of the estimated compensation for Voluntary Separation Scheme ("VSS"). The VSS was closed on 31 December 2020. The plant relocation plan has been delayed due to Coronavirus (COVID-19) outbreak.

The provision amounting to RM11,817,000 as at 31 December 2021 is the present value of the estimated compensation amount to be paid for the affected employees at its existing Butterworth tin smelting plant, who have no intention to relocate to the new tin smelting plant in Pulau Indah.

31. Borrowings

	Group		Company	
	2021	**2020**	**2021**	**2020**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Short term borrowings				
Unsecured:				
Short term trade financing	11,858	23,650	11,858	23,650
Bankers' acceptances/ Trust receipts	324,440	301,573	324,440	301,573
Revolving credit	30,000	30,000	30,000	30,000
Term loan 1	50,008	-	-	-
	416,306	355,223	366,298	355,223
Long term borrowings				
Unsecured:				
Term loan 1	-	49,357	-	-
Secured:				
Term loan 2	40,000	-	40,000	-
	40,000	49,357	40,000	-
Total borrowings	456,306	404,580	406,298	355,223

Short term trade financing

Short term trade financing bears interest rates which range from 1.0% to 1.1% (2020: 1.0%) per annum.

Bankers' acceptances/ Trust receipts

Bankers' acceptances/ Trust receipts bear interest rates which range from 2.4% to 3.3% (2020: 2.4% to 3.9%) per annum.

Revolving credit

Revolving credit bears interest rate of 4.1% (2020: 4.1%) per annum.

Term loan 1

The term loan 1 is denominated in Singapore Dollar and repayable in one lump sum at maturity on 18 November 2022. The term loan 1 bears interest rate of 3.5% (2020: 3.5%) per annum.

Term loan 2

The term loan 2 is denominated in Ringgit Malaysia. The term loan 2 bears interest rate of 3.7% per annum and is collaterised by land held for development of a subsidiary.

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31. Borrowings (cont'd)

The remaining maturities of the borrowings at the reporting date are as follows:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
On demand or within one year	416,306	355,223	366,298	355,223
More than 1 year and less than 2 year	13,333	49,357	13,333	-
More than 2 years and less than 5 years	26,667	-	26,667	-
	456,306	404,580	406,298	355,223

Other information on financial risks on borrowings are disclosed in Note 37.

32. Trade and other payables

		Group		Company	
	Note	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Current					
Trade payables					
Third parties	a	68,594	20,561	60,760	16,063
Subsidiaries	b	-	-	83,388	18,815
		68,594	20,561	144,148	34,878
Other payables					
Third parties	c	18,457	16,238	12,966	12,730
Immediate holding company	d				
- Loan		73,461	73,461	73,461	73,461
- Others		539	841	539	841
Subsidiaries	b	-	-	45,109	70
		92,457	90,540	132,075	87,102
Advance from customers		6,900	9,667	6,900	9,667
Accruals		20,490	10,656	9,324	6,785
GST payable		-	1,703	-	-
		119,847	112,566	148,299	103,554

32. Trade and other payables (cont'd)

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Total trade and other payables	188,441	133,127	292,447	138,432
Less: GST payable	-	(1,703)	-	-
Total trade and other payables excluding GST payable	188,441	131,424	292,447	138,432
Add: **Borrowings** (Note 31)	456,306	404,580	406,298	355,223
Total financial liabilities carried at amortised cost	644,747	536,004	698,745	493,655

(a) Trade payables - third parties

These are unsecured and non-interest bearing. The normal credit terms granted to the Group and the Company range from cash to 60 days (2020: from cash to 60 days).

(b) Amounts due to subsidiaries

These are unsecured and repayable on demand and include advances amounting to RM45.96 million (2020: RM0.27 million) where interest rate of 1.9% (2020: 1.9% to 3.2%) per annum is charged.

(c) Other payables - third parties

These are unsecured and non-interest bearing. The normal credit terms granted to the Group and the Company range from cash to 90 days (2020: from cash to 90 days).

(d) Amount due to/ Loan from immediate holding company

Amount due to immediate holding company is unsecured and repayable on demand. Loan from immediate holding company is unsecured with interest rates ranging from 3.5% to 4.2% (2020: 4.2%) per annum is charged.

Further details on related party transactions are disclosed in Note 36.

Other information on financial risks of trade and other payables are disclosed in Note 37.

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33. Share capital

	Number of ordinary shares '000	Amount RM'000
Issued and fully paid		
Company		
At 1 January 2021	400,000	200,000
Issue of ordinary shares	20,000	37,194
At 31 December 2021	420,000	237,194
At 1 January 2020/ 31 December 2020	400,000	200,000

During the financial year, the Company increased its issued and paid-up ordinary share capital from RM200,000,000 to RM237,194,000 by way of issuance of 20,000,000 ordinary shares through a private placement at an issue price of RM1.90 per ordinary share. The proceeds from the issuance of shares is net of transaction costs of RM806,000.

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regard to the Company residual assets.

34. Other reserves (non-distributable)

Group	Revaluation reserves RM'000	Foreign currency translation reserves RM'000	FVOCI reserves RM'000	Other reserve RM'000	Total RM'000
At 1 January 2021	12,360	1,025	6,741	1,706	21,832
Other comprehensive income:					
Revaluation reserves on properties, net	546	-	-	-	546
Net fair value changes in quoted investments at FVOCI	-	-	35,097	-	35,097
Foreign currency translation	-	(3)	-	-	(3)
Share of foreign currency translation of associate and joint venture	-	45	-	-	45
	546	42	35,097	-	35,685
At 31 December 2021	12,906	1,067	41,838	1,706	57,517

34. Other reserves (non-distributable) (cont'd)

Group	Revaluation reserves RM'000	Foreign currency translation reserves RM'000	FVOCI reserves RM'000	Other reserve RM'000	Total RM'000
At 1 January 2020	8,277	1,273	(6,856)	1,706	4,400
Other comprehensive income:					
Revaluation reserves on properties, net	4,083	-	-	-	4,083
Net fair value changes in quoted investments at FVOCI	-	-	13,597	-	13,597
Foreign currency translation	-	2	-	-	2
Share of foreign currency translation of associate and joint venture	-	(250)	-	-	(250)
	4,083	(248)	13,597	-	17,432
At 31 December 2020	12,360	1,025	6,741	1,706	21,832

Company	Revaluation reserves RM'000	FVOCI reserves RM'000	Total RM'000
At 1 January 2021	2,649	6,741	9,390
Other comprehensive income:			
Revaluation reserves on properties, net	(217)	-	(217)
Net fair value changes in quoted investments at FVOCI	-	35,097	35,097
	(217)	35,097	34,880
At 31 December 2021	2,432	41,838	44,270
At 1 January 2020	1,405	(6,856)	(5,451)
Other comprehensive income:			
Revaluation reserves on properties, net	1,244	-	1,244
Net fair value changes in quoted investments at FVOCI	-	13,597	13,597
	1,244	13,597	14,841
At 31 December 2020	2,649	6,741	9,390

34. Other reserves (non-distributable) (cont'd)

The nature and purpose of each category of reserve are as follows:

(a) Revaluation reserves

The account records increases in the fair value of land and buildings and decreases to the extent that such decrease relates to an increase on the same asset previously recognised in equity, net of tax.

(b) Foreign currency translation reserves

The account records the exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency. It also records the exchange differences arising from monetary items which form part of the Group's net investment in foreign operations, regardless of the currency of the monetary item.

(c) Fair value through other comprehensive income ("FVOCI") reserves

The account records the cumulative fair value changes of investment securities until they are derecognised.

35. Commitments and contingency

Capital commitments

	Group		Company	
	2021 RM'000	**2020 RM'000**	**2021 RM'000**	**2020 RM'000**
Capital expenditure:				
Approved and contracted for:				
- Property, plant and equipment	8,004	9,103	6,890	8,304
Approved but not contracted for:				
- Property, plant and equipment	1,414	1,040	-	-
- Deferred mine exploration and evaluation expenditures	80	80	-	-
	1,494	1,120	-	-

35. Commitments and contingency (cont'd)

Legal claims

(i) A subsidiary defended a legal action brought about by two companies ("Plaintiffs") for the payment of tributes of RM54.6 million. Following completion of the trial on 26 July 2019, the decision delivered by the judge on 31 July 2019 was in the subsidiary's favour. The two companies had filed an Appeal at the Court of Appeal ("COA"). The hearing of the Appeal was conducted on 25 August 2021 and 11 October 2021. The COA's decision was handed down on 25 November 2021 whereby the COA dismissed the Appeal in favour of the subsidiary. Thereafter, the Plaintiffs had applied for leave to appeal to the Federal Court ("FC") against the decision of the COA. The hearing for the leave application was held on 11 April 2022 where the FC granted leave to the Plaintiffs to appeal. The Plaintiffs will now have two (2) weeks to file their Notice of Appeal, after which a case management will be fixed for the Plaintiffs to file their records of appeal. Thereafter, a date will be fixed for the hearing before the FC. The Board, having previously obtained advice from its legal counsel in respect of the Plaintiffs' appeal to the COA, is of the opinion that the Plaintiff's appeal is unlikely (i.e. possible, but not probable) to succeed and accordingly no provision for liability is required to be made in the financial statements.

(ii) In connection with the case mentioned in (i), the subsidiary has separately instituted legal action against two former executive officers of the Company, the above two companies, and certain persons connected with the two companies (collectively known as the "Defendants"), claiming for damages for breach of fiduciary duties, conspiracy, dishonest assistance. Initially, the Defendants applied to the High Court ("HC") to strike out the subsidiary's claim. On 17 December 2020, the HC dismissed all the striking out applications by the Defendants. Except for one Defendant, all the other Defendants had filed an appeal to the COA against the HC's decision to dismiss their striking out application. On 23 August 2021, the COA dismissed all of the Defendants' appeals in favour of the subsidiary.

On 23 September 2021, the Defendants had submitted their application to the FC for leave to appeal against the decision of the COA to dismiss their application to strike out the case. The hearings for their applications have been fixed on 21 February 2022. However, based on the application submitted by a former executive officer of the Company, the above two companies, and certain persons connected with the two companies (collectively known as the 2^{nd} to 5^{th} "Defendants"), the hearing was vacated and re-scheduled to 6 April 2022.

A former executive officer of the Company (1^{st} Defendant) has recently applied for the hearing on 6 April 2022 to be vacated and a Case Management ("CM") was held on 23 March 2022 to fix the new hearing date. At the CM, the new hearing date was fixed for 14 June 2022. There will be CM on 30 May 2022 to ensure that all papers are in order before the hearing.

In respect of the Defendant that did not appeal against the decision of the HC, the deadline to file an appeal against this decision has passed.

Notwithstanding the above, the trial dates were initially fixed for 18 April 2022 to 22 April 2022. However, the case was recently transferred to a different court and the trial can no longer proceed on these dates. A CM was held on 6 April 2022 to update the Court on the status of the 1^{st} Defendant and 2^{nd} to 5^{th} Defendants leave applications and for the Court to give further directions on trial dates and the filing of witness statements. At the CM, trial dates were fixed for 19 to 20 September 2022, 7 October 2022 and 12 to 13 October 2022.

35. Commitments and contingency (cont'd)

Legal claims (cont'd)

(ii) There will be a CM on 16 June 2022 to update the Court on the status of the Defendants' leave applications as well as further directions on the filing of witness statements.

In the Directors' opinion, disclosure of additional information about the above matter would be prejudicial to the interests of the Group.

(iii) A Plaintiff representing a foreign workers' contractor, has commenced legal proceedings against the Company, amongst others for the sum of RM2,597,621. The Plaintiff's cause of action is premised upon the purported breach of contract. The Company denies any breach of contract as alleged. The trial for this matter was originally fixed for 7 and 8 February 2022. However, the hearing on these dates were vacated and rescheduled to 4 and 5 April 2022. However, the trial on these dates were also vacated and the Court proceeded to reschedule the trial to 15 and 16 August 2022 without consulting the parties. Unfortunately, due to a scheduling conflict, the Company's legal counsel has had to request the Court to reschedule the hearing. The Board of Directors, having obtained advice from its legal counsel, is of the opinion that the Company has a good chance of winning the case.

(iv) On 23 December 2021, the Company received a letter of demand from a third party claiming the Company has breached a sale and purchase agreement entered into between the Company and the third party dated 8 July 2019, that the Company agreed to supply 60,000 MT of tin slag at the price of RM 50 per MT within 12 months from the date of agreement (the "Agreement").

The Company's legal counsel is of the view that the Company has an arguable case to contend that it did not breach the Agreement and a sufficiently reliable estimate of the financial effect cannot be made due to the lack of particulars and evidence in respect of the claim. Pursuant to this, the Company's legal counsel has recently sent an official response to the third party's solicitor denying that there has been any breach of the Agreement. At present, neither the third party or their solicitors have responded.

36. Related party disclosures

(a) Related party transactions

In addition to the transactions detailed elsewhere in the financial statements, the Group and the Company had the following transactions with related parties during the financial year.

	Note	2021 RM'000	2020 RM'000
Group			
Associate:			
- Sales of products	(i)	7,161	27,921
Immediate holding company:			
- Interest expense	(ii)	2,730	3,094

36. Related party disclosures (cont'd)

(a) Related party transactions (cont'd)

	Note	2021 RM'000	2020 RM'000
Company			
Subsidiaries:			
- Purchases of products	(iii)	303,673	160,425
- Interest income	(iv)	1,307	971
- Management fee income	(v)	1,800	1,800
- Advances given	(vi)	7,349	10,352
- Advances received	(vii)	45,000	16,000
- Rental and service charges (including security services)	(viii)	4,746	4,746
- Interest expense	(ii)	697	482
Associate:			
- Sales of products	(i)	7,161	27,921
Immediate holding company:			
- Interest expense	(ii)	2,730	3,094

(i) The sales of products to an associate have been made according to the market prices and conditions offered to the major customers of the Group. It is subject to the Group's and the Company's normal credit terms which range from cash to 30 days.

(ii) Interest expense are payable in respect of loan/advances received from immediate holding company and a subsidiary. Further details are disclosed in Notes 32(d) and 32(b) respectively.

(iii) The purchases of products from subsidiaries has been made according to the market prices. Amount due to subsidiaries on trade transactions are repayable on demand.

(iv) Interest income are receivable in respect of amounts due from subsidiaries. Further details of amount due from subsidiaries are disclosed in Note 26.

36. Related party disclosures (cont'd)

(a) Related party transactions (cont'd)

(v) Management fee income is receivable from a subsidiary.

(vi) Advances given to certain subsidiaries are subject to interest as disclosed in Note 26.

(vii) Advances received from a subsidiary is subject to interest as disclosed in Note 32(b).

(viii) Rental and service charges (including security services) are payable to subsidiaries for lease of office and factory buildings.

Information regarding outstanding balances arising from related party transactions as at 31 December 2021 and 2020 are disclosed in Notes 26 and 32.

(b) Compensation of key management personnel

The remuneration of directors and other members of key management during the year was as follows:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Short term employee benefits	4,564	4,976	3,668	3,977
Post-employment benefits:				
- Defined contribution plan	548	588	422	457
	5,112	5,564	4,090	4,434

Included in the total compensation of key management personnel was:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Directors' fees (Note 8)	482	549	457	459

37. Financial risk management objectives and policies

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include interest rate risk, foreign currency risk, liquidity risk, credit risk, commodity price risk and market price risk.

The Group's and the Company's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's and the Company's businesses whilst managing their interest rate risk, foreign currency risk, liquidity risk, credit risk, commodity price risk and market price risk. The policies for managing each of these risks are summarised below.

(a) Interest rate risk

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

The Group's and the Company's exposure to market risk for changes in interest rates relates primarily to the Group's and the Company's cash deposits and debt obligations.

The Group and the Company had placed the cash deposits with reputable banks and financial institutions with a good mix of maturity periods to obtain the most favourable interest rates and ensure funds are available when required.

The table below demonstrates the sensitivity to a reasonably possible change in interest rates with all other variables held constant, of the Group's and the Company's profit or loss net of tax through the impact on interest income from bank deposits and interest expense on floating rate borrowings at the reporting date:

	Increase (+)/ Decrease (-) in basis point	Group (Decrease)/ Increase in profit net of tax RM'000	Company (Decrease)/ Increase in profit net of tax RM'000
At 31 December 2021			
- Malaysian Ringgit	+25	(576)	(655)
	-25	576	655
- United States Dollar	+25	(23)	(23)
	-25	23	23

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

(a) Interest rate risk (cont'd)

	Increase (+)/ Decrease (-) in basis point	Group (Decrease)/ Increase in profit net of tax RM'000	Company (Decrease)/ Increase in profit net of tax RM'000
At 31 December 2020			
- Malaysian Ringgit	+25	(579)	(605)
	-25	579	605
- United States Dollar	+25	(45)	(45)
	-25	45	45

(b) 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 exposure to fluctuations in foreign exchange rates in both business transactions and foreign currency term loan. The Group has foreign exchange risk exposure mainly in United States Dollar and Singapore Dollar.

Due to the concentration of its purchases and sales in United States Dollar, there is a natural hedge and the exposure to United States Dollar foreign exchange risk for business transactions is minimised. The Group held forward currency contracts to manage its foreign currency risk on expected future sales receivables and purchases payables in United States Dollar for actual and highly probable forecasted transactions.

At the reporting date, approximately:

(i) 96% (2020: 95%) of the Group's and 23% (2020: 41%) of the Company's trade and other receivables as well as 31% (2020: 18%) of the Group's and 20% (2020: 17%) of the Company's trade and other payables (excluding GST payable) are denominated in foreign currencies, mainly in United States Dollar.

(ii) 12% (2020: 12%) of the Group's and 22% (2020: 23%) of the Company's cash and bank deposits are denominated in foreign currencies, mainly in United States Dollar.

(iii) 14% (2020: 18%) of the Group's and 3% (2020: 7%) of the Company's borrowings are denominated in Singapore Dollar and United States Dollar.

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

(b) Foreign currency risk (cont'd)

Forward currency contracts not designated as hedges

A net loss of RM310,000 (2020: a net gain of RM94,000) for the Group and RM Nil (2020: a net gain of RM625,000) for the Company with deferred tax expense of RM Nil (2020: a deferred tax expense of RM150,000) for the Group and the Company in respect of the forward currency contracts were recognised in profit or loss (see Note 28).

The following table demonstrates the sensitivity to a reasonably possible change in the United States Dollar ("USD") and Singapore Dollar ("SGD") against the respective functional currencies of the Group entities, with all other variables held constant, of the Group's and the Company's profit or loss net of tax at the reporting date:

		2021 (Decrease)/ Increase in profit net of tax RM'000	2020 (Decrease)/ Increase in profit net of tax RM'000
Group			
USD/RM	strengthened by 5%	82	(2,459)
	weakened by 5%	(82)	2,459
SGD/RM	strengthened by 5%	29	49
	weakened by 5%	(29)	(49)
Company			
USD/RM	strengthened by 5%	82	(2,459)
	weakened by 5%	(82)	2,459
SGD/RM	strengthened by 5%	(2)	(4)
	weakened by 5%	2	4

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

(c) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities.

The Group and the Company manage their debt maturity profiles, operating cash flows and the availability of funding so as to ensure that all financing, repayment and funding needs are met. As part of its overall prudent liquidity risk management, the Group and the Company maintain sufficient levels of cash or cash convertible investments to meet their working capital requirements. In addition, the Group and the Company strive to maintain available banking facilities of a reasonable level to its overall debt position. As far as possible, the Group and the Company raise committed funding from financial institutions and prudently balance their portfolio with some short term funding so as to achieve overall cost effectiveness.

Analysis of financial instruments by remaining contractual maturities

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

Group	**Note**	**Within 1 year RM'000**	**1 to 5 years RM'000**	**Over 5 years RM'000**	**Total RM'000**
At 31 December 2021					
Financial liabilities:					
Non-derivative					
Borrowings:					
- Principal	31	416,306	40,000	-	456,306
- Interest		4,950	1,787	-	6,737
Trade and other payables		114,980	-	-	114,980
Amount due to immediate holding company					
- Principal	32	73,461	-	-	73,461
- Interest		1,684	-	-	1,684
Lease liabilities					
- Principal	17(b)	380	628	3,417	4,425
- Interest		195	718	2,269	3,182
Derivative					
Forward currency contracts	28	310	-	-	310
Total undiscounted financial liabilities		**612,266**	**43,133**	**5,686**	**661,085**

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

(c) Liquidity risk (cont'd)

Group	**Note**	**Within 1 year RM'000**	**1 to 5 years RM'000**	**Over 5 years RM'000**	**Total RM'000**
At 31 December 2020					
Financial liabilities:					
Non-derivative					
Borrowings:					
- Principal	31	355,223	49,357	-	404,580
- Interest		3,491	1,524	-	5,015
Trade and other payables		57,963	-	-	57,963
Amount due to immediate holding company					
- Principal	32	73,461	-	-	73,461
- Interest		955	-	-	955
Lease liabilities					
- Principal	17(b)	1,621	602	3,585	5,808
- Interest		208	744	2,438	3,390
Derivative					
Forward currency contracts	28	-	531	-	531
Forward tin contracts	28	1,075	-	-	1,075
Total undiscounted financial liabilities		**493,997**	**52,758**	**6,023**	**552,778**

Company	**Note**	**Within 1 year RM'000**	**1 to 5 years RM'000**	**Over 5 years RM'000**	**Total RM'000**
At 31 December 2021					
Financial liabilities:					
Non-derivative					
Borrowings:					
- Principal	31	366,298	40,000	-	406,298
- Interest		3,405	1,787	-	5,192
Trade and other payables		173,023	-	-	173,023
Amount due to immediate holding company					
- Principal	32	73,461	-	-	73,461
- Interest		1,684	-	-	1,684
Advances from a subsidiary					
- Principal		45,963	-	-	45,963
- Interest		850	-	-	850
Lease liabilities					
- Principal	17(b)	67	325	7	399
- Interest		16	33	-	49
Total undiscounted financial liabilities		**664,767**	**42,145**	**7**	**706,919**

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

(c) Liquidity risk (cont'd)

Company	Note	Within 1 year RM'000	1 to 5 years RM'000	Over 5 years RM'000	Total RM'000
At 31 December 2020					
Financial liabilities:					
Non-derivative					
Borrowings:					
- Principal	31	355,223	-	-	355,223
- Interest		1,764	-	-	1,764
Trade and other payables		64,705	-	-	64,705
Amount due to immediate holding company					
- Principal	32	73,461	-	-	73,461
- Interest		955	-	-	955
Advances from a subsidiary					
- Principal		266	-	-	266
- Interest		5	-	-	5
Lease liabilities					
- Principal	17(b)	64	313	93	470
- Interest		19	45	4	68
Derivative					
Forward tin contracts	28	1,075	-	-	1,075
Total undiscounted financial liabilities		**497,537**	**358**	**97**	**497,992**

(d) 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 and the Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including cash and bank balances), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

Credit risks, or the risks of counterparties defaulting are controlled by the application of credit approvals, limit and monitoring procedures. Credit risks are minimised and monitored by limiting the Group's and the Company's associations to business partners with high creditworthiness. Trade receivables are monitored on an ongoing basis via Group management reporting procedures. The Group and the Company place the cash deposits with reputable banks and financial institutions.

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

The Group and the Company determine the default event on a financial asset to be when the counterparty fails to make contractual payments, within 90 days when they fall due.

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

(d) Credit risk (cont'd)

To assess whether there is a significant increase in credit risk, the Group and the Company compare 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 and the Company consider available reasonable and supportive forwarding-looking information which includes 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 debtor's ability to meet its obligations
- Actual or expected significant changes in the operating results of the debtor
- Significant increases in credit risk on other financial instruments of the same debtor
- Significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements
- Significant changes in the expected performance and behaviour of the debtors, including changes in the payment status of debtors in the group and changes in the operating results of the debtor.

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 30 days past due in making contractual payment.

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

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

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

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

(d) Credit risk (cont'd)

The following are credit risk management practices and quantitative and qualitative information about amounts arising from expected credit losses for trade and other receivables:

- The Group and the Company provide for 12-month expected credit losses for all trade and other receivables. The 12-month expected credit losses have taken into consideration historical loss rate statistics for debts with similar credit profile and the country risk of the debtors.
- For receivables which are lower risk, the probability of default ("PD") is minimal.
- For receivables which are higher risk, the PD rates ranging from 2.5% to 50% is applied if a receivable is more than 90 days to 360 days.

The Group and the Company do not expect to receive future cash flows and no recoveries from collection of cash flows on receivables previously written off.

Exposure to credit risk

At the reporting date, the Group's and the Company's maximum exposures to credit risk are represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

The Group and the Company have a concentration of credit risk that may arise from exposure to a single debtor which constitutes approximately 70.3% (2020: 25.4%) of its trade receivables.

The Group and the Company determine concentrations of credit risk by monitoring the country profile of their trade and other receivables on an ongoing basis. The credit risk concentration profile of the Group's and the Company's trade and other receivables at the reporting date were as follows:

	2021		**2020**	
Group	**RM'000**	**% of total**	**RM'000**	**% of total**
By country:				
Korea	8,293	67	1,500	6
Japan	1,728	14	12,640	47
Switzerland/ United Kingdom/ USA	1,723	14	1,188	4
Malaysia	548	5	1,190	5
China, Hong Kong and Taiwan	1	-	9,925	37
Germany	-	-	230	1
Others	51	-	51	-
	12,344	100	26,724	100

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

(d) Credit risk (cont'd)

Exposure to credit risk (cont'd)

Company	2021 RM'000	2021 % of total	2020 RM'000	2020 % of total
By country:				
Malaysia	40,228	78	36,398	59
Korea	8,293	16	1,500	3
Japan	1,728	3	12,640	20
Switzerland/ United Kingdom/ USA	1,723	3	1,188	2
China, Hong Kong and Taiwan	1	-	9,925	16
Germany	-	-	230	-
Others	51	-	51	-
	52,024	100	61,932	100

Financial assets that are neither past due nor impaired

Information regarding trade receivables that are neither past due nor impaired is disclosed in Note 25. Deposits with banks and other financial institutions that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings and have 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 Notes 25 and 26.

(e) Commodity price risk

Commodity price risk is the risk of financial loss resulting from movements in the price of the Group's and the Company's commodity inputs and outputs. The Group and the Company are exposed to commodity price risk on tin forward contract for trading purpose.

The commodity price risk on tin forward contract for trading purpose is managed through contractual arrangements with customers and forward commodity contracts.

In the previous financial year, there was a net loss of RM1,075,000 with a deferred tax benefit of RM258,000 in respect of the forward tin contracts were recognised in profit or loss (see Note 28). At the reporting date, there was no such outstanding contract designated as derivatives for trading purpose.

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

(f) Market price risk

Market price risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market prices (other than interest or exchange rates).

The Group and the Company are exposed to equity price risk arising from its investment in quoted equity instruments. The quoted equity instruments outside Malaysia are listed on Toronto Venture Exchange in Canada. These instruments are classified as financial assets at FVOCI.

The following table demonstrates the sensitivity to a reasonably possible change in the share price, with all other variables held constant, of the Group's and the Company's equity at the reporting date:

Group and Company		**2021 Increase/ (Decrease) in equity RM'000**	**2020 Increase/ (Decrease) in equity RM'000**
Share price	increased by 5%	2,923	1,168
	decreased by 5%	(2,923)	(1,168)

(g) Capital management

The Group's and the Company's policy are to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the various core businesses. The Group and the Company allocate the amount of capital in proportion to risk, manage the capital structure and make adjustments to it in the light of changes in economic conditions and the risk characteristic of the underlying assets. In order to maintain or adjust the capital structure, the Group and the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, sell assets or increase borrowings. The Group and the Company monitor the return of capital, which is defined as total shareholders' equity (excluding non-controlling interests), and gearing ratio.

The Group and the Company seek to maintain a balance between the higher returns that might be possible with higher level of borrowings and the advantages and security afforded by a sound capital position.

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

(g) Capital management (cont'd)

	Group		Company	
	2021 RM'000	**2020 RM'000**	**2021 RM'000**	**2020 RM'000**
Share capital	237,194	200,000	237,194	200,000
Other reserves	57,517	21,832	44,270	9,390
Retained earnings	285,727	171,669	270,177	258,536
Total shareholders' equity	580,438	393,501	551,641	467,926
Non-controlling interests	203	(225)	-	-
Total equity	580,641	393,276	551,641	467,926
Bank borrowings (Note 31)	456,306	404,580	406,298	355,223
Loan from immediate holding company (Note 32(d))	73,461	73,461	73,461	73,461
Advances from a subsidiary (Note 32 (b))	-	-	45,963	266
Total borrowings	529,767	478,041	525,722	428,950
Gearing ratio (total borrowings over total equity)	0.9	1.2	1.0	0.9
Gearing ratio (bank borrowings over total equity)	0.8	1.0	0.7	0.8

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38. Fair value of assets and liabilities

(a) Fair value of assets and liabilities that are carried at fair value

The following table shows an analysis of each class of assets and liabilities carried at fair value by level of fair value hierarchy:

	Date of valuation	Quoted prices in active markets for identical instruments (Level 1) RM'000	Significant other observable inputs (Level 2) RM'000	Significant unobservable inputs (Level 3) RM'000	Total RM'000
Group					
At 31 December 2021					
Assets measured at fair value:					
Investment securities (Note 21)					
- Equity instruments (quoted)	31.12.2021	58,456	-	-	58,456
Revalued freehold land and buildings (Note 16)					
- Land and buildings in Pulau Indah Industrial Park	31.12.2021	-	-	52,460	52,460
- 80 units flats in Bukit Mertajam	31.12.2021	-	-	4,496	4,496
- Land and buildings in Daerah Hulu Perak	31.12.2021	-	-	2,657	2,657
		58,456	-	59,613	118,069
Liabilities measured at fair value:					
Derivative financial liabilities (Note 28)					
- Forward currency contracts	31.12.2021	-	310	-	310

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

(a) Fair value of assets and liabilities that are carried at fair value (cont'd)

Group	Date of valuation	Quoted prices in active markets for identical instruments (Level 1) RM'000	Significant other observable inputs (Level 2) RM'000	Significant unobservable inputs (Level 3) RM'000	Total RM'000
At 31 December 2020					
Assets measured at fair value:					
Investment securities (Note 21)					
- Equity instruments (quoted)	31.12.2020	23,359	-	-	23,359
Revalued freehold land and buildings (Note 16)					
- Land and buildings in Pulau Indah Industrial Park	31.12.2020	-	-	51,535	51,535
- 80 units flats in Bukit Mertajam	31.12.2020	-	-	4,496	4,496
- Land and buildings in Daerah Hulu Perak	31.12.2020	-	-	2,602	2,602
Derivative financial assets (Note 28)					
- Forward currency contracts	31.12.2020	-	625	-	625
		23,359	625	58,633	82,617
Liabilities measured at fair value:					
Derivative financial liabilities (Note 28)					
- Forward currency contracts	31.12.2020	-	531	-	531
- Forward tin contracts	31.12.2020	1,075	-	-	1,075
		1,075	531	-	1,606

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

(a) Fair value of assets and liabilities that are carried at fair value (cont'd)

	Date of valuation	Quoted prices in active markets for identical instruments (Level 1) RM'000	Significant other observable inputs (Level 2) RM'000	Significant unobservable inputs (Level 3) RM'000	Total RM'000
Company					
At 31 December 2021					
Assets measured at fair value:					
Investment securities (Note 21)					
- Equity instruments (quoted)	31.12.2021	58,456	-	-	58,456
Revalued buildings (Note 16)					
- Buildings in Pulau Indah Industrial Park	31.12.2021	-	-	14,060	14,060
- 80 units flats in Bukit Mertajam	31.12.2021	-	-	4,496	4,496
		58,456	-	18,556	77,012

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

(a) Fair value of assets and liabilities that are carried at fair value (cont'd)

	Date of valuation	Quoted prices in active markets for identical instruments (Level 1) RM'000	Significant other observable inputs (Level 2) RM'000	Significant unobservable inputs (Level 3) RM'000	Total RM'000
Company					
At 31 December 2020					
Assets measured at fair value:					
Investment securities (Note 21)					
- Equity instruments (quoted)	31.12.2020	23,359	-	-	23,359
Revalued buildings (Note 16)					
- Buildings in Pulau Indah Industrial Park	31.12.2020	-	-	14,635	14,635
- 80 units flats in Bukit Mertajam	31.12.2020	-	-	4,496	4,496
Derivative financial assets (Note 28)					
- Forward currency contracts	31.12.2020	-	625	-	625
		23,359	625	19,131	43,115
Liabilities measured at fair value:					
Derivative financial liabilities (Note 28)					
- Forward tin contracts	31.12.2020	1,075	-	-	1,075

<u>Fair value hierarchy</u>

The Group classified fair value measurement using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. prices) or indirectly (i.e. derived from prices), and

Level 3 – Inputs for the asset or liability that are not based on observable market data (unobservable inputs)

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

(a) Fair value of assets and liabilities that are carried at fair value (cont'd)

Determination of fair value

Quoted equity instruments: Fair value is determined directly by reference to the published market closing price at the reporting date.

Derivatives: Forward currency contracts and forward tin contracts are valued using a valuation technique with market observable inputs. These contracts are valued by financial institutions.

Information about significant unobservable inputs used in Level 3 fair value measurements

The following table shows the information about fair value measurements using significant unobservable inputs (Level 3).

Description	Fair value RM'000	Valuation techniques	Significant unobservable inputs	Range	Sensitivity of the input to fair value
Group					
At 31 December 2021					
Revalued land and buildings (Note 16)	59,613	Market comparable approach/ Depreciated replacement cost	Difference in location, zoning, size, scheme and tenure	-20.0% to 25.0%	Every 1% increase or (decrease) in the adjustments would result in increase or (decrease) in fair value by RM279,000.
At 31 December 2020					
Revalued land and buildings (Note 16)	58,633	Market comparable approach/ Depreciated replacement cost	Difference in location, zoning, size, scheme and tenure	-20.0% to 25.0%	Every 1% increase or (decrease) in the adjustments would result in (decrease) or increase in fair value by RM409,000.

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

(a) Fair value of assets and liabilities that are carried at fair value (cont'd)

Movements in Level 3 assets measured at fair value

The following table presents the reconciliation for all assets measured at fair value based on significant unobservable inputs (Level 3).

Group
Property, plant and equipment

	Freehold land RM'000	Leasehold land RM'000	Buildings RM'000
At 1 January 2021	306	32,500	25,827
Transferred from capital work-in-progress	-	1,039	718
Revaluation (deficit)/surplus	-	(17)	735
Depreciation charge for the year	-	(422)	(1,073)
At 31 December 2021	306	33,100	26,207
At 1 January 2020	306	29,900	19,922
Transferred from capital work-in-progress	-	-	4,547
Revaluation surplus	-	2,988	2,385
Depreciation charge for the year	-	(388)	(1,027)
At 31 December 2020	306	32,500	25,827

There has been no transfer between any levels of the fair value hierarchy and there was no change in the purpose of any financial assets/liabilities that may subsequently result in a different classification of those assets/liabilities during the financial year ended 31 December 2021.

(b) Fair value of assets and liabilities by classes that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value

The following are classes of financial instruments whose carrying amounts are reasonable approximation of fair value:

	Note
Trade receivables (current)	25
Other receivables (current)	26
Borrowings (current)	31
Borrowings (non-current)	31
Trade and other payables (current)	32

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the reporting date.

The carrying amounts of the non-current portion of borrowings are reasonable approximation of fair values due to the insignificant impact of discounting.

39. Segmental information

The revenue of the Group is derived from tin mining and smelting of tin concentrates and tin bearing materials, the production of various grades of refined tin metal and the sale and delivery of refined tin metal and by-products.

For management purposes, the Group is organised into two business segments within the tin industry, and has three reportable operating segments as follows:

(a) Tin smelting

Tin smelting includes the smelting of tin concentrates and tin bearing materials, the production of various grades of refined tin metal and the sale and delivery of refined tin metal and by-products.

(b) Tin mining

Tin mining includes activities involving exploration for tin resources and mining of tin.

(c) Others

These include investments in other metal and mineral resources companies to form a reportable operating segment.

Business segments

Management monitors the operating results of each business unit separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit before tax.

Transfer prices between operating segments are on an arm’s length basis in a manner similar to transactions with third parties. These intercompany transactions are eliminated on consolidation.

The following tables provide an analysis of the Group's revenue, results, assets, liabilities and other information by business segments:

	Note	Tin smelting RM'000	Tin mining RM'000	Others RM'000	(Eliminations)/ Adjustments RM'000	Total RM'000
2021						
Revenue						
Sales to external customers		1,076,560	-	-	-	1,076,560
Inter-segment sales		-	303,673	-	(303,673)	-
Total revenue		1,076,560	303,673	-	(303,673)	1,076,560

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

39. Segmental information (cont'd)

Business segments (cont'd)

2021 (cont'd)	Note	Tin smelting RM'000	Tin mining RM'000	Others RM'000	(Eliminations)/ Adjustments RM'000	Total RM'000
Results						
Profit/(Loss) from operations		31,882	144,061	(38)	(8,718)	167,187
Reversal of impairment losses		-	2,510	-	-	2,510
Finance costs		(13,694)	(1,328)	(746)	-	(15,768)
Share of results of associate and joint venture		-	-	4,433	-	4,433
Profit/(Loss) before tax		18,188	145,243	3,649	(8,718)	158,362
Income tax (expense)/credit		(6,080)	(35,888)	-	2,092	(39,876)
Profit/(Loss) net of tax		12,108	109,355	3,649	(6,626)	118,486
Assets						
Segment assets		1,125,418	114,861	58,463	(14,339)	1,284,403
Investments in associate and joint venture		-	-	30,477	-	30,477
Total assets		1,125,418	114,861	88,940	(14,339)	1,314,880
Liabilities						
Segment liabilities		639,078	95,034	127	-	734,239
Other segment information						
Additions of non-current assets						
- Property, plant and equipment	16	5,987	3,049	-	-	9,036
- Other non-current assets	22	-	835	-	-	835
Reversal of provision for voluntary separation/ retrenchment compensation	9	(1,440)	-	-	-	(1,440)
Reversal of inventories written down to net realisable value	8	(24,000)	-	-	-	(24,000)
Depreciation expenses	8	6,407	4,363		-	10,770
Amortisation of mining rights	8	-	152	-	-	152
Amortisation of corporate club memberships	8	3	5	-	-	8
Amortisation of mine properties	8	-	1,106	-	-	1,106
Interest income	6	(237)	(130)	-	-	(367)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

39. Segmental information (cont'd)

Business segments (cont'd)

	Note	Tin smelting RM'000	Tin mining RM'000	Others RM'000	(Eliminations)/ Adjustments RM'000	Total RM'000
2020						
Revenue						
Sales to external customers		813,359	-	-	-	813,359
Inter-segment sales		-	160,425	-	(160,425)	-
Total revenue		813,359	160,425	-	(160,425)	813,359
Results						
Profit/(Loss) from operations		17,438	35,374	(62)	(5,822)	46,928
(Impairment losses)/Reversal of impairment losses		(85)	(2,510)	67	-	(2,528)
Finance costs		(13,432)	(2,098)	(431)	-	(15,961)
Share of results of associate and joint venture		-	-	(4,254)	-	(4,254)
Profit/(Loss) before tax		3,921	30,766	(4,680)	(5,822)	24,185
Income tax (expense)/credit		(760)	(10,173)	-	1,398	(9,535)
Profit/(Loss) net of tax		3,161	20,593	(4,680)	(4,424)	14,650
Assets						
Segment assets		876,237	76,593	23,367	(7,712)	968,485
Investments in associate and joint venture		-	-	25,999	-	25,999
Total assets		876,237	76,593	49,366	(7,712)	994,484
Liabilities						
Segment liabilities		544,999	56,106	103	-	601,208
Other segment information						
Additions of non-current assets						
- Property, plant and equipment	16	12,188	14,028	-	-	26,216
- Other non-current assets	22	-	1,319	-	-	1,319
Provision for voluntary separation/ retrenchment compensation	9	418	-	-	-	418
Reversal of inventories written down to net realisable value	8	(7,100)	-	-	-	(7,100)
Depreciation expenses	8	6,146	9,676	1	-	15,823
Amortisation of mining rights	8	-	251	-	-	251
Amortisation of corporate club memberships	8	3	5	-	-	8
Amortisation of mine properties	8	-	1,051	-	-	1,051
Interest income	6	(529)	(309)	-	-	(838)

39. Segmental information (cont'd)

Business segments (cont'd)

The following item was added to segment profit before tax to arrive at profit before tax as disclosed in the consolidated statements of profit or loss:

	Group	
	2021	**2020**
	RM'000	**RM'000**
Unrealised profit arising from inter-segment sales	(8,718)	(5,822)

The following items were deducted from segment assets to arrive at total assets as disclosed in the consolidated statements of financial position:

	Group	
	2021	**2020**
	RM'000	**RM'000**
Unrealised profit arising from inter-segment sales	(14,339)	(7,712)

Geographical Information

The primary segment reporting format is determined to be business segments as the Group's risks and rates of return are affected predominantly by differences in the products and services. The activities of the Group are carried out mainly in Malaysia and as such**,** segmental reporting by geographical locations is not presented.

Information about major customers

Revenue from three major customers amounted to RM240,911,000, RM196,712,000, and RM108,241,000 respectively (2020: one major customer amounted to RM128,387,000), arising from sales by the tin smelting segment.

40. Authorisation of financial statements for issue

The financial statements for the year ended 31 December 2021 were authorised for issue in accordance with a resolution of the directors on 15 April 2022.

LIST OF PROPERTIES OF THE GROUP

31 DECEMBER 2021

Location	Description	Approximate area	Tenure	Year of expiry	Approximate age of buildings	Net carrying amount at 31.12.21 RM'000	Date of last revaluation
MALAYSIA							
1. Lot 6, 8 & 9 Jalan Perigi Nanas 6/1 Pulau Indah Industrial Park West Port, Port Klang 42920 Pulau Indah Selangor	Land with offices and factory buildings	48,725 sq. m	Leasehold	2097	20 years	52,460	31.12.2021
2. Taman Desa Palma, Alma, 14000 Bukit Mertajam	80 units of flats	52,000 sq. ft.	Freehold	–	21 years	4,496	31.12.2021
3. Mukim Pengkalan Hulu Daerah Hulu Perak							
(a) Lot 344 & 348	Land with buildings	3.78 hectares	Freehold	–	over 50 years	336	31.12.2021
(b) Lot 2071, PT 3934, 4338, 4522 & 4523	Land with buildings	7.02 hectares	Leasehold	2068-2112	40 to over 50 years	1,084	31.12.2021
(c) PT 1705, 1706 & 1707	3 units of terrace houses	417 sq. m	Leasehold	2108	11 years	600	31.12.2021
(d) Lot 55671 and 55675	2 units of semi-detached houses	526 sq. m	Freehold	–	8 years	610	31.12.2021
4. Mukim Belukar Semang Daerah Hulu Perak							
(a) Lot 1886	Vacant land	0.4 hectares	Freehold	–	–	23	31.12.2021
(b) PT 725, 726, 727	Land with buildings	7.01 hectares	Leasehold	2050	–	4	31.12.2021
5. Lots 20514 -20517 Seksyen 4 Bandar Butterworth Daerah Seberang Perai Utara Pulau Pinang	For future development	557,022 sq. ft.	Freehold	–	–	78,654	30.09.2018

TIN STATISTICS

Deliveries of Refined Tin from MSC
(Tonnes Refined Tin by reported destination)

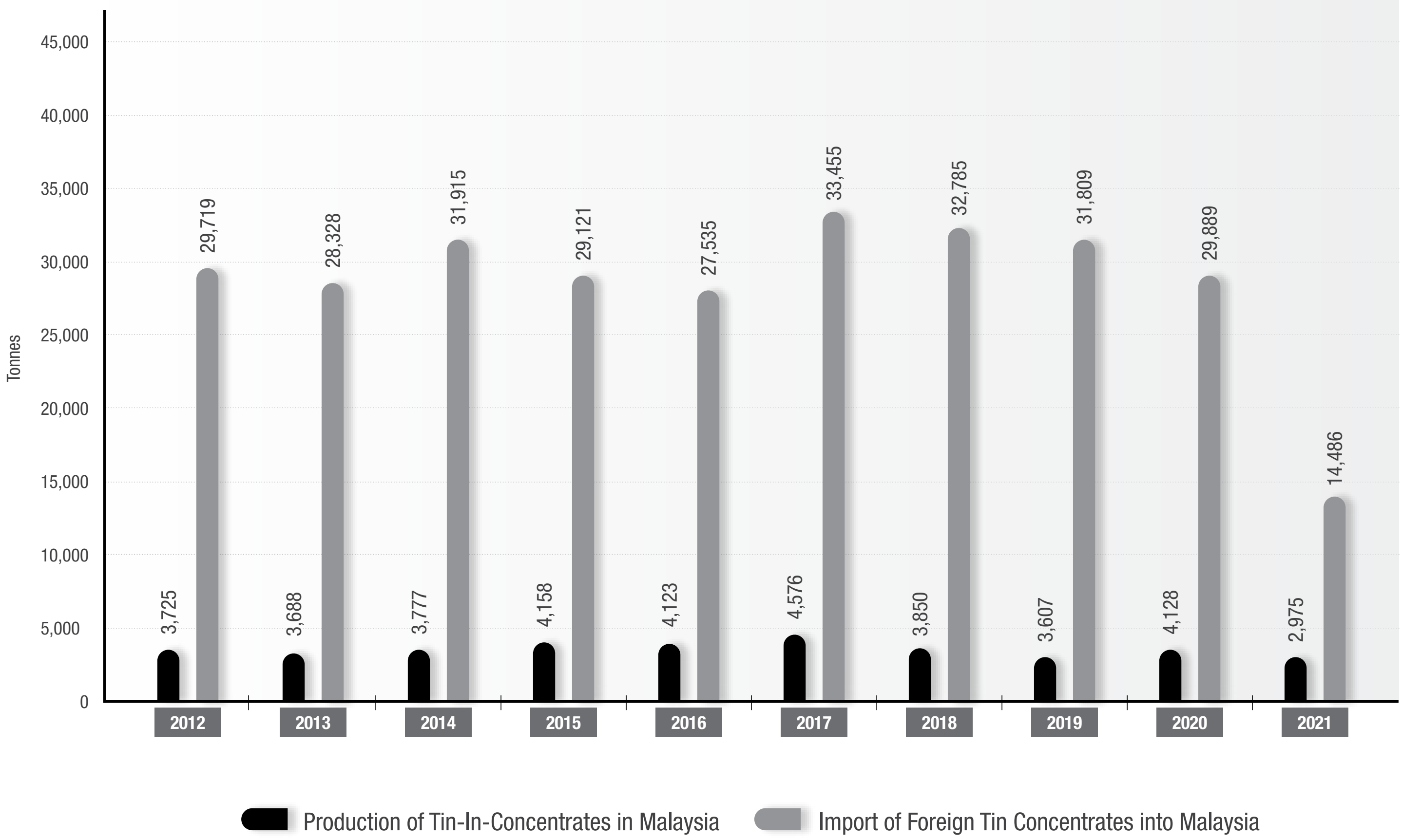
Destination	2016	2017	2018	2019	2020	2021
Africa	145	693	300	375	450	100
Australia & New Zealand	–	–	–	50	50	–
China	866	848	784	400	1,281	120
EEC	2,112	1,931	2,332	2,954	1,244	891
India, Pakistan & Bangladesh	2,686	3,832	890	462	625	308
Japan	3,517	3,881	3,821	3,812	3,612	4,197
Middle East	265	503	668	717	933	425
Taiwan	1,075	1,025	1,071	1,239	1,717	774
Korea	5,824	1,947	889	1,695	1,205	1,825
Rest of Asia Pacific	15	76	1,667	1,684	2,421	480
Singapore	–	–	–	–	–	**–**
South America	–	–	–	–	–	**–**
USA & Canada	4,100	5,151	7,923	5,195	1,960	**1,195**
	20,605	**19,887**	**20,345**	**18,583**	**15,498**	**10,315**
Malaysia						
For domestic consumption*	6,375	7,263	6,996	7,090	7,100	**5,818**
	26,980	**27,150**	**27,341**	**25,673**	**22,598**	**16,133**

* *Include tin deliveries to LME warehouses in Pasir Gudang and Port Klang*

TIN STATISTICS

YEAR	PRODUCTION OF TIN - IN - CONCENTRATES IN MALAYSIA (TONNES)	IMPORT OF FOREIGN TIN CONCENTRATES INTO MALAYSIA (TONNES)
2012	3,725	29,719
2013	3,688	28,328
2014	3,777	31,915
2015	4,158	29,121
2016	4,123	27,535
2017	4,576	33,455
2018	3,850	32,785
2019	3,607	31,809
2020	4,128	29,889
2021	2,975	14,486

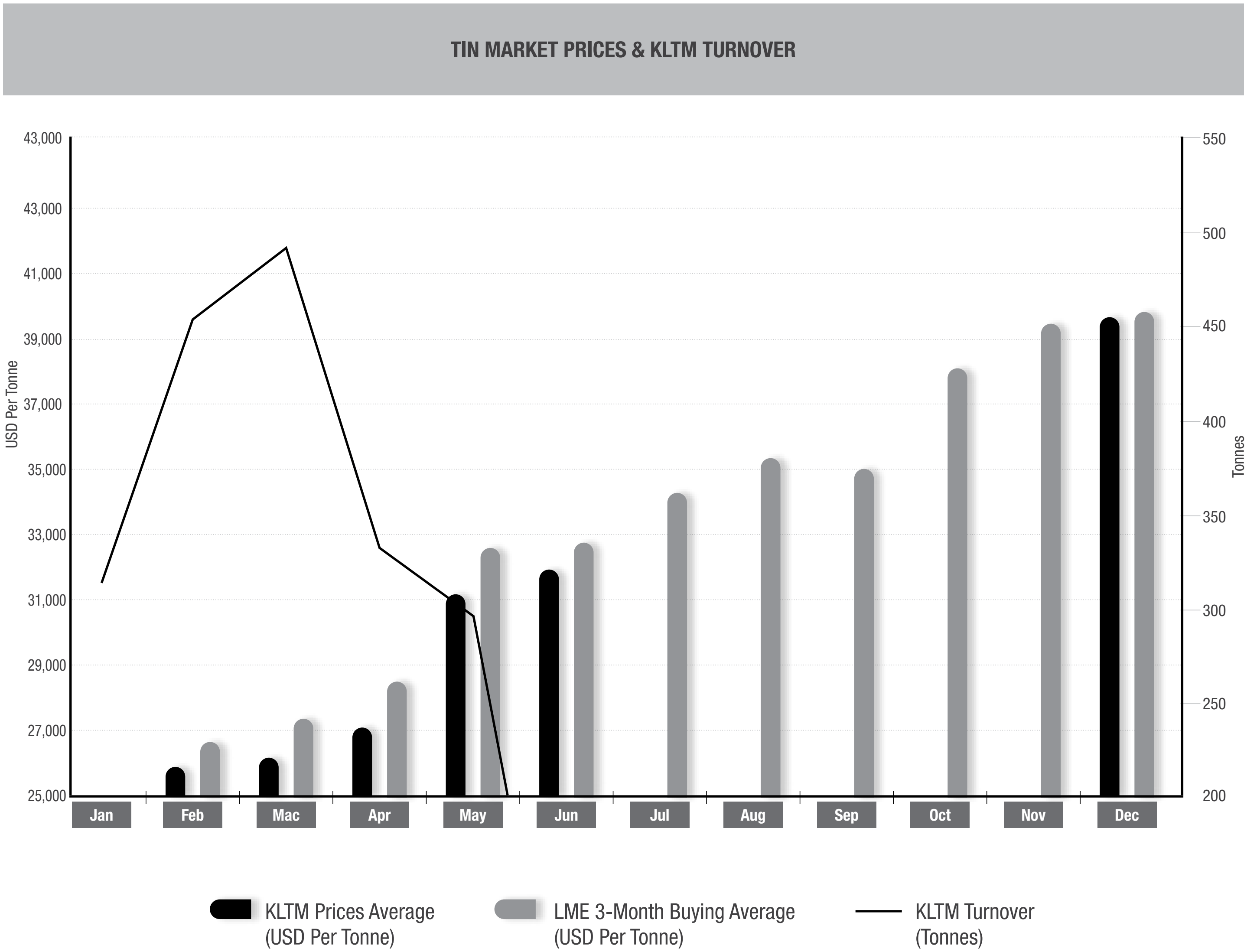
PRODUCTION OF TIN-IN-CONCENTRATES IN MALAYSIA AND IMPORT OF FOREIGN TIN CONCENTRATES INTO MALAYSIA



TIN STATISTICS

	KLTM PRICES HIGHEST USD PER TONNE	KLTM PRICES LOWEST USD PER TONNE	KLTM PRICES AVERAGE USD PER TONNE	KLTM TURNOVER (TONNES)	LME 3-MONTH BUYING AVERAGE USD PER TONNE
2012	25,500	17,300	21,163	10,206	21,100
2013	25,150	19,150	22,318	9,530	22,308
2014	23,680	18,300	21,895	10,826	21,889
2015	19,950	13,700	16,050	12,679	16,018
2016	22,000	13,250	17,926	11,568	17,861
2017	21,100	18,900	20,027	8,890	19,970
2018	21,900	18,450	20,071	9,077	20,063
2019	21,760	15,700	18,594	6,445	18,582
2020	20,580	14,930	17,314	4,088	17,073
2021	39,500	20,580	29,071	1,955	31,094
2021					
JANUARY	23,360.00	20,580.00	21,835.00	314.00	21,596.00
FEBRUARY	28,485.00	24,050.00	25,869.00	456.00	24,415.00
MARCH	28,500.00	23,720.00	26,178.00	494.00	25,079.00
APRIL	30,250.00	26,250.00	27,107.00	327.00	26,625.00
MAY	32,350.00	30,250.00	31,139.00	298.00	29,736.00
JUNE	32,100.00	31,550.00	31,870.00	61.00	30,829.00
JULY	-	-	-	-	33,010.00
AUGUST	-	-	-	-	34,352.00
SEPTEMBER	-	-	-	-	34,076.00
OCTOBER	-	-	-	-	36,508.00
NOVEMBER	-	-	-	-	37,996.00
DECEMBER	39,500.00	39,500.00	39,500.00	5.00	38,903.00

TIN STATISTICS



ANALYSIS OF SHAREHOLDINGS

AS AT 31 MARCH 2022

No. of Issued Shares : 420,000,000 Ordinary Shares

Class of Shares : Ordinary Shares

Voting Rights : One (1) vote per Ordinary Share

ANALYSIS BY SIZE OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shares Held	%
Less than 100	25	0.50	508	0.00
100 to 1,000	1,206	24.02	881,782	0.21
1,001 to 10,000	2,487	49.53	11,117,067	2.65
10,001 to 100,000	1,025	20.41	32,456,097	7.73
100,001 to less than 5% of issued shares	275	5.48	172,101,346	40.97
5% and above of issued shares	3	0.06	203,443,200	48.44
TOTAL	**5,021**	**100.00**	**420,000,000**	**100.00**

DIRECTORS' SHAREHOLDINGS

	Direct Interest		Deemed Interest	
Directors	No. of Shares Held	%	No. of Shares Held	%
Ms. Chew Gek Khim	1,600,000	0.38	-	-
Mr. Chia Chee Ming, Timothy	240,000	0.06	-	-
Dato' Dr. (Ir.) Patrick Yong Mian Thong	381,100	0.09	-	-
Mr. John Mathew A/L Mathai	-	-	-	-
Datuk Kamaruddin Bin Taib	-	-	-	-
Dato' Roslina Binti Zainal	-	-	-	-
Mr. Yap Seng Chong	-	-	-	-
Datuk Lim Hong Tat (Appointed on 28 January 2022)	-	-	-	-

ANALYSIS OF SHAREHOLDINGS
AS AT 31 MARCH 2022

THE 30 LARGEST SHAREHOLDERS

No.	Shareholders	No. of Shares Held	%
1.	The Straits Trading Company Limited	112,360,000	26.75
2.	Straits Trading Amalgamated Resources Sdn Bhd	69,498,000	16.55
3.	Sword Investments Private Limited	21,585,200	5.14
4.	Baxterley Holdings Private Limited	14,800,000	3.52
5.	Yeoh Yew Choo	9,098,200	2.17
6.	Neoh Choo Ee & Company, Sdn. Berhad	4,830,600	1.15
7.	Lim Khoon	3,492,600	0.83
8.	Lee Pin	3,317,100	0.79
9.	Tokio Marine Life Insurance Malaysia Bhd as Beneficial Owner (TMEF)	3,302,300	0.79
10.	Citigroup Nominees (Asing) Sdn Bhd for UBS AG	3,209,425	0.76
11.	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Ng Faai @ Ng Yoke Pei (SRB/PMS)	3,175,000	0.76
12.	Citigroup Nominees (Asing) Sdn Bhd Exempt An For Citibank New York (Norges Bank 19)	3,010,900	0.72
13.	HSBC Nominees (Asing) Sdn Bhd for J.P. Morgan Securities PLC	2,712,900	0.65
14.	Cartaban Nominees (Asing) Sdn Bhd for State Street Australia Fund OD51 For Aware Super Pty Ltd	2,709,147	0.65
15.	DB (Malaysia) Nominee (Tempatan) Sendirian Berhad Exempt An For Kumpulan Sentiasa Cemerlang Sdn Bhd (TSTAC/CLNT)	2,238,000	0.53
16.	HSBC Nominees (Tempatan) Sdn Bhd for HSBC (M) Trustee Bhd for Manulife Insurance Berhad (Equity Fund)	2,048,500	0.49
17.	CIMB Group Nominees (Tempatan) Sdn Bhd for CIMB Commerce Trustee Berhad for Kenanga Growth Opportunities Fund (50154 TR01)	2,038,300	0.49
18.	RHB Nominees (Tempatan) Sdn Bhd for Hilary Fernandez	2,014,800	0.48
19.	CIMSEC Nominees (Tempatan) Sdn Bhd for CIMB For Mettiz Capital Sdn Bhd (PB)	2,000,000	0.48
20.	Au Yong Mun Yue	1,900,000	0.45
21.	CIMB Group Nominees (Tempatan) Sdn Bhd for CIMB Commerce Trustee Berhad for Kenanga Malaysian Inc Fund	1,859,300	0.44
22.	Maybank Securities Nominees (Tempatan) Sdn Bhd for One IFC Residence Sdn Bhd	1,749,500	0.42
23.	Chua Ah Moi @ Chua Sai Peng	1,729,900	0.41
24.	Gan Yoon Soon	1,707,000	0.41
25.	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Lim Beng Guan	1,693,500	0.40
26.	Dynaquest Sdn. Bhd.	1,672,600	0.40
27.	HSBC Nominees (Tempatan) Sdn Bhd for HSBC (M) Trustee Bhd for Manulife Investment Progress Fund (4082)	1,602,600	0.38
28.	2G Capital Pte Ltd	1,600,000	0.38
29.	Chew Gek Khim	1,600,000	0.38
30.	Phillip Securities Pte Ltd	1,579,200	0.38

ANALYSIS OF SHAREHOLDINGS
AS AT 31 MARCH 2022

LIST OF SUBSTANTIAL SHAREHOLDERS

	Direct Interest		Deemed Interest	
Substantial Shareholders	No. of Shares Held	%	No. of Shares Held	%
The Straits Trading Company Limited	112,360,000	26.75	105,885,200*1	25.21
Straits Trading Amalgamated Resources Sdn. Bhd.	69,498,000	16.55	–	–
Sword Investments Private Limited	21,585,200	5.14	–	–
Tan Chin Tuan Pte. Ltd.	–	–	218,245,200*2	51.96
The Cairns Pte. Ltd.	–	–	218,245,200*2	51.96
Tecity Pte. Ltd.	–	–	218,245,200*2	51.96
Raffles Investments Pte. Ltd.	–	–	218,245,200*2	51.96
Aequitas Pte. Ltd.	–	–	218,245,200*2	51.96
Dr. Tan Kheng Lian	–	–	218,245,200*3	51.96

Notes:-

**1 Held through Straits Trading Amalgamated Resources Sdn. Bhd., Sword Investments Private Limited, Baxterley Holdings Private Limited and Redring Solder (Malaysia) Sdn. Bhd.*

**2 Tan Chin Tuan Pte. Ltd., The Cairns Pte. Ltd., Tecity Pte. Ltd., Raffles Investments Pte. Ltd. and Aequitas Pte. Ltd. hold not less than 20% of the voting shares in The Straits Trading Company Limited. Tan Chin Tuan Pte. Ltd. is the ultimate holding company for The Straits Trading Company Limited*

**3 Dr. Tan Kheng Lian holds not less than 20% of the voting shares in Tan Chin Tuan Pte. Ltd.*

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Forty-Third ("43rd") Annual General Meeting ("AGM") of MALAYSIA SMELTING CORPORATION BERHAD (the "Company") will be held virtually through a live streaming from the broadcast venue at Level 10, Tower 1, Avenue 5, Bangsar South City, 59200 Kuala Lumpur, Malaysia on Friday, 27 May 2022 at 10.00 a.m. to transact the following businesses:

AGENDA

AS ORDINARY BUSINESS:

1. To receive the Audited Financial Statements for the financial year ended 31 December 2021 together with the Directors' and Auditors' Reports thereon. **{Please refer to Note C(1)}**

2. To approve the payment of a First and Final Single-Tier Dividend of RM0.07 per share in respect of the financial year ended 31 December 2021. **Resolution 1**

3. To approve the payment of Directors' Fees and Benefits of up to RM660,000.00 from 28 May 2022 until the next AGM of the Company to be held in year 2023. **Resolution 2**

4. To re-elect the following Directors of the Company who are retiring pursuant to Clause 102 of the Constitution of the Company:
   (i) Dato' Dr. (Ir.) Yong Mian Thong **Resolution 3**
   (ii) Datuk Kamaruddin Bin Taib **Resolution 4**

5. To re-elect the following Directors of the Company who are retiring pursuant to Clause 109 of the Constitution of the Company:
   (i) Dato' Roslina Binti Zainal **Resolution 5**
   (ii) Mr. Yap Seng Chong **Resolution 6**
   (iii) Datuk Lim Hong Tat **Resolution 7**

6. To re-appoint Messrs Ernst & Young PLT as Auditors of the Company and to authorise the Directors to fix their remuneration. **Resolution 8**

AS SPECIAL BUSINESS:

To consider and, if thought fit, to pass the following resolutions with or without modification:

7. **ORDINARY RESOLUTION -**
   AUTHORITY TO ALLOT AND ISSUE SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT 2016 **Resolution 9**

   "THAT pursuant to Sections 75 and 76 of the Companies Act 2016, the Directors be and are hereby authorised to allot and issue shares in the Company at any time and from time to time until the conclusion of the next AGM of the Company upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit provided that the aggregate number of shares to be issued does not exceed ten per centum (10%) of the total number of issued shares of the Company (excluding treasury shares, if any) at the time of issue, subject to the Constitution of the Company and approval of all the relevant regulatory bodies being obtained for such allotment and issue."

8. To transact any other business of which due notice shall have been given in accordance with the Constitution of the Company and the Companies Act 2016.

NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

NOTICE IS HEREBY GIVEN THAT, subject to the approval of shareholders at the 43rd AGM, a First and Final Single-Tier Dividend of RM0.07 sen per share in respect of the financial year ended 31 December 2021 will be paid to shareholders on 30 June 2022. The entitlement date for the said Dividend shall be on 13 June 2022.

NOTICE OF ANNUAL GENERAL MEETING

A Depositor shall qualify for entitlement to the Dividend only in respect of:
(a) Shares transferred to the Depositor's securities account before 4.30 p.m. on 13 June 2022 in respect of transfers.
(b) Shares bought on Bursa Malaysia Securities Berhad and Singapore Exchange Securities Trading Limited on cum entitlement basis according to the Rules of the respective Exchanges.

BY ORDER OF THE BOARD

WONG YOUN KIM
SSM PC No. 201908000410
(MAICSA 7018778)
Company Secretary
Date: 28 April 2022

Explanatory Notes:

A) Virtual AGM

1. *For preventing further propagation of COVID-19, the 43rd AGM of the Company will be conducted on a virtual basis through a live streaming from the broadcast venue. Please follow the procedures provided in the Administrative Guide for the 43rd AGM in order to register, participate and vote remotely.*

2. *The broadcast venue of the 43rd AGM which is the main venue of the meeting is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chairman of the meeting to be present at the main venue of the meeting. The broadcast venue of the 43rd AGM is to organise the virtual meeting and where streaming would be conducted from. No shareholder(s)/proxy(ies) from the public will be physically present at the broadcast venue on the day of the 43rd AGM of the Company.*

B) Appointment of Proxy

1. *In respect of deposited securities, only members whose names appear on the Record of Depositors on 20 May 2022 (General Meeting Record of Depositors) shall be eligible to attend the meeting or appoint proxy(ies) to attend and/or vote on his behalf.*

2. *A member entitled to attend, speak and vote at the meeting is entitled to appoint one or more proxies to attend, participate, speak and vote in his/her stead. A proxy may but need not be a member of the Company and there is no restriction as to the qualification of a proxy.*

3. *Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he/she specifies the proportions of his/her shareholdings to be represented by each proxy.*

4. *Where a member is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account") as defined under the Securities Industry (Central Depositories) Act 1991, there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.*

5. *The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority shall be deposited at HMC Corporate Services Sdn. Bhd. at Level 2, Tower 1, Avenue 5, Bangsar South City, 52900 Kuala Lumpur, Malaysia not less than twenty-four (24) hours before the time appointed for taking of the poll at the meeting or any adjournment thereof. Any notice of termination of person's authority to act as a proxy must be forwarded to the Company prior to the commencement of the AGM or Adjourned AGM.*

6. *If the appointor is a corporation, the instrument appointing a proxy must be executed under its Common Seal or under the hand of its attorney.*

7. *Pursuant to paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in the Notice of AGM will be put to vote on poll.*

NOTICE OF ANNUAL GENERAL MEETING

C) Ordinary Business

1. Audited Financial Statements for the financial year ended 31 December 2021

Agenda item no. 1 is meant for discussion only as the provision of Section 340(1)(a) of the Companies Act 2016 does not require a formal approval of shareholders and hence, this item on the Agenda will not be put for voting.

D) Special Business

1. Proposed Renewal of Authority under Sections 75 and 76 of the Companies Act 2016 for the Directors to allot and issue shares

The Company had, during its last AGM held on 18 June 2021, obtained its shareholders' approval for the general mandate for issuance of shares pursuant to the Sections 75 and 76 of the Companies Act 2016, which will lapse at the conclusion of 43rd AGM to be held on 27 May 2022.

As at the date of this notice, the Company had on 29 July 2021 issued 20,000,000 shares under the Proposed Private Placement. The status of the utilisation of proceed raised from the Proposed Private Placement is as follows:-

Utilisation purposes	Proposed utilisation (RM'000)	Actual utilisation (RM'000)	Expected timeframe for utilisation of proceeds (from the date of listing of the Placement Shares)
Repayment of bank borrowings	30,000	30,000	Within 12 months
Working capital	7,194	7,194	Within 12 months
Estimated expenses in relation to the Proposed Private Placement	806	806	Immediately
Total	**38,000**	**38,000**	

The renewal of this mandate will provide flexibility to the Company for any fundraising activities, including but not limited to placing of shares, for purpose of funding future investment, working capital and/or acquisitions.

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Registered Office
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