ANNUAL REPORT 2022

Malaysia Smelting Corporation Berhad

[197801006055 (43072-A)]

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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

1. Intellectual, honesty and integrity
2. Adding value through innovation and continuous improvement
3. Global perspective and competitive spirit
4. Respect for the environment and the health and safety of its employees
5. Creating sustainable shareholder value through quality operations

EMBRACING A VIBRANT WORK CULTURE

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.

1. **Conducting career development programmes**
2. **Recognising employee contributions**
3. **Providing rewards & incentives**
4. **Cultivating a safe work environment**

CORPORATE PROFILE



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 2022, the Group produced 19,385 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.

With the completion of the acquisition of Asas Baiduri Sdn. Bhd. ("Asas Baiduri") on 4 July 2022, MSC's immediate focus will be to further extend RHT's existing mining pit eastward which will enable the Company to increase its daily mining output. Meanwhile, MSC will embark on the exploration and mining of tin resources within Asas Baiduri's land in the next few years. The addition of Asas Baiduri's 568-acre land will provide MSC with a long-term supply of tin and further extend MSC's mining operations.

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. Chia Chee Ming, Timothy PBM**
  Senior Independent Director
- **Mr. Yap Seng Chong**
  Independent Non-Executive Director
- **Mr. John Mathew A/L Mathai**
  Independent Non-Executive Director
- **Datuk Kamaruddin Bin Taib**
  Independent Non-Executive Director
- **Dato' Roslina Binti Zainal**
  Independent Non-Executive Director
- **Datuk Lim Hong Tat**
  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 PBM *(Chairman)*
Mr. John Mathew A/L Mathai
Dato' Roslina Binti Zainal

ENVIRONMENTAL, SOCIAL AND GOVERNANCE COMMITTEE

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

KEY MANAGEMENT

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
(Chief Operating Officer, Smelting)
En. Madzlan Bin Zam
(Executive Director & Senior General Manager, Rahman Hydraulic Tin Sdn. Bhd.)

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

SALES & TRADING OFFICE

Unit 18-13A, Level 18
East Wing, Q Sentral
2A, Jalan Stesen Sentral 2
Kuala Lumpur Sentral
50470 Kuala Lumpur
Malaysia
Tel : (603) 2276 0254

BUTTERWORTH SMELTER

27 Jalan Pantai
12000 Butterworth
Penang
Malaysia
Tel : (604) 333 3500
Fax : (604) 331 7405/332 6499
Website : www.msmelt.com
Email : msc@msmelt.com

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

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

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

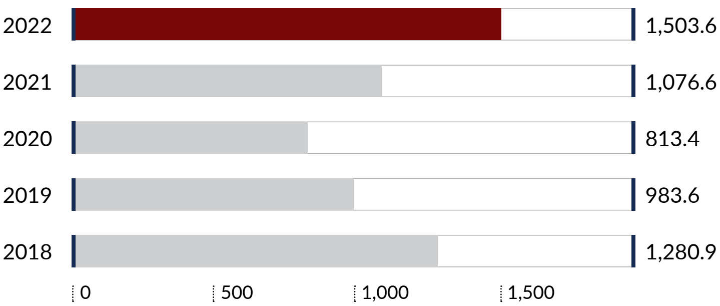
KEY FINANCIAL HIGHLIGHTS

		YEAR ENDED 31 DECEMBER				
		2022	**2021**	**2020**	**2019**	**2018**
Revenue	(RM Mil)	**1,503.6**	1,076.6	813.4	983.6	1,280.9
Profit before tax	(RM Mil)	**143.6**	158.4	24.2	44.7	49.8
Income tax expense	(RM Mil)	**(42.2)**	(39.9)	(9.5)	(14.0)	(15.5)
Profit attributable to the owners of the Company	(RM Mil)	**98.3**	118.1	15.2	30.7	34.3
Total assets	(RM Mil)	**1,305.9**	1,314.9	994.5	824.3	842.9
Net current assets	(RM Mil)	**437.0**	345.3	191.8	203.5	158.9
Equity attributable to the owners of the Company	(RM Mil)	**719.2**	580.4	393.5	368.9	348.0
Earnings per share	(sen)	**23**	28	4[(1)]	7[(1)]	8[(1)]
Dividend per share	(sen)	**7**[(2)]	7	1[(1)]	2[(1)]	2[(1)]
Net assets per share attributable to the owners of the Company	(sen)	**171**	138	94[(1)]	88[(1)]	83[(1)]
Pre-tax profit on average equity attributable to the owners of the Company	(%)	**22**	33	6	12	16

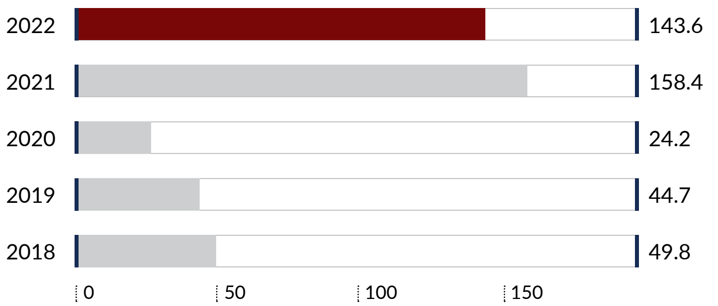
(1) *The figures have been adjusted to reflect the private placement exercise completed on 2 August 2021 for comparative purposes.*
(2) *Subject to the approval of the members at the forthcoming Annual General Meeting.*

Key Financial Highlights

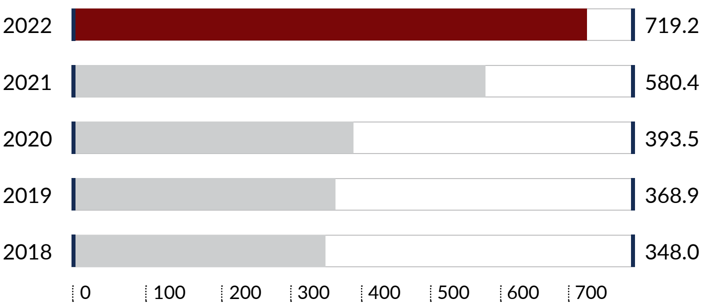
REVENUE (RM MIL)



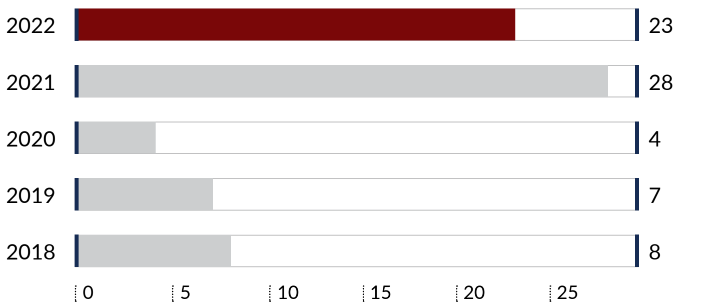
PROFIT BEFORE TAX (RM MIL)



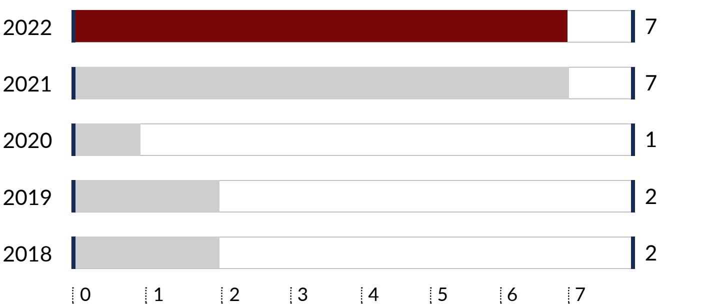
EQUITY ATTRIBUTABLE TO THE OWNERS OF THE COMPANY (RM MIL)



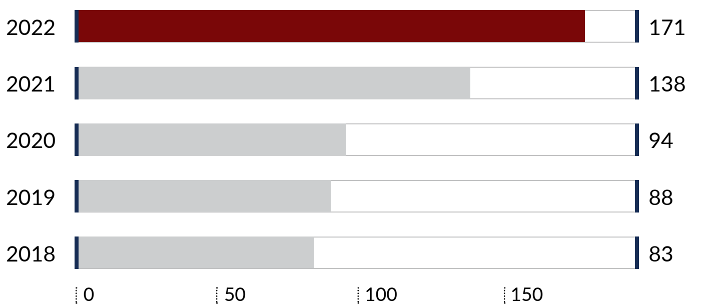
EARNINGS PER SHARE (SEN)



DIVIDEND PER SHARE (SEN)



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



PROFILE OF DIRECTORS

/01/

MS. CHEW GEK KHIM PJG

Non-Independent Non-Executive Chairman

Singaporean | Age 61 | Female

- *LL.B (Hons), National University of Singapore*
- *Honorary 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 *(Pingat Jasa Gemilang)* at the National Day Award in 2016. Ms. Chew was conferred an Honorary Degree of Doctor of Letters (honoris causa) by the Nanyang Technological University in 2021.

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

/02/

MR. CHIA CHEE MING, TIMOTHY PBM

Senior Independent Director

Singaporean | Age 73 | 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 was appointed as the Chairman of the Nominating & Remuneration Committee on 20 May 2016. Subsequently on 24 February 2017, he has been re-designated as Senior Independent Director of the Company.

Mr. Chia is Chairman of Hup Soon Global Corporation Private Limited, United Motor Works (Siam) Public 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, the Corporate Governance Advisory Committee of The Monetary Authority of Singapore and Singapore Management University. He is also a Term Trustee of the Singapore Indian Development Association.

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

/03/

MR. YAP SENG CHONG

Independent Non-Executive Director

Malaysian | Age 61 | 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.

He had 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 across a diversified clientele portfolio. He previously held positions in that accounting firm as Head of Assurance Practice, Professional Practice Director and ASEAN Regional and Country Independence Leader prior to his retirement.

He was also a member of the Interpretation Committee of Malaysian Accounting Standards Board. He 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.

He currently also serves as an Independent Non-Executive Director on the boards of United Plantations Berhad and Hartalega Holdings Berhad.

/04/

MR. JOHN MATHEW A/L MATHAI

Independent Non-Executive Director

Malaysian | Age 60 | 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.

Profile of Directors

/05/

DATUK KAMARUDDIN BIN TAIB

Independent Non-Executive Director

Malaysian | Age 65 | 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 a Director of Great Eastern General Insurance (Malaysia) Berhad, Fraser & Neave Holdings Berhad, RAM Holdings Berhad 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 thereafter been redesignated as Independent Non-Executive Chairman of HSBC Bank Malaysia Berhad on 1 April 2022. Recently on 20 February 2023, he has been appointed as Independent Non-Executive Chairman of Malaysian Life Reinsurance Group Berhad.

/06/

DATO' ROSLINA BINTI ZAINAL

Independent Non-Executive Director

Malaysian | Age 60 | 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.

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;*

Profile of Directors

/07/

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, International Management Centre Kuala Lumpur*
- *Advanced Management Program, Harvard Business School, Harvard University, USA*
- *Management Programme on Banking & Strategy, INSEAD, France*

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, Singapore in Maybank Group 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).

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

/08/

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

Non-Independent Executive Director/Group Chief Executive Officer

Malaysian | Age 69 | Male

- *PhD (Electrical Engineering), United States of America*
- *Bachelor of Science (Honours) Degree in Electrical and Electronics Engineering, CNAA, United Kingdom*
- *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.

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 2022.*

PROFILE OF KEY MANAGEMENT

/01/
NICOLAS CHEN SEONG LEE

Deputy Chief Executive Officer (Administration)

Aged 50 I Malaysian I 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, safety and health, security, procurement, information technology and administration for the MSC Group.

/02/
LAM HOI KHONG

Group Chief Financial Officer

Aged 52 I Malaysian I Male

- Bachelor of Business Degree (Accounting) from University of Southern Queensland, Australia
- Chartered Accountant (CA), Malaysian Institute of Accountants
- Certified Practising Accountant, 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 the overall management and financial reporting, business support, financial planning and analysis, treasury, investor relations, and tax functions. He also leads and drives the sales, commercial and supply chain strategies 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 Coopers & Lybrand (now known as PricewaterhouseCoopers) before assuming managerial and Financial Controller roles with a local automotive group and an international group based in Africa respectively, 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. He joined PTB as General Manager (Finance and Administration) in 2003 and was subsequently promoted to Chief Financial Officer in 2007, a position 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.

Notes:
1. None of the Key Management hold any directorship in public listed companies and listed issuers;
2. None of the Key Management have any family relationship with other Directors and/or major shareholders of the Company;

Profile of Key Management

/03/

(IR.) RAVEENTIRAN A/L KRISHNAN

Chief Operating Officer, Smelting

Aged 59 I Malaysian I 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. 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 networking 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.

/04/

EN. MADZLAN BIN ZAM

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

Aged 64 I Malaysian I 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"), an 80% 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 all RHT's subsidiaries i.e. SL Tin Sdn. Bhd., Asas Baiduri Sdn. Bhd. and Alaf Tenggara Sdn. Bhd.

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.

3. *None of the Key Management have any conflict of interest with the Company; and*
4. *None of the Key Management 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 2022.*

STATEMENT BY THE CHAIRMAN

CHEW GEK KHIM PJG

Non-Independent Non-Executive Chairman

Statement by the Chairman

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 2022 ("FY2022").

REVENUE
RM1.5 BILLION

NET PROFIT
RM98.3 MILLION

DIVIDEND PAYABLE
RM29.4 MILLION

STAYING RESILIENT AMID A TURBULENT YEAR

2022 marked a period of uncertainty in the global and commodity markets, with tin prices experiencing significant fluctuations during the year. The ongoing effects of the COVID-19 pandemic, the prolonged geopolitical tensions between the United States and China, as well as the Russia-Ukraine war, had a profound impact on global supply chains causing disruptions in various industries. This led to supply-demand imbalances and significant price swings for commodities, including tin.

Against this backdrop, tin prices reached historic highs of approximately RM220,000 (~USD50,000) per metric tonne ("MT") in early 2022. However, as the year progressed, tin prices declined sharply as fears of a supply deficit eased. Concurrently, demand from China, the world's largest consumer of tin, weakened. Rising inflation and concerns over a potential economic recession also contributed to the volatility of tin prices.

Meanwhile, global refined tin production was sustained at 380,400 tonnes in 2022, of which MSC was responsible for producing 5% of the global tin supply with 19,385 tonnes.

We adjusted our strategies and focused on strengthening our core competencies in smelting and mining.

As a result of the Group's efforts, MSC remained resilient to post a revenue of RM1.5 billion, with a net profit of RM98.3 million in FY2022.

MSC's commitment to providing returns to shareholders remains steadfast. For FY2022, the Board has proposed a first and final single-tier dividend of 7 sen per share, amounting to RM29.4 million of dividend payable. This translates to a dividend payout ratio of 30% of net profit.

Statement by the Chairman

The TSL furnace enables us to conduct smelting activities up to

60,000 TONNES

of tin ore per year, with the aid of oxygen enrichment.

SEIZING POSSIBILITIES

Looking ahead, the long-term outlook of the tin industry remains promising with ample growth prospects. In the coming years, tin consumption is likely to remain robust, driven by growing demand from the electronics sector.

The ongoing global transition towards renewable energy and energy storage systems is expected to support the demand for the metal, as tin solder is broadly utilised in the production of these systems.

The expanding usage of electric vehicles ("EV") around the world is also anticipated to have a positive impact on the tin industry. Tin has been identified as a critical element in enhancing the capacity and life-cycle of lithium-ion batteries which are used in EVs. There is also study in developing solid state batteries to replace liquid or polymer gel electrolytes found in lithium-ion batteries to lower fire risk and potentially increase the mileage of electric vehicles. Tin has been identified as a key element in solid state batteries together with titanium, zirconium and hafnium. As such, we are actively pursuing opportunities to strengthen our fundamentals and seize emerging possibilities.

In our smelting operations, we have made significant progress towards maintaining smooth operations and achieving a steady and stable state for the Top Submerged Lance ("TSL") furnace at our smelting facility in Pulau Indah, Port Klang. The TSL furnace enables us to conduct smelting activities up to 60,000 tonnes of tin ore per year, with the aid of oxygen enrichment.

It also requires less manpower to handle as smelting and its ancillary processes are automated and managed from the operations control room. This will lead to improved smelting yields and lower operating costs.

Meanwhile, our tin mining operations have been strengthened with the acquisition of Asas Baiduri Sdn. Bhd. ("Asas Baiduri") through our tin mining arm, Rahman Hydraulic Tin Sdn. Bhd. ("RHT"). Asas Baiduri holds a mining lease over a parcel of land spanning 568.4 hectares, located adjacent to the existing RHT Tin Mine. The acquisition enables us to expand our mining pit further and eventually our daily mining output.

Statement by the Chairman

EMBEDDING ESG ACROSS MSC

We remain committed to our sustainability journey, as we strive to become a more environmentally and socially conscious company. As we pursue commercial growth, we take the necessary steps to mitigate the impact our operations have on the environment, while creating value for our stakeholders through responsible and ethical business practices.

In FY2022, we continued to invest in environmental initiatives across the Group and completed the installation of 1.26 MWp solar photovoltaic panels at the Pulau Indah facility. This is expected to further minimise the Group's carbon footprint by 1,000 tonnes per year, while also lowering our energy costs.

At our RHT Tin Mine in Klian Intan, we aim to achieve net-zero carbon emissions and are working towards this by upgrading our mini hydro power plant to 5.0 MW.

During the year, we continued to invest in environmental initiatives amounting to approximately RM10.9 million. Rigorous controls and standard operating procedures ("SOP") are instituted at each worksite to ensure we operate within regulatory limits. These include efforts to optimise energy consumption, reduce carbon emissions, and effectively manage waste, among others.

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

At MSC, we continue to navigate the changing landscape and adjust our strategies so as to position the Group on a firmer footing to navigate the current economic and geo-political headwinds.

ACKNOWLEDGEMENTS

On behalf of the Board, I would like to express my gratitude to our stakeholders for their unwavering support and trust in MSC. These include our shareholders, employees, customers, suppliers, bankers, investors, and regulatory authorities, who have all contributed to the Group's progress and growth.

I would also like to acknowledge the dedication and hard work of our management team and employees, whose hard work and commitment continue to drive MSC forward. Last but not least, may I extend special thanks to my fellow Board members for their invaluable contributions and guidance throughout the year.

CHEW GEK KHIM PJG
Non-Independent Non-Executive Chairman
14 April 2023

We continued to invest in environmental initiatives across the Group and completed the installation of

1.26
MWP SOLAR PHOTOVOLTAIC PANELS
at the Pulau Indah facility.

At our RHT Tin Mine in Klian Intan, we aim to achieve our sustainability journey, as we strive to become a more environmentally and socially conscious company.

MANAGEMENT DISCUSSION & ANALYSIS

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

Group Chief Executive Officer

GROUP BUSINESS OVERVIEW

Founded in 1887, Malaysia Smelting Corporation Berhad ("MSC" or "the Group") holds a significant position in the global tin market as a major integrated producer of tin metal and related products. MSC is involved in both upstream and downstream aspects of the tin industry through its international tin smelting business and local tin mining operations. Moreover, MSC serves as the foremost global custom toll smelter, providing external toll smelting services for customers with tin ores.

MSC conducts its tin mining activities through its subsidiary, Rahman Hydraulic Tin Sdn. Bhd. ("RHT"). RHT operates the largest hard rock open-pit tin mine located at Klian Intan, Perak ("RHT Tin Mine"). At the mine, we undertake the extraction of tin ore from the earth, to be processed into tin-in-concentrates which are later used as raw materials for the Group's smelting activities. Approximately 10% of our smelting input comes from RHT, with the rest sourced from local artisanal miners, international tin ore traders and third-party tin mines outside of Malaysia. Apart from RHT Tin Mine, the Group is also involved in mining activities at Sungai Lembing, Pahang through RHT's subsidiary, SL Tin Sdn. Bhd., which is still in its early stages.

Meanwhile, MSC carries out its smelting activities at two facilities located in Butterworth, Penang and Pulau Indah, Port Klang, respectively. At these plants, we convert tin-bearing ores into high-purity refined tin metal, to be supplied to end user customers and the London Metal Exchange (LME). The Butterworth smelter, in operations since 1902, is slated for de-commissioning in 2024. Following that, MSC's smelting activities will be fully undertaken at the modern Pulau Indah plant using the more efficient Top Submerged Lance ("TSL") furnace.

Management Discussion & Analysis

MSC carries out its smelting activities at two facilities located in Butterworth, Penang and Pulau Indah, Port Klang, respectively.

Tin-in concentrates production increased to

2,542 tonnes in 2022

(FY2021: 2,408 tonnes)

Reverberatory furnace

Top Submerge Lance furnace

OPERATIONAL HIGHLIGHTS

Local Tin Mining Operations

Throughout 2022, RHT continued to supply tin ore to MSC for smelting. Tin-in concentrates production increased to 2,542 tonnes in 2022, as compared to 2,408 tonnes in 2021.

During the year, we continued our exploration efforts to identify new tin ore bodies at the Western slope of the RHT Tin Mine. As at 1 January 2023, the total estimated tin-in concentrates resources are as below:

Resources Class	Ore Volume (m^3)	Grade ($KgSn/m^3$)	Contained Tin (Sn) (tonnes)
Measured	2,288,051	3.175	7,264
Indicated	3,654,388	3.677	13,438
Inferred	12,820,448	1.921	24,633
Total	**18,762,888**	**2.416**	**45,335**

Management Discussion & Analysis

In recent years, RHT found a type of rock formation called skarn during a deep drilling program at the RHT Tin Mine. This has led to the possibility of discovering new tin deposits in the area, and as such, RHT conducted a geographical survey to investigate further. The survey produced positive results and RHT plans to conduct a drilling program in 2024 to confirm the existence of tin-bearing skarn formation. This will help to extend the life of the mine and potentially increase the tin that can be extracted.

During the year, we also invested in a new mobile crusher and sorter at the RHT Tin Mine, which is expected to lead to a more efficient mining process and higher productivity.

New mobile crusher and sorter at RHT Tin Mine

In a strategic move to expand our mining land, RHT acquired 100%-stake Asas Baiduri Sdn. Bhd. ("Asas Baiduri") in 2022, in exchange for RHT shares representing 20% of enlarged capital of RHT. As a result, RHT is now an 80%-owned subsidiary of MSC. Asas Baiduri possesses a mining lease for a 568.4-hectare parcel of mining land situated adjacent to the RHT Tin Mine, with an expiration date in 2033.

This acquisition enables RHT to construct additional tailing ponds on Asas Baiduri's land, allowing us to continue our mining activities at RHT Tin Mine. RHT is also able to expand its existing mining pit further eastwards towards the Asas Baiduri land. Additionally, RHT gains access to potential tin resources on the Asas Baiduri land, enhancing our mining life and output.

At our mine in Sungai Lembing, Pahang, we are in the midst of expanding our operations with additional number of equipment and machineries at the processing plant and the mine pit. We foresee the tin ore production at Sungai Lembing to increase once the expansion is completed. To cater to the projected rise in production, we have also bolstered our manpower here.

RECORD HIGH REVENUE
RM1,503.6 MILLION
(FY2021: RM1,076.6 MILLION)

International Tin Smelting Business

In 2022, MSC strived to maintain smooth operations following Malaysia's transition to the endemic phase from 1 April 2022 onwards.

At the smelting facility in Pulau Indah, we are delighted to be making progress as the TSL furnace reached 90% of its designed capacity as at end-2022. Nonetheless, one challenge we faced during the year was a longer-than-expected annual scheduled maintenance of three months, instead of the planned one month, at Pulau Indah.

Management Discussion & Analysis

This was due to the delay in the delivery of fire-rated bricks from China to be utilised for the furnace re-bricking exercise. The interruption resulted in a furnace outage from July to September 2022, which affected our operations and production. However, smelting activities have resumed since October 2022, and we are taking the appropriate steps to ensure minimal disruption in the future.

At the same time, we completed the installation of 1.26MWp of solar photovoltaic panels at the rooftop of our premises in Pulau Indah. The use of solar energy for power generation will not only enhance the Groups' energy efficiency, but also lower energy costs. In addition, the Pulau Indah plant utilises natural gas, further minimising MSC's carbon footprint.

Pulau Indah smelting facility

Meanwhile, we continued to process our inventory of tin intermediates at our smelter in Butterworth. Tin intermediates are a by-product of the multi-stage smelting process used in Butterworth.

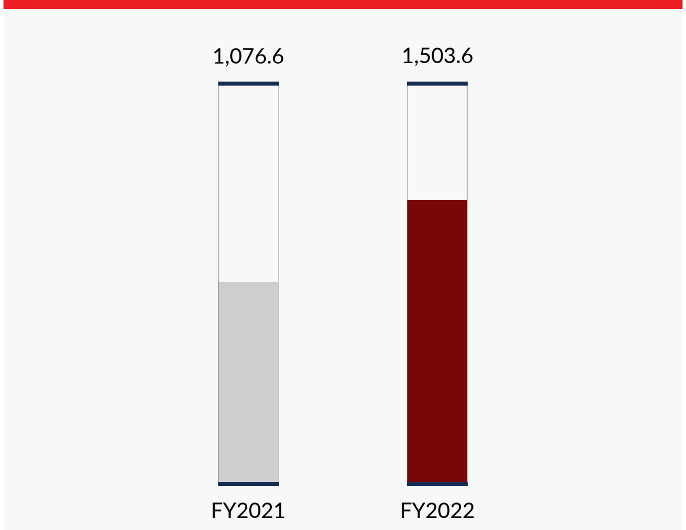
Despite facing operational disruptions, MSC increased its refined tin production amounting to 19,385 tonnes, as compared to 16,619 tonnes in the prior year. The higher production was partly attributable to the lifting of the 6-month force majeure in December 2021 following the easing of lockdown measures in Malaysia.

FINANCIAL PERFORMANCE REVIEW

MSC posted its highest ever revenue of RM1,503.6 million in FY2022, registering a 39.7% increase from RM1,076.6 million in FY2021. The growth was underpinned by higher average tin prices and comparatively higher sales volume of refined tin during the year.

In FY2022, tin prices averaged 4.7% higher to RM136,700/tonne (FY2021: RM130,600/tonne).

REVENUE (RM Million)



Management Discussion & Analysis

OPERATING SNAPSHOT	FY2022	FY2021
Group's revenue (RM million)	1,503.6	1,076.6
Group's profit before tax (RM million)	143.6	158.4
Group's net profit (RM million)	98.3	118.1
International Tin Smelter		
Production of refined tin	19,385 tonnes	16,619 tonnes
Profit/(Loss) before tax (RM million)	(6.7)	18.2
Profit/(Loss) after tax (RM million)	(5.5)	12.1
Tin Mine		
Production of tin-in concentrates	2,542 tonnes	2,408 tonnes
Profit before tax (RM million)	134.4	145.2
Profit after tax (RM million)	95.1	109.4
Tin Price		
Average tin market price		
- RM per tonne	136,700	130,600
- USD per tonne	31,068	31,521
USD:MYR exchange rate	4.40	4.14

NET OPERATING CASH FLOW
RM243.6 MILLION (FY2021: RM12.4 MILLION)

DIVIDEND PAYOUT RATIO
30%

The Group's smelting division delivered a Loss After Tax ("LAT") of RM5.5 million in FY2022, against a Profit After Tax ("PAT") of RM12.1 million in FY2021. The slower performance was mainly on the back of increased operating costs in relation to labour, energy, fuel, reductant and furnace re-bricking costs, as well as the longer-than-expected maintenance at Pulau Indah.

Meanwhile, the Group's mining operations posted a PAT of RM95.1 million in FY2022, as compared to RM109.4 million in the prior year. Earnings was impacted by a one-off legal case settlement of RM4.7 million as well as higher operating costs.

In FY2022, the Group recorded higher tax expenses amounting to RM42.2 million, with a higher effective tax rate than the statutory tax rate of 24%. This is due to the one-off Prosperity Tax introduced by the Malaysian government, where corporations with a chargeable income above RM100 million in FY2022 are required to pay a higher tax rate of 33% for the amount exceeding RM100 million. The higher tax rate is applicable specifically to RHT.

MSC also incurred higher minority interest of RM3.2 million as RHT became a 80%-owned subsidiary of MSC from July 2022 onwards. Based on the aforementioned reasons, MSC's net profit attributable to owners of the company ("net profit") in FY2022 stood at RM98.3 million.

Solid Balance Sheet

MSC's financial position remains robust as at 31 December 2022. Total assets were consistent with the prior year at RM1.3 billion, with inventories decreasing to RM570.7 million as at end-2022, from RM789.9 million as at 31 December 2021. This is due to the smelting of tin throughout the year, following the lifting of the force majeure in December 2021.

In FY2022, the Group's cash, bank balances and deposits grew by 23.3% to RM151.2 million, from RM122.6 million as at end-2021, mainly owing to our sale of quoted shares in Alphamin Resources Corporation in 2022, raising RM28.7 million.

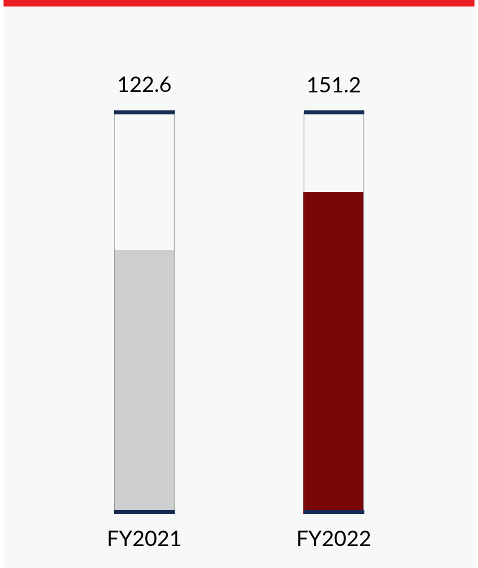
Our cash flow remained healthy in FY2022 with net operating cash flow of RM243.6 million (FY2021: RM12.4 million).

Shareholders' equity also increased to RM719.2 million as at end-2022, as compared to RM580.4 million a year ago, mainly due to higher retained earnings of RM444.1 million (FY2021: RM285.7 million). This translated to net assets per share of RM1.71 (FY2021: RM1.38).

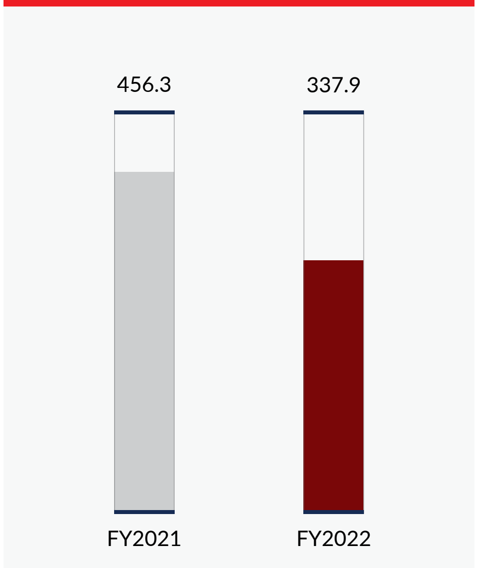
Meanwhile, the Group's borrowings reduced by 25.9% to RM337.9 million in FY2022, from RM456.3 million as at end-2021. Gearing ratio improved to 0.4 times (FY2021: 0.8 times).

Management Discussion & Analysis

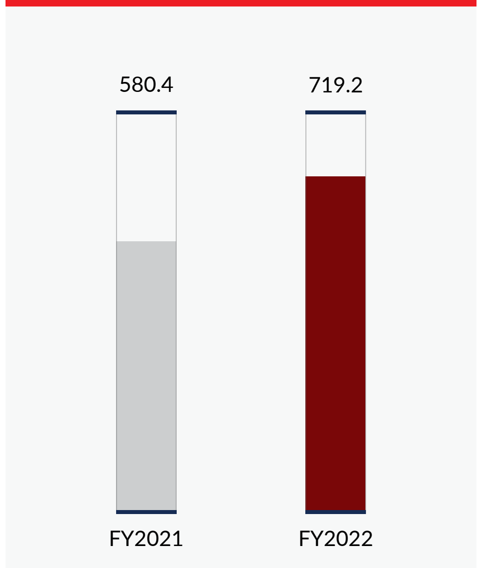
TOTAL CASH, BANK BALANCES AND DEPOSITS (RM Million)



TOTAL BORROWINGS (RM Million)



SHAREHOLDERS' EQUITY (RM Million)



CONSISTENT DIVIDENDS FOR SHAREHOLDERS

The Group has proposed a first and final single-tier dividend of 7 sen per share, amounting to RM29.4 million in total dividend pay-out (FY2021: 7 sen per share; RM29.4 million). This translated to a dividend pay-out ratio of 30% of FY2022 net profit.

As we move ahead, we will continue to deliver dividend pay-outs to our shareholders, taking into consideration various factors including the Group's performance, capital requirements and business strategies, among others.

2023 & BEYOND

As we move into 2023, the operating backdrop is anticipated to remain challenging with soft macroeconomic fundamentals. The tin market is also expected to stay under pressure, with supply constraint keeping tin prices buoyant. This is partly due to the closure of major tin mines in Peru due to anti-government protests. Additionally, Indonesia, the world's largest exporter of refined tin, plans to impose an export ban on tin ingots, thereby influencing the global tin supply.

Keeping that in mind, there are several developments expected to spur tin usage. Demand is projected to rise following the easing of lockdown restrictions in China, which is the world's largest tin consumer. Tin is primarily used as solder binding electronic components together. With the rapid expansion of the electronics sector, we foresee tin demand to increase in tandem.

Tin will also benefit from the growing trend of electric vehicles ("EVs"), which are swiftly gaining popularity as a cleaner mode of transportation. EVs are powered by lithium-ion batteries, where tin is used as a key component in enhancing the ability to store and release energy.

Operationally, we are positioning the Group to capitalise on the potential growth of the tin market. Our focus is on enhancing cost and operational efficiencies across the Group. On the smelting side, the usage of the TSL furnace at Pulau Indah smelting facility will produce higher yields. The TSL furnace is also less labour intensive and easier to manage, further lowering the Group's manpower costs. We look forward to cost savings of approximately 30% when we fully decommission the smelter in Butterworth by mid-2024. Until then, there will be a duplicate of expenses with the running of both smelters.

For our tin mining operations, we anticipate higher efficiencies and output of tin-in-concentrates with the new machineries. At the same time, we will continue to explore ways to enhance our mining productivity. We intend to commence geological studies of Asas Baiduri's land in 2023, and thereafter construct the tailing ponds.

Management Discussion & Analysis

We exercise prudent management by thoroughly assessing potential risks before committing to any significant investments in the prevailing economic climate.

We recognise the importance of sustainable mining and smelting practices. As we strive to future-proof the Group, we prioritise the well-being of the environment, our employees and the local communities. We have implemented several initiatives across the Group aimed at this. More information on our sustainability measures are elaborated in MSC's Sustainability Report from pages 23 to 39.

In conclusion, while the operating environment remains challenging, we are optimistic on the potential growth opportunities in the tin market. Our goal at MSC is to ensure sustainable value creation to our stakeholders and we will continue to deliver on this commitment. All in all, we believe that the Group is on course to maintain its position as one of the leading integrated tin producers in the world.

ANTICIPATED RISKS

Political, economic and regulatory risk

Given the cyclicality of the commodity industry, MSC's business prospects are susceptible to external factors such as changes in political leadership and regulatory conditions. Notably in 2022, the prolonged geopolitical tensions induced by the invasion of Russia on Ukraine have caused supply disruptions with higher energy and freight costs in tin production for MSC. Besides, the Indonesian government's proposed ban on tin exports, coupled with the already-existing global supply shortages, may affect the global tin market, including our businesses.

To manage these risks, we remain vigilant and informed of current government policies, rules, and regulations to ensure that our business practices are in compliance. Additionally, we exercise prudent management by thoroughly assessing potential risks before committing to any significant investments in the prevailing economic climate.

Volatility in tin price

As MSC primarily engages in tin production businesses, material fluctuations in tin prices can significantly impact the Group's financial performance and cash flow. Tin prices are affected by various factors beyond the Group's control, including tin supply and demand dynamics, as well as government and trade policies, among others.

For instance, the lockdowns in Peru have resulted in the suspension of mining activities and subsequently disrupted tin ore supply. Similarly, China's commitment to its zero-COVID-19 strategy in 2022 has led to the lockdowns of business operations, potentially causing demand shocks at a time of tight supply. With that, these supply and demand disruptions could compound and lead to further volatility in tin prices.

To manage the impact of price fluctuations in the tin market, we utilise hedging instruments such as forward commodity contracts while regularly monitoring global tin prices to assess our hedging policies and make adjustments when necessary.

Foreign rates fluctuations

MSC is exposed to foreign exchange risk as the Group's trading and financing activities are primarily transacted in currencies denominated in US Dollar and Singapore Dollar. As such, our financial performance could be affected by the volatility in foreign exchange rates. Nonetheless, our operations formed a natural hedge in mitigating the exposure as a majority of our sales and purchases are transacted in US Dollar. Furthermore, we engage in hedging activities by using forward currency contracts and are closely monitoring our foreign currency risk to ensure that the net exposure remains at an acceptable level.

ACKNOWLEDGEMENTS

As I bring my message to a close, I would like to express my sincere gratitude to the Chairman of the Board and fellow Board members for your leadership and guidance in shaping the path forward for MSC.

My deepest appreciation also goes to the entire team and employees at MSC, as your dedication and hard work are the bedrock of our success. I look forward to continuing our collaboration to achieve great milestones in the future.

Finally, I would like to take this opportunity to express my heartfelt appreciation to all of our stakeholders, including our shareholders, bankers, customers, suppliers, business associates, as well as various regulators and local authorities. Your unwavering support and confidence in us have been instrumental in driving the Group's achievements.

DATO' DR. (IR.) PATRICK YONG MIAN THONG
Group Chief Executive Officer
14 April 2023

SUSTAINABILITY STATEMENT FY2022

ECONOMIC

Please refer to pages 27 - 29 for more information

ENVIRONMENTAL

Please refer to pages 30 - 33 for more information

SOCIAL

Please refer to pages 34 - 39 for more information

As a leading responsible tin miner and metal producer, sustainability remains a top agenda at Malaysia Smelting Corporation Berhad ("MSC" or "the Group") as we endeavour to future-proof our businesses. In 2022, the world gradually transitioned towards normalcy from the COVID-19 pandemic; nonetheless the macroeconomic landscape still loomed with challenges such as geopolitical tensions between Russia and Ukraine, interest rate hikes, and inflationary pressures.

This underscores the significance of embedding sustainability considerations into our operations, which not only allows us to mitigate potential setbacks, but also provides a competitive advantage for the Group.

ESG HIGHLIGHTS FOR 2022

RM778,000
Investment In Community Outreach

RM10.9 MILLION Investment In Environmental Initiatives

97%
of total workforce are locals

3%
Energy derived from renewable sources

RM218,000
Investment in employee development

14%
of total workforce are women

ZERO
Fatalities

RM1,421.7 MILLION
Economic value distributed

Sustainability Statement FY2022

ABOUT THIS REPORT

Reporting Scope

This Sustainability Statement ("SS2022") covers MSC's sustainability efforts and performances of its tin smelting activities at Butterworth, Penang and Pulau Indah, Port Klang, as well as tin mining operations at Klian Intan, Perak and Sungai Lembing, Pahang. The information disclosed in this report includes activities carried out between 1 January 2022 to 31 December 2022, in line with MSC's financial reporting period. Where possible, information from previous years has been included to provide comparative data.

Reporting Standards and Guidelines

The preparation of this report is in accordance with the Main Market Listing Requirements ("MMLR") and the Sustainability Reporting Guide (3rd Edition) under Bursa Malaysia Securities Berhad ("Bursa Malaysia"), and in reference to the Global Reporting Initiative ("GRI"). Where relevant, we also align our reporting with the United Nations ("UN") Sustainable Development Goals ("SDGs"), which provides a shared blueprint to achieve a sustainable future for people and the planet.

Data Quality and Assurance

Data disclosed in the SS2022 was sourced internally and we practise internal verification to ensure the reliability of the data presented. This report has been reviewed and approved by the Board on 14 April 2023. At present, MSC has not sought external assurance for this report.

Report Availability and Feedback

This Sustainability Statement is available as part of our FY2022 Annual Report, which is available for download on our corporate website at www.msmelt.com.

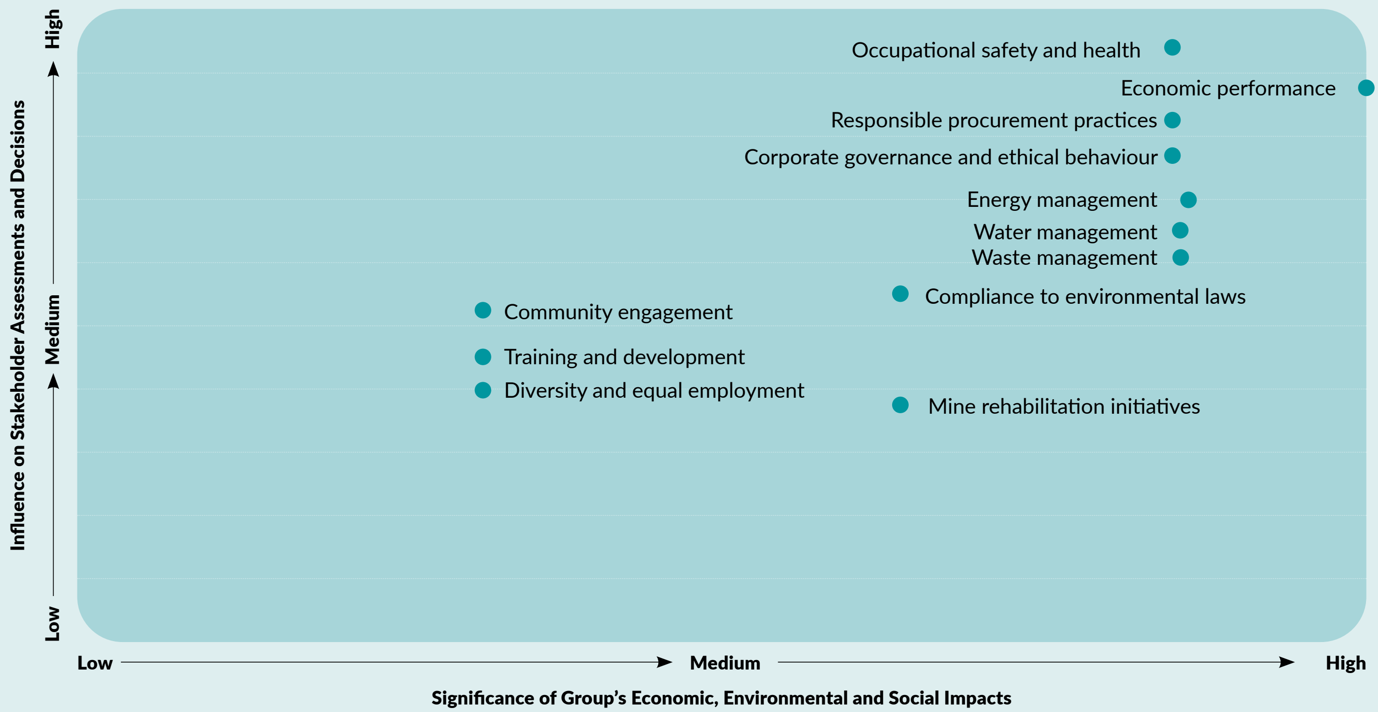
Any feedback or enquiries on this report can be directed to msc@smelt.com.

MATERIALITY ASSESSMENT

Materiality assessment is a critical part of devising the Group's sustainability strategy, allowing us to ascertain relevant risks and opportunities of key topics. We define our material matters based on the three sustainability pillars of Economic, Environmental and Social ("EES"). To identify and prioritise the sustainability matters that are significant to our business and the stakeholders, we have applied a materiality assessment conducted through the structured process.

Following the assessment conducted, we continue to review 12 material topics as illustrated in the material matrix below, as they are still valid. We shall continuously review our material topics to ensure their relevance against an evolving operating backdrop.

MSC's Materiality Matrix



Sustainability Statement FY2022

STAKEHOLDER ENGAGEMENT

Stakeholder engagement is essential in shaping the Group's sustainability framework. We define our stakeholders as individuals or groups that may be impacted by our business, as well as those that may in turn have the potential to affect MSC's operations. We maintain two-way communication with our stakeholders through various communication channels and platforms. The following table presents the summary of our key stakeholders, a non-exhaustive list of their areas of interest, our engagement methods, and the outcomes of engagement.

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 • Risk management	• 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 • Timely delivery of products	• 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 such as Annual Dinner and Family Days • 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)*	• Meetings, engagements and dialogues • Visit and inspections	• Support for government policies and initiatives • Compliance with relevant regulations	• Compliance with laws and regulations
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

STAKEHOLDER ENGAGEMENT

Stakeholders	Engagement Methods	Areas of Interest	Outcome of Engagement
Non-governmental organisations	• Site visits • Meetings, engagements or dialogues	• Sustainability-related matters	• Deeper understanding of NGO's concerns • 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

OUR COMMITMENT TO SUSTAINABILITY

MSC has always placed a strong emphasis on sustainability as part of our Group's culture. Being in the mining and smelting industry, we take great care to ensure that our operations do not affect people and the surrounding environment. We are mindful of our stakeholders' expectations, as we pursue long-term commercial growth in an environmentally and socially responsible manner. We also respect and uphold human rights and promote a diverse workplace where everyone is treated with dignity.

Supporting the UN SDGS

The UN SDGs are a collection of 17 interlinked goals that is a shared blueprint for peace and prosperity for people and the planet. We remain resolute in supporting the UN SDGs by aligning our material topics with the relevant SDGs.

Material Topic	UN SDG Supported
ECONOMIC	
• Economic Performance • Corporate Governance and Ethical Practices • Responsible Procurement	1 NO POVERTY 8 DECENT WORK AND ECONOMIC GROWTH 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 10 REDUCED INEQUALITIES 12 RESPONSIBLE CONSUMPTION AND PRODUCTION
ENVIRONMENTAL	
• Compliance with Environmental Laws • Progressive Mine Rehabilitation • Waste Management • Water Management • Energy Management	6 CLEAN WATER AND SANITATION 7 AFFORDABLE AND CLEAN ENERGY 12 RESPONSIBLE CONSUMPTION AND PRODUCTION 13 CLIMATE ACTION 15 LIFE ON LAND
SOCIAL	
• Diversity and Equal Employment Opportunity • Talent Development and Training • Occupational Safety and Health • Community Engagement	1 NO POVERTY 3 GOOD HEALTH AND WELL-BEING 4 QUALITY EDUCATION 5 GENDER EQUALITY 10 REDUCED INEQUALITIES

Sustainability Statement FY2022

ECONOMIC

The Group's economic success is linked with our ability to create long-lasting value for our stakeholders. Our focus is centred on maintaining strong financial resilience and forging collaborative partnerships with our network of business partners to drive sustainable growth across the value chain. We do this while upholding the highest standards of ethical business practices to ensure transparency and accountability in our dealings.

Corporate Governance and Ethical Practices

Governance Structure

The Board of Directors ("the Board"), as MSC's top decision-making body, holds a pivotal role in steering the Group towards a viable future. The Board leads the Group in driving and embedding the sustainability agenda into our operations and strategies. To ensure effective and efficient oversight, the Board has established an Environmental, Social, and Governance ("ESG") Committee, tasked with monitoring and addressing sustainability-related matters. The ESG Committee is supported by MSC's Senior Management team, who is responsible for monitoring, executing and reporting of the Group's sustainability initiatives and progress.

Ethical Business Practices

At all times, we maintain high standards of ethical business conduct across the Group to preserve our stakeholders' trust. At the core of our business lies a commitment to exemplary governance, guided by a strong sense of ethics and integrity. Our pledge to good governance extends beyond compliance with the law as we enact policies, processes and guidelines that serve to continually reinforce our principles.

The Group has established and adopted several policies, which are publicly available on the Group's corporate website at www.msmelt.com:

- Whistleblowing Policy
- Anti-Corruption and Anti-Bribery Policy ("ACAB") Policy
- Code of Ethics
- Board Charter

The Whistleblowing Policy and the ACAB Policy are available in English and Malay.

Whistleblowing

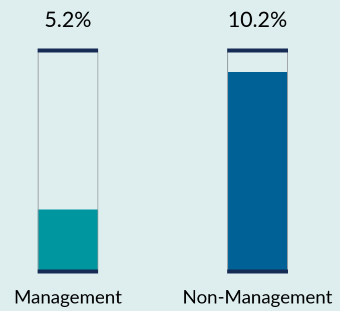
The Whistleblowing Policy outlines the procedures and framework by which employees, customers, contractors, suppliers or any other individuals who have dealings with the Group can voice concerns or complaints in relation to, among others, violation of business ethics, corruption, bribery or fraud, without fear of reprisal. The Group has established a dedicated and secured whistleblowing channel where the whistleblower is able to report any suspected misconducts in confidence.

Anti-Corruption

The ACAB Policy covers all forms of corruption, including, but not limited to bribery, embezzlement and abuse of power, to name a few. The policy is communicated to our workforce via briefings on the Employee Handbook to new employees during on-boarding. Periodical training on the ACAB Policy is also provided to employees to ensure strict observance of the policy.

In 2022, 15.4% of the Group's employees received training on anti-corruption. There were zero (0) reported disciplinary cases of staff due to non-compliance with the ACAB Policy during the year.

EMPLOYEES RECEIVED TRAINING ON ANTI-CORRUPTION IN 2022



As part of our anti-corruption measures, corruption risks are reviewed and considered in the Group's risk management assessment. 100% of MSC's operations are assessed for corruption-related risks.

During the year, we took further initiative to enhance our anti-bribery framework by implementing an internationally recognised standard, ISO37001:2016 Anti-Bribery Management System ("ABMS") at the Group's mining subsidiary, Rahman Hydraulic Tin Sdn Bhd ("RHT").

Our efforts include establishing an Integrity Governance Unit ("IGU") and an internal committee to monitor our compliance with ISO37001:2016 ABMS. We have also instituted an Integrity and Anti-Bribery Policy at RHT, setting out our pledge to uphold integrity in our daily dealings. The IGU actively promotes awareness on RHT's Integrity and Anti-Bribery Policy through integrity programmes and training for the Board and employees, as well as induction programs for newcomers. The policy and other relevant materials are also displayed on notice boards at RHT's premises. To strengthen our stance against corruption, all RHT employees and affiliated business associates are required to sign and adhere to the Anti-Bribery Pledge.

100%
OF MSC'S OPERATIONS ARE ASSESSED FOR CORRUPTION RISKS

This system is designed to aid our company to prevent, detect and respond to bribery and adhere to anti-bribery laws. Through our measures, our mining operations are expected to be certified with ISO37001:2016 ABMS by March 2023.

Our commitment to preventing corruption also applies to our supply chain. On the mining side, the Integrity and Anti-Bribery Policy is communicated to RHT's intermediaries, including contractors and agents. In 2022, we took a step further and conducted a corruption risk assessment for all of RHT's suppliers.

During the year, MSC did not incur any fines, penalties or settlements in relation to corruption. The Group also made zero (RM 0) monetary contributions to political parties or candidates in 2022.

Economic Performance

Our primary focus at MSC is to achieve economic growth while being cognisant of our impact on the society and environment. In 2022, we continued to distribute economic value to our stakeholders.

Economic Value Creation (RM million)	2020	2021	2022
Economic Value Generated	**813.4**	**1,076.6**	**1,503.6**
Economic Value Distributed	**765.8**	**939.1**	**1,421.7**
- Costs of tin mining and smelting	680.7	789.6	1,270.4
- Employee wages and benefits	56.6	68.4	66.0
- Payment to providers of capital	18.5	44.0	46.4
- Tax payment to government	9.8	36.9	38.7
- Community investment	0.2	0.2	0.2
Economic Value Retained	**47.6**	**137.5**	**81.9**

Responsible Procurement

Sustainability is a key consideration in our sourcing process. We are dedicated to maintaining a responsible supply chain that aligns with our ESG objectives. Our procurement efforts revolve around building a network of trusted suppliers and third-party service providers who not only meet our business criteria, but also share our dedication to sustainability principles and abide by relevant laws and regulations.

As one of the world's leading tin producers, MSC utilises best practice tools and processes to promote responsible procurement. We source tin ore from various regions that are considered Conflict-Affected and High-Risk Areas ("CAHRA"). Understanding the potential risks associated with these areas, such as supporting illegal or unethical organizations, we implemented a Responsible Minerals Sourcing ("RMS") Policy to advocate for responsible sourcing practices throughout the entire supply chain.

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Furthermore, we adopt a rigorous management system that conforms to the standards and guidelines set by the Organisation for Economic Cooperation and Development ("OECD") and the UN. This system allows us to evaluate the effects of our business operations on global conflicts and ensures that our partners follow the Responsible Minerals Assurance Process ("RMAP"). Any suppliers that do not meet these requirements face the risk of being removed from our qualified supplier list.

In 2022, MSC maintained its status as an RMAP-compliant smelter after undergoing the annual Conflict-Free Smelter audit. Going forward, we will continue to foster strong partnership with our key suppliers to enhance transparency and accountability of our business practices.

Membership of Associations

MSC supports tin-related activities and the advancement of the sector through participation in industry associations. This plays a key role in enabling MSC to create value for its stakeholders, as it provides a platform for MSC to forge strategic relationship within the industry, while enabling us to stay at the forefront of industry developments.

1. International Tin Association ("ITA")
2. Kuala Lumpur Tin Market ("KLTM")
3. Tantalum and Niobium International Study Center ("TIC")
4. Malaysia Chamber of Mines ("MCOM")
5. Federation of Malaysian Manufacturing ("FMM")
6. National Institute of Occupational Safety and Health ("NIOSH")

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ENVIRONMENTAL

As a company whose tin mining and smelting businesses rely on natural sources like water, MSC recognizes the importance of effective environmental management. In our pursuit to become an eco-friendly producer of tin products, we aim to operate in adherence to the applicable laws and regulations. To this end, we are committed to optimising our energy consumption, conducting safe and effective waste and water management practices, and reducing the Group's carbon footprint.

Compliance with Environmental Laws

MSC abides by environmental laws and regulations in Malaysia, ensuring full legal compliance. This includes 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.

An Environmental Policy has been instituted to better manage environmental compliance and prevent pollution as we strive for continual improvement in our environmental practices. The policy seeks to maintain, enforce and expand MSC's sustainability goals by ensuring that our operations are conducted in an environmentally responsible manner.

As at end-2022, 0% of MSC's sites are covered by recognised environmental management system such as ISO 14001. However, we recognise the importance of environmental sustainability and have developed proper procedures and processes as part of the Group's sustainability framework to manage environmental risks and impact.

During the year, MSC invested approximately RM10.9 million for environmental measures (FY2021: RM8.7 million).

There were no major incidences involving fines, penalties or non-monetary sanctions for non-compliance with environmental laws and regulations in 2022.

RM10.9 MILLION
INVESTMENT IN ENVIRONMENTAL MANAGEMENT IN 2022

Progressive Mine Rehabilitation

Proper mine closure planning is an important pillar of sustainability at MSC. In the lifecycle of mines, there is an eventual time when the minerals have been extracted and the mining operations inevitably come to an end. The successful outcome of the mine closure can be shaped through careful planning and implementation of effective rehabilitation measures. This is crucial in minimising any negative environmental impact and promoting post-mining land use.

At MSC, we adopt progressive mine rehabilitation, where restorative measures are carried out in a phased and continual manner, throughout the lifespan of the mine from pre-construction and post-closure. A Mine Rehabilitation Plan ("MRP") has been established laying out our strategy in facilitating effective mine closure and decommissioning. This includes planting high-value timber trees and grasses at various disturbed areas such as the tailing retention, waste dump, riverbank and ex-mining sites. To date, 32 hectares of inactive land have been rehabilitated with high-value timber trees, such as *Pokok Meranti* and *Pokok Mahogany*, to name a few.

BEFORE
Ex-tailing area prior to rehabilitation works

AFTER
Successful rehabilitation with high-value timber trees planted

Sustainability Statement FY2022

In 2022, the progressive rehabilitation efforts at the mine were temporarily halted as the revised MRP Report is under review by the Director of Lands and Mines Perak ("PTG"). In view of this, we focused on tree maintenance works of the planted trees at the mine instead. All rehabilitation measures will resume once the MRP Report has been approved by the PTG.

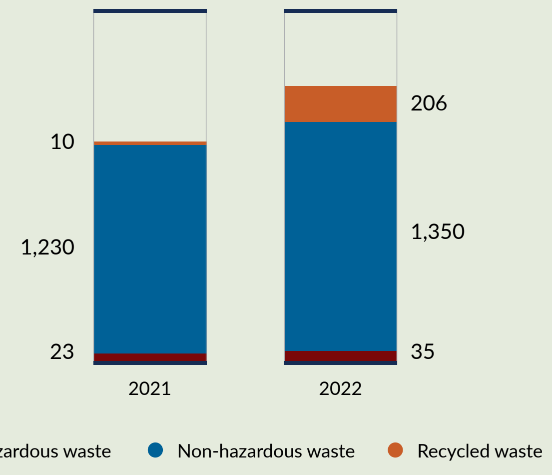
Waste Management

Across our operations, we seek out ways to minimise waste generation and optimise waste recycling efforts, where possible. We make a conscious effort to reuse materials, and any waste that cannot be recycled is disposed in accordance with local rules and regulations for their safe handling, transportation and storage.

Our steadfastness to safe and effective waste management practices are embedded in the Group's Environmental Policy. MSC's waste disposal procedures at the mining and smelting sites are governed by a set Standard Operating Procedure ("SOP") in adherence to the national standards in effluents and waste management.

At our mining and smelting sites, we produce various waste materials including hazardous and non-hazardous waste. Our mining activities result in the generation of by-products including sandy and slimy tailings. There are the residual materials of processed rock or soil after the concentration of tin ore at the processing plant. Thereafter, these tailing particles are separated and contained within dedicated tailing dumps or ponds. We also produce overburden wastes that are deposited at the waste dump area at the base of Gunung Paku.

TOTAL WASTE GENERATED & RECYCLED (tonnes)



Meanwhile, our smelting operations generate various forms of non-hazardous waste including low tin content slag and metal scrap. These waste materials are either transported to designated landfills for safe disposal or recycled for re-use. Solid wastes that contain residual tin are retained at the smelter for further recovery.

Proper segregation and labelling of scheduled waste

As for hazardous waste, we adhere strictly to the Group's hazardous waste management guidelines, which are in line with the Environmental Quality (Scheduled Wastes) Regulations 2005. The entire process is carried out under the supervision of a Competent Person in Scheduled Waste Management ("CePSWaM"), who is certified by the Department of Environment ("DOE"), to ensure compliance with relevant regulations and best practices.

As we move forward, we will continue to manage and dispose our wastes in accordance with regulatory requirements, while striving to reduce the volume of waste at our operating sites.

Water Management

Water is a critical part of our operations and also a focus area for stakeholders. This finite resource is utilised in our processes, including exploration, drilling and ore processing, among others. Our aim is to use the minimum amount of water necessary for operations and to ensure that the water leaving our sites meet relevant standards and requirements.

Both our mining and smelting operations follow a water management plan and seek to re-use recycled water as much as possible. At the RHT Tin Mine, we adopt a closed water circuit system, where a huge volume of water is retained in the open water reservoirs and water losses are constantly replenished by pumping fresh water from the nearby river. 100% of the water released from the ore processing plant is re-used for the usage of the plant. Our smelting site also recycles its used water and utilises water-efficient appliances to minimise water usage. Despite operating in non-water-stressed areas, our measures help to reduce our reliance on natural water sources.

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	2021	2022
Water withdrawal (m^3)	**5.5 million**	**1.6 million**
- Surface water from rivers	5.4 million	1.4 million
- Municipal potable water	0.1 million	0.2 million
Water discharged (m^3)	-	-

In 2022, we successfully reduced our water withdrawal to 1.6 million m^3 from 5.5 million m^3 in the prior year. One of the key factors was a wet year, which resulted in higher rainfall and increased water availability in the reservoirs at the mine, allowing us to withdraw lower volume of water from natural sources. Besides that, we implemented several measures at the mine including expanding water storage capacity at the last tailing pond, raising the pumping platform to increase the storage capacity at the upstream water reservoir, and re-arranging the workflow for the pump attendants to optimise water use. These initiatives contributed to a more effective and sustainable water management system, further reducing the Group's environmental impact.

Water Quality Management and Treatment

The Group's activities release wastewater effluents during the mining and smelting processes. Our priority is to ensure the effluents are within the parameters set by the Department of Mineral and Geoscience ("DMG") and the DOE prior to discharge.

At RHT Tin Mine, we continuously conduct monitoring and sampling of surrounding rivers of Sungai Kijang and Sungai Kepayang to detect any potential environmental impact from our mining operations. This involves testing the pH level at several sampling points along the rivers.

As part of our water treatment process, we also carry out lime dosing operations. This helps to neutralise the acidity of mine water and suspend heavy metal content, ensuring that the discharge is within the limits stated in the Mineral Development (Effluent) Regulations 2016.

Routine water sampling exercise

In 2022, MSC experienced zero (0) incident of non-compliance with water quality or quantity permits, standards and regulations.

Energy Management

Climate change has become a global pressing matter that can affect our operations and the communities. As such, one of the Group's key sustainability focus areas is to reduce our carbon footprint by improving energy and resource efficiency.

We are focused on optimising our energy consumption to minimise any impact we have on the environment. In pursuit of this, the Group has instituted an Efficient Electrical Energy Management Policy, which includes measures such as the use of energy-efficient equipment and machinery for new projects, as well as the adoption of energy-saving practices across the Group, among others. At all our sites, we have a dedicated person or consultant who oversees energy usage and saving matters.

Our energy usage includes electricity sourced from the national grid, as well as natural gas and diesel. We also utilise cleaner and renewable energy sources, such as solar and hydro power, to lower our reliance on non-renewable sources. During the year, we completed the installation of 1.26 MWp solar photovoltaic ("PV") panels on the rooftop of the Pulau Indah facility. This is expected to further minimise our carbon discharge by approximately 1,000 tonnes per year, in addition to cutting our energy costs. Additionally, we plan to install additional solar PV panels of the rooftop of our soon-to-be-constructed anthracite warehouse once it is completed.

To further enhance our energy efficiency, we are exploring the usage of thermal energy and plan to install a waste heat recovery system at the new smelter. Meanwhile at the RHT Tin Mine, we aspire to be carbon neutral. To achieve this, we are upgrading the capacity of our mini hydro power plant to 5.0 MW.

Sustainability Statement FY2022

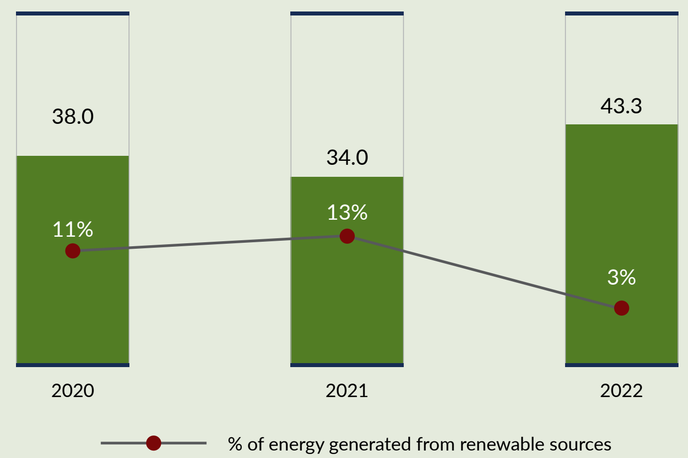

Turbines at mini hydro power plant


Solar PV panels at Pulau Indah smelting facility

For 2022, the Group's total energy usage amounted to 43.3 million kWh. This represents a sharp increase when compared to last year's 34.0 million kWh, following the inclusion of energy consumption data for the Pulau Indah smelter for 2022. During the year, 3% of our energy usage was sourced from renewable sources, dropping from 13% in 2021. This is mainly due to the outage of one of the turbines at RHT, which is part of the mini hydro power station that is in the midst of a capacity upgrade to 5.0 MW. However, we expect the proportion of energy generated from renewable sources to increase with the solar PV panels at Pulau Indah.

As we move forward, we will enhance our energy management efforts and disclosures to include the tracking of GHG emissions and setting reduction targets.

ELECTRICITY CONSUMPTION (million kWh)



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SOCIAL

We take a holistic approach in ensuring that our social responsibilities are upheld as we conduct our business. At MSC, we focus on creating a safe and conducive working environment where our employees can thrive in. As part of our social commitment, we also engage with the local communities through various Corporate Social Responsibility ("CSR") initiatives to promote greater social equity.

Human Rights and Labour Practices

Respect for human rights has always been at the core of our sustainability pledge. We believe that all individuals have the right to be treated with dignity, respect, and fairness, regardless of their background or circumstances.

Across the Group, we strive to uphold human rights and have enforced policies and procedures to ensure we meet international human rights standards, as well as local laws and regulations. We are also committed to engage with stakeholders to identify matters in relation to human rights.

The Group's Labour Policy, which is available in English, sets out our commitment to fair labour practices in order to preserve employees' rights and dignity. Our employment policies are aligned with the ITA and the Responsible Mineral Initiative ("RMI"), which refer to the UN Guiding Principles on Business and Human Rights.

At all times, we do not condone harassment in any forms. Training programmes on how to manage and handle harassment at work are provided to managers at MSC.

Labour Standard	MSC's Response and Approach
Child labour	We have a zero-tolerance approach towards child labour. No children under the age of 16 will be employed, as outlined in our Labour Policy.
Forced labour	We will not subject our employees to forced labour, as per our Labour Policy. We adopt a strong stance against the use of involuntary labour at MSC and in our supply chain.
Discrimination	As stated in our Labour Policy, we condemn unfair discrimination on the basis of race, gender, sex, marital status, ethnical or social origin, colour, sexual orientation, age, religion and political opinion. Training is provided to ensure adherence to our policy.
Working hours	We comply with local working hours and overtime laws. Our mines and smelting facilities do not exceed the cap of 45 hours a week. We also enter into collective agreements with workers' unions that cover terms of employment, including working hours.
Humane Treatment	We do not encourage, tolerate or support inhuman or degrading treatment or abuse at MSC. Our commitment is communicated in the Labour Policy.
Freedom of association and collective bargaining	We provide workers with the opportunity to openly communicate with management without fear of reprisal. As such, we support workers' right to establish and join unions, as stated in the Group's Code of Conduct. As at end-2022, 74% of our mining employees are members of the National Mining Workers' Union of Peninsular Malaysia, while 89% of our smelting employees are members of the National Union of Industrial Mineral Smelting Workers.
Health and safety	MSC takes every step to prevent accidents and minimise the risk of injuries in the workplace. Our priority is to protect the safety and health of our employees, who receive training and job-specific instructions throughout their employment.
Wages and benefits	MSC adheres to applicable wage laws, including minimum wages and overtimes hours. We review our pay structure from time to time to ensure it remains competitive with market rates. We also offer employees EPF contribution that is higher than the statutory rate.

In 2022, MSC fully complies with all labour standards, laws and regulations, and received zero (0) reported discrimination and human rights violation cases.

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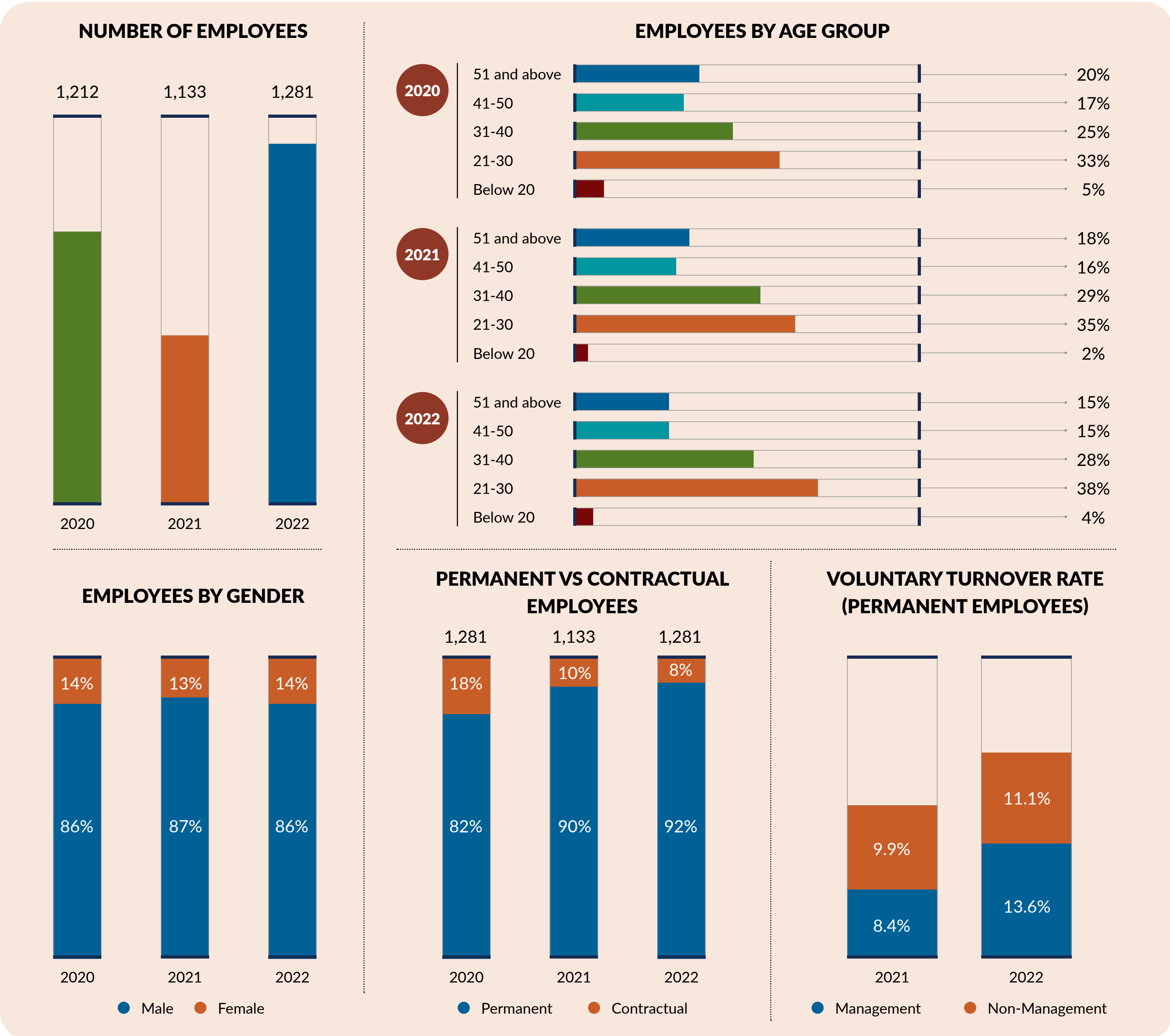
Diversity and Equal Employment Opportunity

At MSC, we aim to foster a workplace that values diversity and as such, practise equal employment opportunity. We view diversity as a key driver of creativity and innovation, recognising the value that different perspectives and experiences bring to the table. With that in mind, we strive to create a culture of inclusion throughout the Group. As we embrace diversity, we can better attract and retain top talent, better serve our customers and stakeholders, and ultimately drive added value.

In 2022, our workforce comprises 1,281 employees, of which 14% are women. As a group operating in the energy-intensive tin mining and smelting industry, we acknowledge that this sector demands manual labour, which historically has led to a male-dominated workforce. Despite this, we are committed to creating equal opportunities for all genders, and creating a working environment that allows all employees to thrive in their careers. Our pledge to equal treatment of employees is set out in the Group's Code of Ethics and the Employee Handbook. However, zero (0%) of our employees are disabled as at end-2022.



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MSC also seeks to provide opportunities for youths and young professionals to develop their skills and gain valuable industry experience through the Group's internship and graduate placement programmes. By investing in young talent, we are not only building a strong foundation for the future, but also fostering a culture of innovation and growth at MSC.

From 2023 onwards, we have plans to offer scholarships to students in local universities who are studying industry-relevant courses. This allows us to develop a pipeline of future leaders, ensuring we have a strong talent pool as we grow the business. In 2022, over 69% of our employees are below the age of 40 years old.

Talent Development and Training

MSC believes that a strong workforce lies in attracting and retaining the right talent, while providing them with opportunities for development. This includes leadership programs, technical and soft skills trainings, among others. To identify our workforce's training needs, we assess our employees through performance reviews and feedback mechanisms.

In 2022, we intensified our efforts and increased the number of training programmes for employees, as shown in the table below.

	2020	2021	2022
Investment in staff development	RM116,000	RM84,000	RM218,000
Training programmes	50	40	92
Total training hours	4,143	8,726	12,492
Average training hour per employee	3	7	10

As part of our employee development initiatives, we offer sponsorship for deserving employees to pursue industry-related courses at the PhD and Masters level. By supporting our talent in pursuing higher education, we are able to help them achieve their professional aspirations, and in turn contribute to the long-term success of the Group.

Apart from that, we recognise the importance of offering fair compensation to our employees, in maintaining a motivated and dedicated workforce. We strive to provide a competitive remuneration package that is benchmarked against industry average, based on the employee's skills, experience and performance. The packages we offer are inclusive of a wide range of benefits, including annual leaves, medical coverage, and contribution to EPF that is higher than the statutory rate, to name a few.

Occupational Safety and Health

Mining and smelting environments can pose safety risks to workers, contractors and other visitors. Our priority is to protect the health and safety of our employees, as it is crucial to the longevity of the Group.

This is reflected in the Group's Occupational Safety and Health ("OSH") Policy, defining our vow in maintaining a safe and healthy work environment that is in compliance with applicable OSH regulations, such as the Occupational Safety and Health Act 1994. The policy covers employees, contractors and other stakeholders, and is reviewed from time to time and enforced by respective OSH Committees at the mining and smelting sites. They are responsible for promoting OSH best practices and recommending improvements in the workplace, among others. The committees comprise a Chairman, Secretary, as well as employer and employee representatives.

In the case of emergencies, we have in place an Emergency Response Team ("ERT") at each operating site. Members of the ERTs are trained and equipped with the necessary tools to respond to any emergency situations, including first aid kits, fire extinguishers and personal protective equipment ("PPE"). We also conduct emergency drills to ensure employees are familiar with emergency protocols and can respond appropriately in the event of an emergency.

	Smelting	Mining
No. of members in OSH Committee	40	24
No. of members in Emergency Response Team	56	40

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As at end-2022, 0% of MSC's sites are certified with OHSAS 18001. Nonetheless, the Group's mining operations are accredited with internationally recognised standards, such as ISO 45001:2018 Occupational Health & Safety Management and ISO 39001:2012 Road Traffic Safety Management, ensuring our steadfastness to continuous improvement of our OSH systems. Keeping that in mind, our dedication to OSH excellence extends beyond our mining operations to our entire Group and value chain.

Throughout our operations, we implement OSH initiatives, including regular safety training and awareness sessions, hazard identification and risk assessments, and establish targets for improvement, to name a few. In 2022, the Group conducted over 46 OSH programmes and training sessions, which were attended by 659 employees. We also conduct risk assessments in respect to safety and health for potential new and existing operations or sites. A total of 16 workplace inspections were undertaken at our smelting operations at Pulau Indah and Butterworth, as well as at our mining site at Klian Intan, during the course of the year.

ZERO
FATALITY IN 2022

In 2022, we recorded higher lost time injury ("LTI") of 33 cases, with zero fatality. The increase in LTI cases is not necessarily an indication of a decline in safety standards, but rather, is due to our increased diligence in defining and identifying LTIs, which resulted in a more accurate reflection of our safety performance. This year, we have taken a more stringent approach to safety, hence the increase in LTI is a testament to our commitment to improve our safety practices.

Pursuant to the incidences, we took a comprehensive approach to incident management, conducting thorough investigations to identify the root causes of incidents and applying corrective actions to prevent their recurrence.

Nonetheless, the Group's LTI rate improved by 39% during the year, owing to the Group's diligence to safety, including implementing OSH procedures, investing in safety training, and promoting strong safety culture at MSC, among others. Additionally, the increase in manhours worked in 2022 also contributed to the improvement in LTI rate.

	2020	2021	2022
No. of lost time injury	30	22	33
- Employees	*	*	30
- Contractors	*	*	3
Incident rate per 1 million manhours worked	8.2	6.4	3.9
No of fatality (Employee & Contractors)	0	0	0
No. of safety-related programmes and training	24	23	46

**Not available as we started recording the data breakdown from 2022 onwards*

Occupational Safety and Health Targets and Achievements

We have established several targets in respect to safety and health. We are pleased to report that in 2022, we have achieved our OSH targets as depicted below.

Segment	Osh Target	Achievement In 2022
Mining	Zero fatality	✓
	At least 80% of RHT's employees attend safety and health briefings/induction	✓
Smelting	Zero fatality	✓
	100% contractors' attendance for safety and health induction prior to commencement of works at Pulau Indah smelter	✓
	At least 50% of MSC's employees attend safety and health briefings/induction	✓

Sustainability Statement FY2022

In 2022, RHT was awarded the National Occupational Safety and Health Award 2020 & 2021 (Mining and Quarrying Category) by the National Council for Occupational Safety and Health ("NCOSH") and the Department of Occupational Safety and Health Malaysia ("DOSH"). This recognition is a testament to our commitment to safety and our team's continuous efforts to ensure that our operations are conducted in a safe and responsible manner.

Community Engagement

At MSC, we strive to engage with and contribute to the community in which we operate. Our approach is to support our employees and the communities through targeted social contributions and investments, as well as local employment and procurement.

MSC recognises the importance of prioritising local hiring in our operations. By doing so, we can not only help to stimulate the local economy but also contribute to the socio-economic development of the surrounding communities. In 2022, 93% of the Group's employees are made up of locals.

Apart from that, we support the local economy by procuring goods and products from local suppliers, where feasible. In 2022, approximately 32% of our suppliers were locals.

We encourage employee voluntarism and engage in CSR programmes to support the well-being of the community. In 2022, we intensified our community-related initiatives following the easing of lockdown measures, investing approximately RM778,000 on CSR programmes. These programs included both financial and non-financial contributions to not-for-profit organizations and local communities. We donated essential supplies to foster homes, contributed to local authorities, supported indigenous folks, and undertook various other initiatives aimed at improving the lives of those in need.

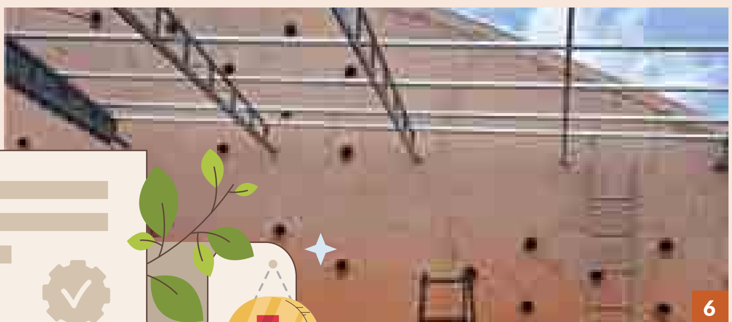
93%
OF MSC'S EMPLOYEES ARE LOCALS

32%
OF MSC'S SUPPLIERS ARE LOCALS

RM778,000
INVESTMENT IN CSR ACTIVITIES

Sustainability Statement FY2022

1. *Donation to Abu Nur Orphanage Home at Pengkalan Hulu*
2. *Contribution for road repairs due to landslide*
3. *Donation to MB Inc.'s Eco Schools Perak Initiative*
4. *Donation to the Sports & Recreation Club of Pengkalan Hulu*
5. *Contribution to Indigenous Village at Kampung Bukit Asu*
6. *Contribution to build roof at Chinese temple in Klian Intan*
7. *Contribution of PA system to SK Klian Intan*



RESPONSIBLE MINERALS SOURCING (RMS) AUDIT REPORT 2022

Malaysia Smelting Corporation Berhad ("MSC" or "the Company") has been a key integrated producer of tin and tin-based products, as well as a leader in custom tin smelting since 1887 and the fifth largest tin metal producer in 2022. MSC is fully committed to meeting OECD Due Diligence Guidance, Regulation (EU) 2017/821 of the European Parliament and the U.S. Dodd-Frank Wall Street Reform and Consumer Protection Act, by conforming to the International Tin Association ("ITA") Tin Supply Chain Initiative ("iTSCi") and Responsible Minerals Assurance Process ("RMAP") and promote responsible minerals sourcing and sustainable operations throughout the tin supply chain to sustain livelihoods and foster development in sourcing countries.

MSC has a comprehensive due diligence program Responsible Minerals Sourcing ("RMS") Program that embeds a number of core policies and principles, as well as the recommendations of the OECD's Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas ("CAHRAs") to ensure responsible and sustainable operations and supply chain throughout its tin industry. RMS covers all of the risks identified in Annex II and recommendations in Annex III of the OECD Guidance and its geographic scope is global; and MSC is committed to addressing Annex II and Annex III of the OECD Guidance. RMS policy provides a framework for MSC 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. MSC is committed to responsible minerals sourcing and actively promotes sustainable practices throughout its operations.

MSC continues to reach out to all stakeholders in the tin supply chain to promote responsible and sustainable activities. MSC will continue to work with Government, RMAP, iTSCi, Sustainability Experts and all segments of society to continue to enhance its RMS policy in line with regulatory and legislative changes and to promote sustainable and socially responsible

Responsible Minerals Sourcing (RMS) Audit Report 2022

mineral sourcing activities throughout the globe. The successful implementation of the global responsible and sustainable programs has encouraged more stakeholders to practise sustainable operations which is important for the socio-economic growth of the communities who are involved directly or indirectly in the tin industry. Additionally, MSC is also committed to avoid contributing or causing adverse Environment, Social and Governance (ESG) impact either directly or indirectly by pursuing Environment Management System (EMS) ISO 14001 & ISO 45001. It is investing in renewable energy and practising environmentally friendly smelting operations that helps to address issues such as climate change, resource scarcity and social inequality.

MSC expects all its suppliers to source minerals responsibly and sustainably and to exercise due diligence in their supply chain in accordance with OECD Due Diligence Guidance, 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 in any other human rights abuses.

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 possible investments in industrial scale exploration, mining, mineral processing and smelting of tin and associated minerals.

The RMAP audit was conducted in MSC from 21 – 26 February 2022. The assessment period was from 2018 to 31 December 2021. At the time of writing, MSC was still addressing some gaps in meeting RMAP standard under Corrective Action Plan (CAP 2). Since the re-assessment is still in progress, MSC is still listed on the Responsible Mineral Initiative's (RMI's) Conformant Tin Smelter list and will continue to subscribe to RMAP and iTSCi programs to reach out to all stakeholders and actors in mineral sourcing activities to promote responsible and sustainable tin business and supply chain. The next RMAP audit is tentatively scheduled in May 2023. As a certified RMAP Smelter since 2011, MSC will continue to promote responsible sourcing and sustainability programs and to remain committed to adhering to the requirements and also meeting OECD's expectations on sustainability and social responsibility in CAHRAs 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 2022. 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 PJG, 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 23 to 39 of this Annual Report.

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.

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 Group'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 Management Team

The appointment of Board and Key Management 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 Management team on pages 6 to 9 and 10 to 11 respectively for further information.

2.4 Nominating & Remuneration Committee

The Chairman of the Nominating & Remuneration Committee is Mr. Chia Chee Ming, Timothy PBM, 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 management.

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.

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 includes 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.

The Board had on 18 May 2022 adopted a Fit and Proper Policy to serve a guide for Nominating & Remuneration Committee and the Board in their review and assessment of candidates that are to be appointed onto the Board as well as Director who are seeking re-election.

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 PJG *(Chairman)*	4/4
2. Mr. Chia Chee Ming, Timothy PBM	4/4
3. Mr. John Mathew A/L Mathai	4/4
4. Datuk Kamaruddin Bin Taib	3/4
5. Dato' Dr. (Ir.) Patrick Yong Mian Thong	4/4
6. Dato' Roslina Binti Zainal	4/4
7. Mr. Yap Seng Chong	4/4
8. Datuk Lim Hong Tat *(Appointed on 28 January 2022)*	3/4

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 2022 and as the date of this report. The attendance of each member of the committees for the meetings held in the financial year 2022 are as detailed below:

(i) Audit & Risk Management Committee

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

(ii) Nominating & Remuneration Committee

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

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	Title of Training/Course Attended	Date
1. Ms. Chew Gek Khim PJG	1. SGX Sustainability Training by KPMG: Cyber Security	27 Apr 2022
	2. MSC: ESG - A Framework for Sustainability 2022	4 Aug 2022
	3. SID Training on Sustainability: A Beneficial Corporate Imperative organised by The Straits Trading Company Limited	23 Aug 2022
	4. SGX SID LED Online Programme on Environmental, Social and Governance Essentials (CORE)	7 Sep 2022
2. Mr. Chia Chee Ming, Timothy PBM	1. Bank of Singapore Ltd: Beyond 2022 - New Horizons	11 Jan 2022
	2. Temasek Roundtable 2022 Session 1: Achieving Normalcy Session 2: Corporate Sustainability	14 & 15 Jan 2022
	3. Singapore Sustainable Investing & Financing Conference 2022	9 Jun 2022
	4. SID LED Programme: Environmental, Social and Governance Essentials	2 Aug 2022
	5. Singapore Management University (SMU) Asia Summit 2022: Reshaping Asian Corporation in the Next Normal	11 Aug 2022
	6. SID LED Programme: Environmental, Social and Governance Essentials	25 Oct 2022
	7. Temasek Connection 2022	2 Nov 2022
3. Mr. Yap Seng Chong	1. ESG-Accounting and Disclosure in the Financial Statements	13 Jan 2022
	2. 2021-Year End Financial Reporting for Audit Committee	14 Jan 2022
	3. Does Your Corporate Reporting Tell Your Value Creation Story	20 Jan 2022
	4. Internal Audit's Role in Hot Topics- Cyber, Fraud and ESG	21 Feb 2022
	5. Mandatory Accreditation Programme for Directors	15 - 17 Mar 2022
	6. Creating Long Term Value with ESG Strategy	24 Mar 2022
	7. SEC's Climate Proposal	8 Apr 2022
	8. Changing The Game of Digital Ecosystem	22 Apr 2022
	9. PwC Quarterly ESG Webcast	5 Jun 2022
	10. PwC Quarterly Accounting Webcast	15 Jul 2022
	11. MSC: ESG - A Framework for Sustainability 2022	4 Aug 2022
	12. Earning Employees' Trust in an Era of Hyper-Competition	13 Aug 2022
	13. Is Your Audit Committee Prepared in the Event of an Unexpected Investigation	4 Sept 2022
	14. PwC Quarterly Accounting Webcast	18 Dec 2022

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	Title of Training/Course Attended	Date
4. Mr. John Mathew A/L Mathai	1. Bar Council - Company Law: What's Trending	22 Mar 2022
	2. CCM Training: Companies Limited by Guarantee under the Companies Act 2016	23 Mar 2022
	3. Power of Small – RTA Academy	24 Mar 2022
	4. Joint Shipping and R&I Webinar	11 May 2022
	5. MSC: ESG - A Framework for Sustainability 2022	4 Aug 2022
	6. CLO Legal Conference: The Legal 360	18 Oct 2022
	7. CCM Training: Seminar on "AGM, Accounts, Annual Returns under Companies Act 2016"	27 Oct 2022
	8. CCM Training: Seminar on "Read, Interpret and Analyze Financial Statements for Company Directors and Company Secretaries (Advanced Level)"	30 Nov 2022
	9. CCM Training: Seminar on "Companies Act 2016. Practical Guide for Company Secretaries"	1 Dec 2022
	10. CCM Training: Seminar on "Employer Statutory Obligation"	6 Dec 2022
	11. CCM Training: MBRS – Annual Return	13 Dec 2022
5. Datuk Kamaruddin Bin Taib	1. HSBC: Living Our Values	14 Jan 2022
	2. Panel Discussion for Financial Sector Blueprint: Charting the Path Ahead, Together	24 Jan 2022
	3. Bank Negara Malaysia (BNM) Annual Report 2021: Briefing by Governor BNM	30 Mar 2022
	4. F&N 3rd ESG Training	5 Apr 2022
	5. FIDE Forum: Steward Leadership for Sustainability	12 Apr 2022
	6. Directors' Guide to Crisis Management & Leadership During Crisis	13 Apr 2022
	7. Refresher on Corporate Liability Provision on Bribery	26 Apr 2022
	8. Sustainability Leadership Programme for Financial Institutions	24 - 26 Apr 2022
	9. Top 5 Cyber Attacks & how to protect against it	7 Jun 2022
	10. Transaction monitoring - A Better Way to Fight Money Laundering	7 Jun 2022
	11. Leadership Perspective Forum on Board Effectiveness	14 Jul 2022
	12. Biodiversity	25 Jul 2022
	13. Fraud Prevention	15 Jul 2022
	14. MSC: ESG - A Framework for Sustainability 2022	4 Aug 2022
	15. Introduction to Carbon Market	29 Aug 2022
	16. Lessons Learnt from Past Cyber Incidents	29 Aug 2022
	17. Anti Money Laundering	5 Sep 2022
	18. Data Risk	5 Sep 2022
	19. Records Management	20 Sep 2022
	20. Trimester 1: Sustainability, Risk Management, Wellbeing and Health & Safety, and Cyber Security	20 Sep 2022

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	Title of Training/Course Attended	Date
5. Datuk Kamaruddin Bin Taib (cont'd)	21. Climate Risk Training	1 Nov 2022
	22. Cyber Awareness	1 Nov 2022
	23. Climate & Sustainability	8 Nov 2022
	24. Can We Win the War against Financial Crime	22 Nov 2022
	25. The Emerging Trends, Threats & Risks to the Financial Services Industry, Managing Global Risk, Investment & Payment System	24 Nov 2022
6. Dato' Roslina Binti Zainal	1. Technical Visit to Rahman Hydraulic Berhad Tin Mine in Perak	10 & 11 May 2022
	2. Board Nomination and Remuneration Committee Dialogue and Networking	17 Jun 2022
	3. MSC: ESG - A Framework for Sustainability 2022	4 Aug 2022
	4. Hydrogen Technology to Power the Global Energy Transition	8 Sep 2022
	5. Corporate Liabilities	26 Sep 2022
	6. Khazanah Megatrends	3 Sep - 4 Oct 2022
	7. TNB Board Development Program - IT & OT Training	18 Oct 2022
	8. Enlit Europe	29 Nov - 1 Dec 2022
	9. TNB Board Technical Visit to Rotterdam, Paris and United Kingdom	2 - 15 Dec 2022
7. Datuk Lim Hong Tat	1. Mandatory Accreditation Programme for Directors	23 - 25 May 2022
	2. Bangko Sentral ng Philippines (BSP) Awareness – Raising Session on Institutional Risk Assessment (IRA) and Results of the 2022 Thematic Review on Targeted Financial Sanctions (TFS)	20 Jul 2022
	3. MSC: ESG - A Framework for Sustainability 2022	4 Aug 2022
	4. 2022 Annual Corporate Governance (CG) Seminar for MPI Board of Directors and Senior Management (ManCom)	5 Dec 2022
8. Dato' Dr. (Ir.) Patrick Yong Mian Thong	1. MSC: ESG - A Framework for Sustainability 2022	4 Aug 2022

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 management, the Board takes into consideration the skills, qualification, roles and working experience of the key management besides the business performance of the Company.

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

3. REMUNERATION (CONT'D)

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 2022 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 PJG	108.9	-	26.0	-	-	134.9
Mr. Chia Chee Ming, Timothy PBM	103.2	-	25.0	-	-	128.2
Mr. John Mathew A/L Mathai	73.1	-	14.0	-	-	87.1
Datuk Kamaruddin Bin Taib	78.0	-	13.0	-	-	91.0
Dato' Roslina Binti Zainal	69.5	-	12.0	-	-	81.5
Mr. Yap Seng Chong	84.2	-	14.0	-	-	98.2
Datuk Lim Hong Tat *(a)*	58.4	-	14.0	-	-	72.4
Dato' Robert Teo Keng Tuan *(b)*	21.5	-	2.0	-	-	23.5
Total	596.8	-	120.0	-	-	716.8
Executive Director						
Dato' Dr. (Ir.) Patrick Yong Mian Thong	-	1,104.0	-	31.7	1,369.0	2,504.7
Total	-	1,104.0	-	31.7	1,369.0	2,504.7

Note:
(a) Appointed as a Director of the Company on 28 January 2022.
(b) Resigned as a Director of the Company on 31 December 2021.

3.3 Remuneration of Top Four Key Management

The Board is of the view that disclosing the top four key management'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 four key personnel team of the Company in bands of RM50,000 is as follows:

Range of Remuneration (RM)	No of Key Management
800,001 – 850,000	3
750,001 – 800,000	-
700,001 – 750,000	-
650,001 – 700,000	1
Total	4

Corporate Governance Overview Statement

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 55 to 57 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, Ernst & Young PLT 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 7 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 Ernst & Young PLT as External Auditors of the Company for the financial year ended 31 December 2022.

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.

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 2022.

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 and upon his retirement on 30 June 2022, he was replaced with Mr. Lau Ee Chin, the Head of Group Internal Audit who reports directly to the Audit & Risk Management Committee. Mr. Lau is a fellow member of the Association of Chartered Certified Accountants ("ACCA"), and member of the Malaysia Institute of Accountants ("MIA") with 17 years in MSC as Senior Finance Manager. During the financial year under review, apart from himself, he is supported by two (2) staffs 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 58 to 60 of this Annual Report.

Corporate Governance Overview Statement

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 43rd AGM of the Company held on 27 May 2022 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 minutes of 43rd 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 14 April 2023.

ADDITIONAL COMPLIANCE INFORMATION

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

Audit Fees and Non-Audit Fees

The audit fees paid/payable to the external auditors, Ernst & Young PLT in relation to the audit and non-audit services rendered to the Company and its subsidiaries for the financial year ended 31 December 2022 are as follows:

	The Group (RM)	The Company (RM)
Audit Fees	974,200	441,800
Non-Audit Fees	11,800	11,800

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 2022.

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 ("Committee") is guided by its terms of reference ("TOR"). The Committee's TOR is available at the Company's website at www.msmelt.com.

Composition and Meetings of the Audit & Risk Management Committee

The 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:

Members	No. of meetings attended
Mr. Yap Seng Chong *Chairman, Independent Non-Executive Director*	4/4
Datuk Kamaruddin Bin Taib *(a)* *Member, Independent Non-Executive Director*	4/4
Datuk Lim Hong Tat *(a)* *Member, Independent Non-Executive Director*	4/4
Ms. Chew Gek Khim PJG *(b)* *Member, Non-Independent Non-Executive Director*	N/A
Mr. Chia Chee Ming, Timothy PBM *(b)* *Member, Senior Independent Director*	N/A

Note:
(a) Appointed as a member of the Committee on 14 February 2022.
(b) 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, Ernst & Young PLT, the Internal Auditor, as well as the Group CEO, Group Chief Financial Officer ("Group CFO") and other Key Management 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.

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 48 to 50 of this Annual Report.

During the financial year, the Chairman of the Committee continuously engaged with the key management 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 RM11,800.00 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 Management;

- 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, 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;

- 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 the previous cycles of internal audit.

The total cost incurred for the Internal Audit function for the financial year ended 31 December 2022 was RM810,000.00.

Further details of the activities of the Internal Audit function are set out in the Statement on Risk Management and Internal Control on pages 58 to 60 of this Annual Report.

This Report is made in accordance with the resolution of the Board of Directors dated 14 April 2023.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Introduction

Paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("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 2022.

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 ("GCEO").

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 GCEO 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 55 to 57 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.

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.

(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

Statement on Risk Management and Internal Control

Internal Control (cont'd)

(b) Lines of Responsibility and Delegation of Authority (cont'd)

- 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 GCEO reports to the Board on significant changes in the business and the external environment;
- The Group Chief Financial Officer ("GCFO") 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 GCEO and the GCFO 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 2022 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 14 April 2023.

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.

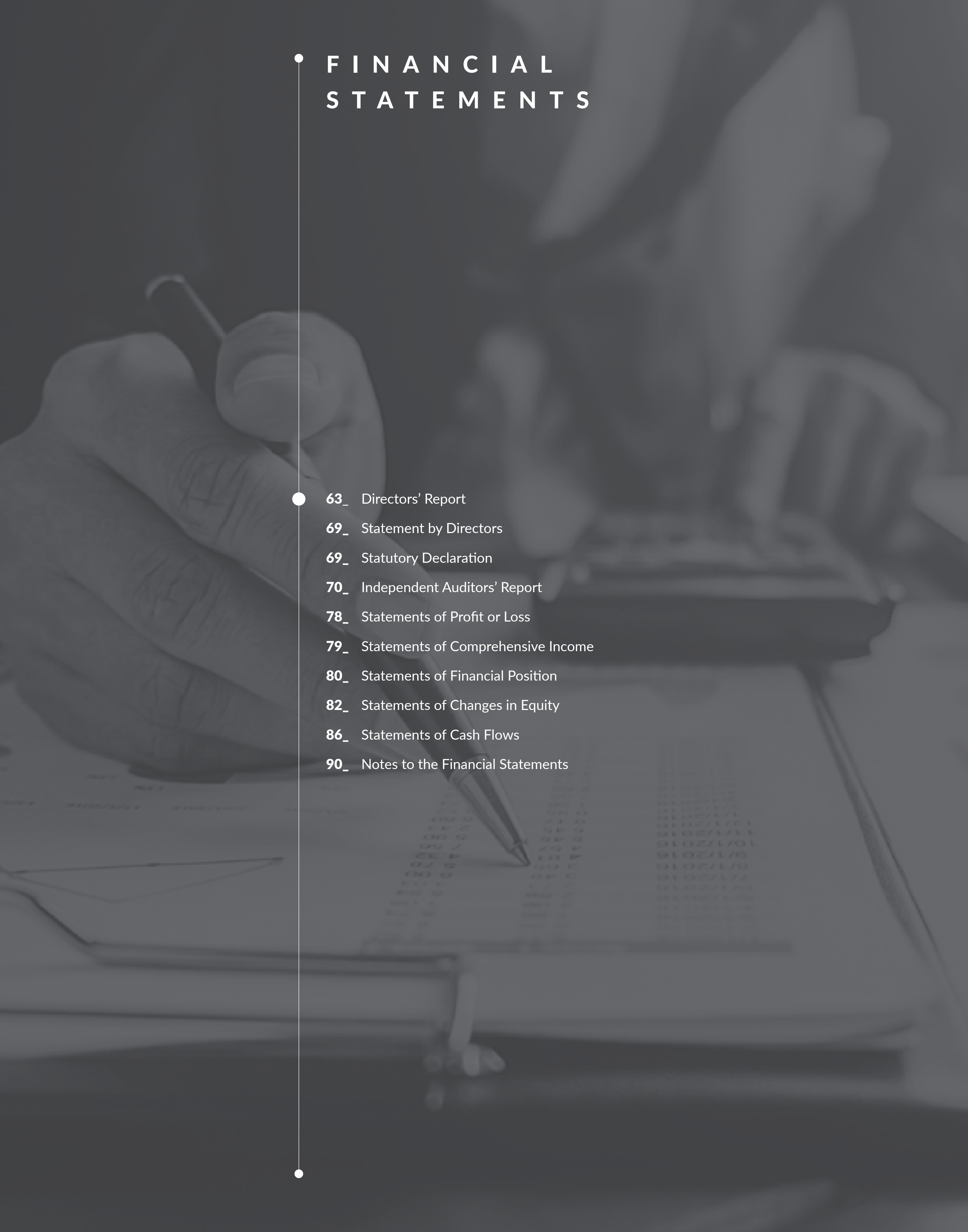
The Directors are also responsible for ensuring that the annual audited financial statements of the Group and of the Company are prepared with reasonable accuracy from the accounting records which give a true and fair view of the financial position of the Group and of the Company as at 31 December 2022 and of their financial performance and cash flows for the financial year ended 31 December 2022.

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 14 April 2023.



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 2022.

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	**101,444**	**66,763**
Profit attributable to:		
Owners of the Company	98,307	66,763
Non-controlling interests	3,137	-
	101,444	**66,763**

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.

Dividends

The amount of dividends paid by the Company since 31 December 2021 were as follows:

	RM'000
In respect of the financial year ended 31 December 2021:	
First and final single-tier dividend of RM0.07 per share on 420,000,000 ordinary shares, declared on 27 May 2022 and paid on 30 June 2022	29,400

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 2022.

The financial statements for the financial year ended 31 December 2022 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 2023.

Directors' Report

Share capital

No shares were issued by the Company and no option has been granted to any person or party to acquire shares in the Company during the financial year.

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	
Mr. Yap Seng Chong*	
Datuk Lim Hong Tat*	(Appointed on 28 January 2022)

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

In accordance with Clause 102 of the Constitution of the Company, Ms. Chew Gek Khim, Mr. John Mathew A/L Mathai and Mr. Chia Chee Ming, Timothy retire by rotation 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	
Mr. Nicolas Chen Seong Lee	(Appointed on 4 July 2022)
Mr. Zihanz Alymann Bin Kamarul Zaman	(Appointed on 5 July 2022)

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 paid and payable are as follows:

	Group RM'000	Company RM'000
Fees	805	780
Salary, bonus and benefits-in-kind	4,235	2,240
Insurance effected to indemnify directors	131	131
	5,171	3,151

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 2022	Bought	Sold	31 December 2022
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	702	-	4,602
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	381,100	40,000	-	421,100

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.

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 have satisfied themselves that there were no known bad debts and that adequate provision had been made for doubtful debts; 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 which would render:

(i) it necessary to write off any bad debts or the amount of the provision for doubtful debts inadequate to any substantial extent; and

(ii) 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.

(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.

Significant event

Details of the significant event are disclosed in Note 39 to the financial statements.

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 PLT		
- Statutory audits	974	442
- Other services	12	12
	986	454

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 14 April 2023.

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 78 to 187 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 2022 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 14 April 2023.

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 78 to 187 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
on 14 April 2023

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 2022 of the Group and of the Company, and statements of profit or loss, statements of 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 78 to 187.

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 2022, 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 RM549.6 million and RM550.8 million (2021: RM774.9 million and RM793.4 million) as at 31 December 2022, representing 65% and 65% (2021: 79% and 81%) of the Group's and the Company's total current assets respectively.

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 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 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 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 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 of tin-in-process and refined tin metal.

(d) 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 timing of realisation, 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 29(a) to the financial statements, the Group recorded a provision for mine restoration costs of RM47.3 million in respect of mine restoration obligations of its subsidiary, Rahman Hydraulic Tin Sdn. Bhd. as at 31 December 2022. 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.

Independent Auditors' Report

TO THE MEMBERS OF MALAYSIA SMELTING CORPORATION BERHAD

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
14 April 2023

STATEMENTS OF PROFIT OR LOSS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Note	Group 2022 RM'000	Group 2021 RM'000	Company 2022 RM'000	Company 2021 RM'000
Revenue	4	1,503,591	1,076,560	1,503,591	1,076,557
Other items of income					
Dividend income	5	3,071	-	76,062	-
Interest income	6	2,198	367	2,402	1,543
Other income	7	15,069	1,459	17,539	3,257
Expenses					
Costs of tin mining and smelting	8	(1,270,393)	(789,641)	(1,467,529)	(968,684)
Depreciation expense	8	(9,685)	(10,770)	(5,931)	(5,667)
Amortisation expenses	8	(1,029)	(1,266)	(3)	(3)
Employee benefits expense	9	(67,107)	(67,000)	(41,909)	(33,247)
Reversal of impairment losses	10	-	2,510	-	-
Finance costs	11	(18,991)	(15,768)	(16,178)	(13,385)
Other expenses	12	(12,652)	(42,522)	(3,272)	(38,318)
Total expenses		(1,379,857)	(924,457)	(1,534,822)	(1,059,304)
Share of results of associate and joint venture		(456)	4,433	-	-
Profit before tax	8	143,616	158,362	64,772	22,053
Income tax (expense)/credit	13	(42,172)	(39,876)	1,991	(6,412)
Profit net of tax		101,444	118,486	66,763	15,641
Attributable to:					
Owners of the Company		98,307	118,058	66,763	15,641
Non-controlling interests		3,137	428	-	-
		101,444	118,486	66,763	15,641

	Note	Group 2022	Group 2021
Earnings per share attributable to owners of the Company (sen per share):			
- Basic and diluted	14	23.4	28.3

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 2022

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Profit net of tax	101,444	118,486	66,763	15,641
Other comprehensive income:				
Items that will not be reclassified to profit or loss:				
Revaluation reserves on properties, net	1,382	546	826	(217)
Net fair value changes in quoted investments at Fair Value through Other Comprehensive Income ("FVOCI")	3,120	35,097	3,120	35,097
	4,502	35,643	3,946	34,880
Items that may be subsequently reclassified to profit or loss:				
Foreign currency translation	(6)	(3)	-	-
Share of foreign currency translation of associate and joint venture	(19)	45	-	-
	(25)	42	-	-
Other comprehensive income for the year, net of tax	4,477	35,685	3,946	34,880
Total comprehensive income for the year	105,921	154,171	70,709	50,521
Total comprehensive income attributable to:				
Owners of the Company	102,760	153,743	70,709	50,521
Non-controlling interests	3,161	428	-	-
Total comprehensive income for the year	105,921	154,171	70,709	50,521

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

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2022

	Note	Group 2022 RM'000	Group 2021 RM'000	Company 2022 RM'000	Company 2021 RM'000
Assets					
Non-current assets					
Property, plant and equipment	16	155,888	138,240	69,734	65,662
Right-of-use assets	17(a)	5,430	5,300	729	433
Land held for development		78,654	78,654	-	-
Intangible assets	18	142,050	3,595	140	143
Investments in subsidiaries	19	-	-	148,781	148,781
Investments in associate and joint venture	20	29,974	30,477	10,473	10,473
Investment securities	21	32,885	58,456	32,885	58,456
Other non-current assets	22	13,511	13,734	-	-
Deferred tax assets	23	6,541	6,348	5,859	-
		464,933	334,804	268,601	283,948
Current assets					
Inventories	24	570,709	789,862	566,686	804,559
Trade receivables	25	31,523	11,798	31,522	11,797
Other receivables	26	705	546	106,334	40,227
Trade prepayments	27	66,503	36,505	66,503	36,505
Other prepayments		1,650	1,250	1,289	914
Tax recoverable		17,495	17,539	17,466	17,518
Derivative financial instruments		1,115	-	1,115	-
Cash, bank balances and deposits	28	151,221	122,576	57,664	67,363
		840,921	980,076	848,579	978,883
Total assets		1,305,854	1,314,880	1,117,180	1,262,831

Statements of Financial Position

AS AT 31 DECEMBER 2022

	Note	Group 2022 RM'000	Group 2021 RM'000	Company 2022 RM'000	Company 2021 RM'000
Equity and liabilities					
Current liabilities					
Provisions	29	14,294	-	13,138	-
Borrowings	30	268,976	416,306	268,976	366,298
Trade and other payables	31	111,236	188,441	168,405	292,447
Lease liabilities	17(b)	777	380	213	67
Current tax payable		8,452	29,335	3,960	14
Derivative financial instruments		153	310	153	-
		403,888	634,772	454,845	658,826
Net current assets		437,033	345,304	393,734	320,057
Non-current liabilities					
Provisions	29	48,346	52,461	-	11,817
Deferred tax liabilities	23	3,098	2,961	-	215
Borrowings	30	68,889	40,000	68,889	40,000
Lease liabilities	17(b)	4,137	4,045	496	332
		124,470	99,467	69,385	52,364
Total liabilities		528,358	734,239	524,230	711,190
Net assets		777,496	580,641	592,950	551,641
Equity attributable to owners of the Company					
Share capital	32	237,194	237,194	237,194	237,194
Other reserves	33	37,859	57,517	24,105	44,270
Retained earnings		444,127	285,727	331,651	270,177
		719,180	580,438	592,950	551,641
Non-controlling interests		58,316	203	-	-
Total equity		777,496	580,641	592,950	551,641
Total equity and liabilities		1,305,854	1,314,880	1,117,180	1,262,831

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 2022

		← 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	32	37,194	37,194	37,194	-	-	-	-	-	-
Dividend on ordinary shares	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 2022

			← 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 2022		580,641	580,438	237,194	12,906	1,067	41,838	1,706	285,727	203
Profit for the year		101,444	98,307	-	-	-	-	-	98,307	3,137
Other comprehensive income		4,477	4,453	-	1,358	(25)	3,120	-	-	24
Total comprehensive income		105,921	102,760	-	1,358	(25)	3,120	-	98,307	3,161
Transfer of FVOCI reserves to retained earnings upon disposal of investment securities		-	-	-	-	-	(24,111)	-	24,111	-
Transactions with owners of the Company:										
Dilution of interest in a subsidiary without a loss in control	19	138,575	65,382	-	-	-	-	-	65,382	73,193
Dividend on ordinary shares	15	(29,400)	(29,400)	-	-	-	-	-	(29,400)	-
Dividend to non-controlling interests		(18,241)	-	-	-	-	-	-	-	(18,241)
Total transactions with owners of the Company		90,934	35,982	-	-	-	-	-	35,982	54,952
At 31 December 2022		777,496	719,180	237,194	14,264	1,042	20,847	1,706	444,127	58,316

Statements of Changes in Equity
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

			← 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	32	37,194	37,194	-	-	-
Dividend on ordinary shares	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

Statements of Changes in Equity
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Note	Total equity RM'000	← Non-distributable → Share capital RM'000	Revaluation reserves RM'000	FVOCI reserves RM'000	Distributable Retained earnings RM'000
Company						
At 1 January 2022		551,641	237,194	2,432	41,838	270,177
Profit for the year		66,763	-	-	-	66,763
Other comprehensive income		3,946	-	826	3,120	-
Total comprehensive income		70,709	-	826	3,120	66,763
Transfer of FVOCI reserves to retained earnings upon disposal of investment securities		-	-	-	(24,111)	24,111
Transaction with owners of the Company:						
Dividend on ordinary shares	15	(29,400)	-	-	-	(29,400)
At 31 December 2022		592,950	237,194	3,258	20,847	331,651

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 2022

	Note	Group 2022 RM'000	Group 2021 RM'000	Company 2022 RM'000	Company 2021 RM'000
Operating activities					
Profit before tax		143,616	158,362	64,772	22,053
Adjustments for:					
Amortisation	8	1,029	1,266	3	3
Depreciation	8	9,685	10,770	5,931	5,667
Dividend income	5	(3,071)	-	(76,062)	-
Fair value changes in forward currency contracts	7,12	(157)	404	153	625
Fair value changes in forward tin contracts	7	(1,115)	(1,075)	(1,115)	(1,075)
Gain on disposal of property, plant and equipment	7	(35)	-	(35)	-
Reversal of impairment of mine properties	10	-	(1,920)	-	-
Reversal of impairment of mining rights	10	-	(590)	-	-
Interest expense		17,212	14,614	15,909	13,370
Interest income	6	(2,198)	(367)	(2,402)	(1,543)
Reversal of inventories written down to net realisable value	8	-	(24,000)	-	(24,000)
Property, plant and equipment expensed off	16	-	162	-	162
Property, plant and equipment written off	12	12	12	-	11
Movement in provision for retrenchment compensation	9	1,067	(1,440)	1,067	(1,440)
Share of results of associate and joint venture		456	(4,433)	-	-
Unrealised (gain)/loss on exchange		(1,122)	976	(1,122)	325
Unwinding of discount on provision	11	1,764	1,139	254	-
Operating cash flows before changes in working capital		167,143	153,880	7,353	14,158

Statements of Cash Flows
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Note	Group 2022 RM'000	Group 2021 RM'000	Company 2022 RM'000	Company 2021 RM'000
Operating activities (cont'd)					
Decrease/(Increase) in inventories		219,153	(161,731)	237,873	(170,498)
(Increase)/Decrease in receivables		(19,741)	14,407	(19,669)	13,909
Decrease in amount due from subsidiaries		-	-	4,212	4,286
Increase in trade prepayments		(29,998)	(26,250)	(29,998)	(26,250)
Increase in other prepayments		(117)	(313)	(90)	(61)
(Decrease)/Increase in payables		(13,920)	54,586	(6,007)	43,731
Decrease in amount due to immediate holding company		-	(30)	-	(30)
(Decrease)/Increase in amount due to subsidiaries		-	-	(64,043)	64,311
Increase in amount due to an associate		2,683	-	2,683	-
Cash generated from/(used in) operations		325,203	34,549	132,314	(56,444)
Income tax paid		(63,498)	(8,127)	(346)	(766)
Interest paid		(18,080)	(14,066)	(16,240)	(12,127)
Net cash generated from/(used in) operating activities		243,625	12,356	115,728	(69,337)
Investing activities					
Acquisition of subsidiaries, net of cash acquired	19	36	-	-	-
Advances given to subsidiaries		-	-	(55,088)	(7,349)
Interest received		2,198	367	682	236
Dividend received from a subsidiary		-	-	61,476	-
Dividend received from an associate		28	-	28	-
Dividend received from investment securities	5	3,071	-	3,071	-
Payment for right-of-use assets		-	(34)	-	-
Payment for deferred mine exploration and evaluation expenditures and mine properties	22	(536)	(835)	-	-
Proceeds from disposal of investment securities		28,691	-	28,691	-
Proceeds from disposal of property, plant and equipment		35	-	35	-
Purchase of property, plant and equipment		(17,870)	(8,740)	(8,769)	(4,394)
Net cash generated from/(used in) investing activities		15,653	(9,242)	30,126	(11,507)

Statements of Cash Flows

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Note	Group 2022 RM'000	Group 2021 RM'000	Company 2022 RM'000	Company 2021 RM'000
Financing activities					
Advances received from a subsidiary		-	-	15,000	45,000
Dividend paid to shareholders	15	(29,400)	(4,000)	(29,400)	(4,000)
Dividend paid to a non-controlling shareholder of a subsidiary		(10,073)	-	-	-
(Repayment)/drawdown of term loans - net		(10,008)	40,000	40,000	40,000
(Repayment)/drawdown of short term trade borrowings		(107,384)	10,851	(107,384)	10,851
Payment of lease liabilities	17	(133)	(1,383)	(133)	(71)
Proceeds from issuance of ordinary shares	32	-	37,194	-	37,194
Repayment of loan from immediate holding company		(73,461)	-	(73,461)	-
Net cash (used in)/generated from financing activities		(230,459)	82,662	(155,378)	128,974
Net increase/(decrease) in cash and cash equivalents		28,819	85,776	(9,524)	48,130
Effect of changes in foreign exchange rates		(174)	(46)	(175)	(46)
Cash and cash equivalents as at 1 January		122,576	36,846	67,363	19,279
Cash and cash equivalents as at 31 December	28	151,221	122,576	57,664	67,363

Reconciliation of liabilities arising from financing activities:

Group

2022	Carrying amount as at 1 January 2022 RM'000	Cash flows RM'000	Non-cash changes: Accrued interest RM'000	Non-cash changes: Additions RM'000	Non-cash changes: Foreign exchange movement RM'000	Carrying amount as at 31 December 2022 RM'000
Lease liabilities	4,425	(133)	179	443	-	4,914
Loan from immediate holding company	73,461	(73,461)	-	-	-	-
Short term trade borrowings	366,298	(107,384)	-	-	(1,049)	257,865
Term loans	90,008	(10,008)	-	-	-	80,000
Total liabilities from financing activities	**534,192**	**(190,986)**	**179**	**443**	**(1,049)**	**342,779**

Statements of Cash Flows

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

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

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**

Company

2022	Carrying amount as at 1 January 2022 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 2022 RM'000
Lease liabilities	399	(133)	443	-	709
Loan from immediate holding company	73,461	(73,461)	-	-	-
Short term trade borrowings	366,298	(107,384)	-	(1,049)	257,865
Term loan	40,000	40,000	-	-	80,000
Total liabilities from financing activities	**480,158**	**(140,978)**	**443**	**(1,049)**	**338,574**

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**

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 2022

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.

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 follows:

On 1 January 2022, the Group and the Company have adopted the following amendments to MFRS mandatory for annual financial periods beginning on or after 1 January 2022.

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
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

The 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*
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 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

Notes to the Financial Statements
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 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 16 Leases *(Lease Liability in a Sale and Leaseback)*	1 January 2024
Amendments to MFRS 101 Presentation of Financial Statements *(Non-current Liabilities with Covenants)*	1 January 2024
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. Adoption of the above standards do not have material impact on the financial performance or position of the Group and of the Company except for the significant new standards summarised below:

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.

Amendments to MFRS 101 Presentation of Financial Statements *(Non-current Liabilities with Covenants)*

The Amendments to MFRS 101 requires an entity to disclose information about debt with covenants in the notes to the financial statements. The Amendments are expected to improve the information an entity provides about long-term debt with covenants by enabling investors to understand the risk that such debt could become repayable early.

The Group and the Company will revise the disclosure when the above significant new standards come into effect.

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

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.

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.

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

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

2.4 Basis of consolidation (cont'd)

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.

Notes to the Financial Statements
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

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.

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 are 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	6 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 are the legal rights obtained on the land to explore for, develop and produce minerals. 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.

Notes to the Financial Statements
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

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 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

License 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.

Notes to the Financial Statements
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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.

Subsequent measurement

<u>Investments in debt instruments</u>

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:

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

2.13 Financial assets (cont'd)

Subsequent measurement (cont'd)

Investments in debt instruments (cont'd)

- 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.

  The Group's and the Company's financial assets designated as amortised cost include trade receivables, other receivables and cash, bank balances and deposits.

- 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.

  The Group's and the Company's financial assets designated as fair value through profit or loss includes derivative financial instruments.

Investments 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.

The Group's and the Company's financial assets designated as FVOCI includes investment securities.

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.

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, coals and consumables 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

Right-of-use assets

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
Buildings	3 years
Motor vehicles	7 years

Right-of-use assets are subject to impairment.

Lease liabilities

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)

Short-term leases and leases of low-value assets

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.

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, lease liabilities 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.

Notes to the Financial Statements
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2. Summary of significant accounting policies (cont'd)

2.19 Financial liabilities (cont'd)

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 37(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.

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.

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

2.21 Fair value measurement (cont'd)

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

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.

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.

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. Summary of significant accounting policies (cont'd)

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.

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.

Notes to the Financial Statements
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2. Summary of significant accounting policies (cont'd)

2.24 Revenue and other income recognition

Revenue from contracts with customers is recognised by reference to each distinct performance obligation promised in the contract with customer when or as the Group and the Company transfer control of the goods or services. Revenue from contracts with customers is measured at its transaction price, being 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, net of discounts. The transaction price is allocated to each distinct good or service promised in the contract. Depending on the terms of the contract, revenue is recognised when the performance obligation is satisfied, which may be at a point in time or over time.

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 issue of tin warrant. 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 rate method.
- Dividend income is recognised when the Group's and the Company's right to receive payment is established.

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. Summary of significant accounting policies (cont'd)

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.

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.

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

2.26 Income tax (cont'd)

(b) Deferred tax (cont'd)

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.

2.27 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").

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

2.27 Employee benefits (cont'd)

(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 38, including the factors used to identify the reportable segments and the measurement basis of segment information.

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. Summary of significant accounting policies (cont'd)

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.

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) 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, Rahman Hydraulic Tin Sdn. Bhd. ("RHT") 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 29(a).

The provision for mine restoration costs is provided based on the following key assumptions:

- Estimated cost per hectare amounted to RM114,171;
- Average inflation rate of 2.3%;
- Discount rate of 4.14%, based on the year with the most significant cash outflow; and
- Timing of the restoration which would spread over 24 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 RM2,363,000 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 RM4,392,000 lower or higher.

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

(a) Provision for mine restoration costs (cont'd)

If the inflation rate used in the calculation had been 0.2% higher or lower than management's estimate, the carrying amount of the provision would have been RM960,000 higher or lower.

(b) Tin inventories

Significant management judgement and estimation is required in determining the valuation of tin-in-concentrates, tin-in-process and refined tin metal which is affected by the timing of realisation, foreign exchange rates and further processing costs. 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 RM100,280 per tonne, from several independent research houses after taking into consideration of price or cost and conditions existing as of the reporting date.

There will be a net realisable value written down if the net realisable value is below RM74,000 per tonne.

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 RM681,000 lower.

(c) 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.

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

(c) Income taxes, deferred tax assets/liabilities and tax recoverable (cont'd)

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.

(d) Provision for retrenchment compensation

Provision for retrenchment compensation is made 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 timing of realisation. The Group and the Company estimated that the cost would be realised in one year's time.

(e) 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 in compliance 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)

(e) 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 2022 was RM40.1 million (2021: RM35.3 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 RM4,010,000.

(f) 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.

(g) Purchase consideration for the acquisition of Asas Baiduri Sdn. Bhd.

The Group has recognised mining rights amounting to RM138,550,000 as part of the acquisition of Asas Baiduri Sdn. Bhd. ("ABSB"). The purchase consideration is based on 20% of fair value of RHT's ordinary shares which is determined based on the expected future cash flows of RHT. The purchase consideration has been valued by an independent firm of professional valuer.

The expected future cash flows of RHT is derived based on the following key assumptions:

- Average forecasted tin price at RM121,000 per tonne;
- Economically recoverable tin reserves and resources of 30,764 tonnes;
- Discount rate of 13%; and
- Average inflation rate of 2%.

Further details in relation to the acquisition of ABSB are disclosed in Note 19.

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4. Revenue

	Group		Company	
	2022	**2021**	**2022**	**2021**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Sale of tin	1,468,349	1,047,504	1,468,349	1,047,504
Smelting revenue	26,352	20,109	26,352	20,109
Sale of by-products	7,689	7,299	7,689	7,299
Others	1,201	1,648	1,201	1,645
	1,503,591	1,076,560	1,503,591	1,076,557

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 38. The table also includes the timing of revenue recognition.

	Tin smelting RM'000	Tin mining RM'000	Sub-total RM'000	Eliminations RM'000	Total RM'000
2022					
Major products or services:					
Sale of tin	1,468,349	324,026	1,792,375	(324,026)	1,468,349
Smelting revenue	26,352	-	26,352	-	26,352
Sale of by-products	7,689	-	7,689	-	7,689
Others	1,201	-	1,201	-	1,201
	1,503,591	324,026	1,827,617	(324,026)	1,503,591
Timing of revenue recognition					
At a point in time	1,503,591	324,026	1,827,617	(324,026)	1,503,591
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

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 2022

5. Dividend income

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Dividend income from:				
Investments in subsidiaries				
- Unquoted in Malaysia	-	-	72,963	-
Investments in associate and joint venture				
- Unquoted in Malaysia	-	-	28	-
Investment securities at FVOCI	3,071	-	3,071	-
	3,071	-	76,062	-

6. Interest income

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Interest income from:				
- Subsidiaries	-	-	1,720	1,307
- Deposits placed with licensed banks	2,191	361	675	230
- Tin sales	7	6	7	6
	2,198	367	2,402	1,543

7. Other income

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Management fee	-	-	3,000	1,800
Scrap sales	967	138	663	138
Miscellaneous income	124	246	55	244
Gain on disposal of property, plant and equipment	35	-	35	-
Net foreign exchange gain:				
- Unrealised	1,122	-	1,122	-
Net fair value changes in derivative financial instruments:				
- Forward currency contracts	157	-	-	-
- Forward tin contracts	1,115	1,075	1,115	1,075
Net gain from settlement of forward tin contracts	11,549	-	11,549	-
	15,069	1,459	17,539	3,257

Notes to the Financial Statements
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

8. Profit before tax

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

	Group		Company	
	2022 RM'000	**2021 RM'000**	**2022 RM'000**	**2021 RM'000**
After charging/(crediting):				
Auditors' remuneration:				
- statutory audits	974	782	442	393
- under provision in prior year	67	70	67	70
- other services	12	11	12	11
Amortisation of mining rights (Note 18)	154	152	-	-
Amortisation of corporate club memberships (Note 18)	8	8	3	3
Amortisation of mine properties (Note 22)	867	1,106	-	-
Amortisation expenses	1,029	1,266	3	3
Cost of tin mining and smelting*	1,270,393	789,641	1,467,529	968,684
Depreciation of property, plant and equipment (Note 16)	9,372	9,118	5,784	5,582
Depreciation of right-of-use assets (Note 17(a))	313	1,652	147	85
Depreciation expenses	9,685	10,770	5,931	5,667
Directors' fees (Note 35(b))	805	482	780	457
Reversal of inventories written down to net realisable value	-	(24,000)	-	(24,000)

* The costs of tin mining and smelting include cost of purchase and production costs (other than employee benefits expense, depreciation and amortisation).

Notes to the Financial Statements
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9. Employee benefits expense

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Wages and salaries*	56,806	58,976	34,837	28,661
Social security contribution	774	647	368	318
Contribution to defined contribution plan	6,205	6,814	3,955	4,155
Provision/(Reversal of provision) for retrenchment compensation	1,067	(1,440)	1,067	(1,440)
Other benefits	2,255	2,003	1,682	1,553
	67,107	67,000	41,909	33,247

* In the previous financial year, the Group and the Company received government grants totalling RM787,200 and RM187,200 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

	Group	
	2022 RM'000	2021 RM'000
Reversal of impairment of mining rights (Note 18)	-	(590)
Reversal of impairment of mine properties (Note 22)	-	(1,920)
	-	(2,510)

11. Finance costs

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Interest expense on bank borrowings	15,369	11,676	13,732	9,925
Interest expense on amount due to a subsidiary	-	-	513	697
Interest expense on lease liabilities (Note 17(b))	203	208	24	18
Interest expense on loan from immediate holding company	1,640	2,730	1,640	2,730
Commitment fees	15	15	15	15
Unwinding of discount on provision	1,764	1,139	254	-
	18,991	15,768	16,178	13,385

Notes to the Financial Statements

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12. Other expenses

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Administrative expenses	10,321	6,497	1,738	2,724
Marketing and distribution expenses	952	548	952	548
Net foreign exchange loss:				
- Realised	1,367	2,899	429	2,899
- Unrealised	-	856	-	205
Net loss from settlement of forward tin contracts	-	31,306	-	31,306
Property, plant and equipment written off	12	12	-	11
Net fair value changes in derivative financial instruments:				
- Forward currency contracts	-	404	153	625
	12,652	42,522	3,272	38,318

13. Income tax expense/(credit)

Major components of income tax expense/(credit)

The major components of income tax expense/(credit) are as follows:

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Statements of profit or loss				
Malaysian income tax:				
Current income tax	38,772	37,353	384	-
Under/(Over) provision in prior years	3,888	(449)	3,960	-
	42,660	36,904	4,344	-
Deferred tax (Note 23):				
Relating to origination and reversal of temporary differences	4,318	2,268	(1,668)	6,260
(Over)/Under provision in prior years	(4,806)	704	(4,667)	152
	(488)	2,972	(6,335)	6,412
Income tax expense/(credit) recognised in profit or loss	42,172	39,876	(1,991)	6,412
Statements of comprehensive income				
Deferred tax related to other comprehensive income (Note 23):				
Net surplus/(deficit) on revaluation of properties	432	172	261	(69)

Notes to the Financial Statements
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

13. Income tax expense/(credit) (cont'd)

Current income tax is calculated at the statutory tax rate of 24% and 33% (2021: 24%) of the estimated assessable profit for the year. The Government has introduced Cukai Makmur which is a special one-off tax on companies which have chargeable income above RM100 million in the Year of Assessment 2022. The first RM100 million chargeable income will continue to be taxed at the current tax rate of 24% and amounts in excess of RM100 million will be taxed at 33% ("Cukai Makmur").

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:

	2022	2021
Indonesia	22%	22%
Singapore	17%	17%

Reconciliation between tax expense/(credit) and accounting profit

The reconciliation between tax expense/(credit) and the product of accounting profit multiplied by the applicable corporate tax rate are as follows:

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Profit before tax	143,616	158,362	64,772	22,053
Taxation at Malaysian statutory tax rate of 24% (2021: 24%)	34,468	38,007	15,545	5,293
Effects of decrease in statutory tax rate of 3%	57	-	57	-
Effects of Cukai Makmur	3,786	-	-	-
Different tax rates in other countries	-	1	-	-
Income not subject to tax	(462)	(602)	(17,980)	-
Government grants exempted from tax	-	(189)	-	(45)
Expenses not deductible for tax purpose	4,826	3,334	1,094	1,012
Share of results of associate and joint venture	109	(1,064)	-	-
Deferred tax assets not recognised	306	134	-	-
Under/(Over) provision of tax expense in prior years	3,888	(449)	3,960	-
(Over)/Under provision of deferred tax in prior years	(4,806)	704	(4,667)	152
Income tax expense/(credit) recognised in profit or loss	42,172	39,876	(1,991)	6,412

Notes to the Financial Statements

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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	
	2022	**2021**
Profit net of tax attributable to owners of the Company (RM'000)	98,307	118,058
Weighted average number of ordinary shares in issue ('000)	420,000	416,848
Basic and diluted earnings per share (sen)	23.4	28.3

15. Dividends

			Net dividend per ordinary share	
	2022 RM'000	**2021 RM'000**	**2022 sen**	**2021 sen**
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
First and final single-tier dividend of RM0.07 per share on 420,000,000 ordinary shares, for the year ended 31 December 2021, declared on 27 May 2022 and paid on 30 June 2022	29,400	-	7	-
	29,400	4,000	7	1

Notes to the Financial Statements
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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 2022							
- At cost	-	-	-	153,867	32,747	12,103	198,717
- At valuation	306	33,100	26,207	-	-	-	59,613
	306	33,100	26,207	153,867	32,747	12,103	258,330
Additions	-	-	-	1,620	7,348	16,250	25,218
Disposals	-	-	-	(297)	-	-	(297)
Written off	-	-	-	(343)	-	-	(343)
Transfer in/(out)	-	158	-	4,373	-	(4,531)	-
Revaluation surplus	21	258	1,535	-	-	-	1,814
Elimination of accumulated depreciation on revaluation	-	(416)	(1,083)	-	-	-	(1,499)
At 31 December 2022	327	33,100	26,659	159,220	40,095	23,822	283,223
Representing:							
- At cost	-	-	-	159,220	40,095	23,822	223,137
- At valuation	327	33,100	26,659	-	-	-	60,086
At 31 December 2022	327	33,100	26,659	159,220	40,095	23,822	283,223
Accumulated depreciation							
At 1 January 2022	-	-	-	104,174	15,916	-	120,090
Depreciation charge for the year (Note 8)	-	416	1,083	6,618	1,255	-	9,372
Disposals	-	-	-	(297)	-	-	(297)
Written off	-	-	-	(331)	-	-	(331)
Elimination of accumulated depreciation on revaluation	-	(416)	(1,083)	-	-	-	(1,499)
At 31 December 2022	-	-	-	110,164	17,171	-	127,335
Net carrying amount							
Representing:							
- At cost	-	-	-	49,056	22,924	23,822	95,802
- At valuation	327	33,100	26,659	-	-	-	60,086
At 31 December 2022	327	33,100	26,659	49,056	22,924	23,822	155,888

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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 2021							
- At cost	-	-	-	150,697	32,911	10,191	193,799
- At valuation	306	32,500	25,827	-	-	-	58,633
	306	32,500	25,827	150,697	32,911	10,191	252,432
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	153,867	32,747	12,103	258,330
Representing:							
- At cost	-	-	-	153,867	32,747	12,103	198,717
- At valuation	306	33,100	26,207	-	-	-	59,613
At 31 December 2021	306	33,100	26,207	153,867	32,747	12,103	258,330
Accumulated depreciation							
At 1 January 2021	-	-	-	99,906	14,614	-	114,520
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	-	-	-	104,174	15,916	-	120,090
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

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

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 2022				
- At cost	-	99,516	6,330	105,846
- At valuation	18,556	-	-	18,556
	18,556	99,516	6,330	124,402
Additions	-	-	8,769	8,769
Disposals	-	(297)	-	(297)
Written off	-	(1)	-	(1)
Transfer in/(out)	-	4,373	(4,373)	-
Revaluation surplus	1,087	-	-	1,087
Elimination of accumulated depreciation on revaluation	(675)	-	-	(675)
At 31 December 2022	18,968	103,591	10,726	133,285
Representing:				
- At cost	-	103,591	10,726	114,317
- At valuation	18,968	-	-	18,968
At 31 December 2022	18,968	103,591	10,726	133,285
Accumulated depreciation				
At 1 January 2022	-	58,740	-	58,740
Depreciation charge for the year (Note 8)	675	5,109	-	5,784
Disposals	-	(297)	-	(297)
Written off	-	(1)	-	(1)
Elimination of accumulated depreciation on revaluation	(675)	-	-	(675)
At 31 December 2022	-	63,551	-	63,551
Net carrying amount				
Representing:				
- At cost	-	40,040	10,726	50,766
- At valuation	18,968	-	-	18,968
At 31 December 2022	18,968	40,040	10,726	69,734

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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

Notes to the Financial Statements
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

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

Land and buildings owned by the Group and Company were revalued on 31 December 2022 based on valuations carried out by independent firms of professional valuers as follows:

Group

	Description of Property	Valuation RM'000
(i)	Land and buildings in Pulau Indah Industrial Park	52,480
(ii)	80 units of flats in Bukit Mertajam	4,928
(iii)	Land and buildings in Daerah Hulu Perak	2,678
		60,086

Company

	Description of Property	Valuation RM'000
(i)	Building in Pulau Indah Industrial Park	14,040
(ii)	80 units of flats in Bukit Mertajam	4,928
		18,968

Further details on the valuation are disclosed in Note 37(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	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Freehold land	105	105	-	-
Leasehold land	23,965	24,115	-	-
Buildings	17,958	18,932	13,920	14,615

17. Right-of-use assets and lease liabilities

(a) Right-of-use assets

Group	Leasehold land RM'000	Buildings RM'000	Motor vehicles RM'000	Total RM'000
Cost				
At 1 January 2022	5,206	-	596	5,802
Additions	-	443	-	443
At 31 December 2022	5,206	443	596	6,245
At 1 January 2021	17,524	-	596	18,120
Additions	34	-	-	34
Lease termination	(12,352)	-	-	(12,352)
At 31 December 2021	5,206	-	596	5,802
Accumulated depreciation				
At 1 January 2022	339	-	163	502
Depreciation charge for the year (Note 8)	166	62	85	313
At 31 December 2022	505	62	248	815
At 1 January 2021	11,124	-	78	11,202
Depreciation charge for the year (Note 8)	1,567	-	85	1,652
Lease termination	(12,352)	-	-	(12,352)
At 31 December 2021	339	-	163	502
Net carrying amount				
At 31 December 2022	4,701	381	348	5,430
At 31 December 2021	4,867	-	433	5,300

Notes to the Financial Statements
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

17. Right-of-use assets and lease liabilities (cont'd)

(a) Right-of-use assets (cont'd)

Company	Buildings RM'000	Motor vehicles RM'000	Total RM'000
Cost			
At 1 January 2022	-	596	596
Additions	443	-	443
At 31 December 2022	443	596	1,039
At 1 January 2021/ 31 December 2021	-	596	596
Accumulated depreciation			
At 1 January 2022	-	163	163
Depreciation charge for the year (Note 8)	62	85	147
At 31 December 2022	62	248	310
At 1 January 2021	-	78	78
Depreciation charge for the year (Note 8)	-	85	85
At 31 December 2021	-	163	163
Net carrying amount			
At 31 December 2022	381	348	729
At 31 December 2021	-	433	433

17. Right-of-use assets and lease liabilities (cont'd)

(b) Lease liabilities

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Non-current				
Lease liabilities	4,137	4,045	496	332
Current				
Lease liabilities	777	380	213	67
Total lease liabilities	4,914	4,425	709	399

The movement of lease liabilities during the year is as follow:

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
At 1 January	4,425	5,808	399	470
Additions	443	-	443	-
Interest charged (Note 11)	203	208	24	18
Payments of:				
- Principal	(133)	(1,383)	(133)	(71)
- Interest	(24)	(208)	(24)	(18)
At 31 December	4,914	4,425	709	399

The following are the amounts recognised in profit or loss:

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Expense relating to short-term leases	6,297	4,643	2,210	1,161
Expense relating to leases of low-value assets	178	213	128	146

18. Intangible assets

Group	Mining rights RM'000	Corporate club memberships RM'000	Total RM'000
Cost			
At 1 January 2022	21,817	566	22,383
Additions	67	-	67
Acquisition of subsidiaries (Note 19)	138,550	-	138,550
At 31 December 2022	160,434	566	161,000
At 1 January 2021/ 31 December 2021	21,817	566	22,383
Accumulated amortisation and impairment losses			
At 1 January 2022	18,663	125	18,788
Amortisation for the year (Note 8)	154	8	162
At 31 December 2022	18,817	133	18,950
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
Net carrying amount			
At 31 December 2022	141,617	433	142,050
At 31 December 2021	3,154	441	3,595

Company	Corporate club membership RM'000
Cost	
At 1 January 2021/ 31 December 2021/ 1 January 2022/ 31 December 2022	215
Accumulated amortisation and impairment losses	
At 1 January 2022	72
Amortisation for the year (Note 8)	3
At 31 December 2022	75
At 1 January 2021	69
Amortisation for the year (Note 8)	3
At 31 December 2021	72
Net carrying amount	
At 31 December 2022	140
At 31 December 2021	143

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18. Intangible assets (cont'd)

Mining rights

These consist of the mining rights of Rahman Hydraulic Tin Sdn. Bhd. ("RHT"), SL Tin Sdn. Bhd. ("SL Tin") and Asas Baiduri Sdn. Bhd. ("ABSB"). In the previous financial year, a reversal of 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.

19. Investments in subsidiaries

Company	2022 RM'000	2021 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^	
			2022 %	2021 %	2022 %	2021 %
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 and investment holding	80	100	20	-
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^ 2022 %	2021 %	Proportion of ownership interest held by non-controlling interests^ 2022 %	2021 %
Held through subsidiaries:						
Held by RHT						
SL Tin Sdn. Bhd. ("SL Tin")*	Malaysia	Tin mining	64#	80#	36	20
Asas Baiduri Sdn. Bhd. ("ABSB")*	Malaysia	Tin mining and investment holding	80#	-	20	-
Held by SRM						
PT SRM Indonesia ("PT SRM")***	Indonesia	Dormant	99#	99#	1	1
Held by ABSB						
Alaf Tenggara Sdn. Bhd. ("ATSB")*	Malaysia	Dormant	80#	-	20	-

^ 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

Acquisition of Asas Baiduri Sdn. Bhd. ("ABSB") and its subsidiary ("ABSB Group")

On 4 July 2022, Rahman Hydraulic Tin Sdn. Bhd. ("RHT"), a wholly-owned subsidiary of the Company, acquired 100% equity interest in ABSB by way of issuance of 272,250 new ordinary shares in RHT, at RM509 per share for a total consideration of RM138,575,000 ("Purchase Consideration"). The purchase consideration has been valued by an independent firm of professional valuer.

Subsequent to the completion of the abovesaid acquisition, RHT ceased to be a wholly-owned subsidiary of the Company and has now become an 80% owned subsidiary of the Company.

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19. Investments in subsidiaries (cont'd)

Acquisition of Asas Baiduri Sdn. Bhd. ("ABSB") and its subsidiary ("ABSB Group") (cont'd)

Assets acquired and liabilities assumed

The fair value of the identifiable assets and liabilities of ABSB Group as at the date of acquisition were as follows:

	RM'000
Assets	
Mining rights (Note 18)	138,550
Deferred mine exploration and evaluation expenditures (Note 22)	108
Tax recoverable	1
Cash and cash equivalents	36
	138,695
Liabilities	
Other payables	(120)
Fair value of net assets acquired/ Purchase consideration	138,575
Non-controlling interests	(73,193)
An increase in equity attributable to owners of the Company arising from gain on dilution of interest in RHT, without a loss of control	65,382

Analysis of cash flows on the acquisition was as follows:

	RM'000
Net cash flow on acquisition/ Net cash acquired with the subsidiaries (included in cash flows from investing activities)	36

From the date of acquisition, there was no revenue and profit before tax from ABSB Group.

If the acquisition had occurred on 1 January 2022, the Group's profit before tax would have reduced by RM39,000. There was no revenue from ABSB Group.

Transaction costs of RM881,000 have been expensed off in the statements of profit or loss, and are part of operating cash flows in the statements of cash flows.

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19. Investments in subsidiaries (cont'd)

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

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

31 December 2022

Name of subsidiary	Principal place of business	Proportion of ownership interest held by non-controlling interest	Profit allocated to NCI during the reporting period RM'000	Accumulated NCI at the end of reporting period RM'000
Rahman Hydraulic Tin Sdn. Bhd. ("RHT")	Malaysia	20%	3,586	30,705

Summarised financial information about RHT with material NCI

The summarised financial information of RHT with material NCI are as follows:

31 December 2022

Summarised statement of financial position as at 31 December 2022

	RHT RM'000
Current	
Assets	187,550
Liabilities	(43,640)
Net current assets	143,910
Non-current	
Assets	59,369
Liabilities	(49,755)
Net non-current assets	9,614
Net assets	153,524
Attributable to:	
- Owners of the Company	122,819
- Non-controlling interests	30,705
	153,524

19. Investments in subsidiaries (cont'd)

Summarised financial information about RHT with material NCI (cont'd)

31 December 2022 (cont'd)

Summarised statement of profit or loss and statement of comprehensive income from 4 July 2022 to 31 December 2022

	RHT RM'000
Revenue	118,173
Profit before tax	24,794
Income tax expense	(6,986)
Profit after tax	17,808
Other comprehensive income	122
Total comprehensive income	17,930
Attributable to:	
- Owners of the Company	14,344
- Non-controlling interests	3,586
	17,930
Dividend paid to NCI	10,073
Dividend payable to NCI (Note 31)	8,168

Summarised cash flow information as at 31 December 2022

	RHT RM'000
Operating	71,930
Investing	37,634
Financing	(71,550)
Net increase in cash and cash equivalents	38,014

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20. Investments in associate and joint venture

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Investment in associate				
In Malaysia:				
Unquoted shares, at cost	10,473	10,473	10,473	10,473
Share of post-acquisition reserves	19,501	20,004	-	-
	29,974	30,477	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	29,974	30,477	10,473	10,473

(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* 2022 %	Proportion of ownership interest* 2021 %	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.

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:

	2022 RM'000	2021 RM'000
Non-current assets	17,091	16,492
Current assets	69,019	70,382
Total assets	86,110	86,874
Non-current liabilities	189	180
Current liabilities	10,986	10,501
Total liabilities	11,175	10,681
Net assets	74,935	76,193

Summarised statement of profit or loss and statement of comprehensive income of Redring as follows:

	2022 RM'000	2021 RM'000
Revenue	117,870	123,064
(Loss)/Profit before tax	(1,152)	13,310
(Loss)/Profit for the year	(1,140)	11,083
Other comprehensive (loss)/income	(48)	112
Total comprehensive (loss)/income	(1,188)	11,195

Reconciliation of the summarised financial information presented above to the carrying amount of the Group's interest in Redring:

	2022 RM'000	2021 RM'000
Net assets at 31 December	74,935	76,193
Interest in associate	40%	40%
Carrying value of Group's interest in associate	29,974	30,477

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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* 2022 %	2021 %	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

<u>Note (a)</u>

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.

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(f).

21. Investment securities

Group and Company	2022 RM'000	2021 RM'000
Equity securities		
Quoted investments	32,885	58,456

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	2022 RM'000	2021 RM'000
At FVOCI:		
- Equity securities (quoted)		
- Decklar Resources Inc. ("Decklar")	102	410
- Alphamin Resources Corp. ("Alphamin")	32,783	58,046
	32,885	58,456

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21. Investment securities (cont'd)

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 2022	1,056	12,678	13,734
Additions	162	374	536
Acquisition of subsidiaries (Note 19)	108	-	108
Amortisation to profit or loss (Note 8)	-	(867)	(867)
At 31 December 2022	1,326	12,185	13,511
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

In the previous financial year, a reversal of 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.

23. Deferred tax

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Deferred tax (assets)/ liabilities				
At 1 January	(3,387)	(6,531)	215	(6,128)
Recognised in profit or loss (Note 13)	(488)	2,972	(6,335)	6,412
Recognised in other comprehensive income (Note 13)	432	172	261	(69)
At 31 December	(3,443)	(3,387)	(5,859)	215
Presented after appropriate offsetting as follows:				
Deferred tax assets	(6,541)	(6,348)	(5,859)	-
Deferred tax liabilities	3,098	2,961	-	215
	(3,443)	(3,387)	(5,859)	215
Presented prior to offsetting as follows:				
Deferred tax assets	(16,122)	(15,026)	(14,565)	(7,526)
Deferred tax liabilities	12,679	11,639	8,706	7,741
	(3,443)	(3,387)	(5,859)	215

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 2022	11,639	-	11,639
Recognised in profit or loss	377	231	608
Recognised in other comprehensive income	432	-	432
At 31 December 2022	12,448	231	12,679
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

23. Deferred tax (cont'd)

Deferred tax liabilities (cont'd)

Company	Property, plant and equipment RM'000	Fair value changes on derivative financial instruments RM'000	Total RM'000
At 1 January 2022	7,741	-	7,741
Recognised in profit or loss	473	231	704
Recognised in other comprehensive income	261	-	261
At 31 December 2022	8,475	231	8,706
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

Deferred tax assets

Group	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 2022	(1,251)	(715)	(177)	(12,336)	(547)	(15,026)
Recognised in profit or loss	(686)	715	-	(1,672)	547	(1,096)
At 31 December 2022	(1,937)	-	(177)	(14,008)	-	(16,122)
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)

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 2022	(1,251)	(715)	(177)	(4,836)	(547)	(7,526)
Recognised in profit or loss	(686)	715	-	(7,615)	547	(7,039)
At 31 December 2022	(1,937)	-	(177)	(12,451)	-	(14,565)
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)

Deferred tax assets have not been recognised are in respect of the following items:

	Group 2022 RM'000	Group 2021 RM'000
Unutilised business losses	2,307	1,016
Unabsorbed capital allowances	452	349
Other temporary difference	243	361
	3,002	1,726

The availability of unutilised tax losses for offsetting against future taxable profits of the 2 subsidiaries of the Group are subject to a 10-year limitation on the carry forward of those losses under the Finance Bill 2021. The availability of the unutilised tax losses for offsetting against future taxable profits of the Company is also subject to no substantial changes in shareholdings under the Income Tax Act, 1967 and guidelines issued by the tax authority.

No deferred tax assets were recognised in respect of the above as it is not probable that future taxable profit will be available against which these items can be utilised.

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

23. Deferred tax (cont'd)

Deferred tax assets (cont'd)

Pursuant to the relevant tax regulations, the unutilised business losses at the end of the reporting period will expire as follows:

	Group	
	2022 RM'000	2021 RM'000
Expire in:		
YA 2029	38	38
YA 2030	244	244
YA 2031	1,231	734
YA 2032	794	-
	2,307	1,016

24. Inventories

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Tin inventories	549,596	774,938	550,761	793,426
Other inventories (stores, spares, fuels, coals and consumables)	21,113	14,924	15,925	11,133
	570,709	789,862	566,686	804,559

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 RM4,770,000 (2021: RM2,273,000).

Prior to 2020, 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 RM1,270,393,000 (2021: RM789,641,000) for the Group and RM1,467,529,000 (2021: RM968,684,000) for the Company.

25. Trade receivables

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Current				
Third parties	32,259	12,534	32,258	12,533
Allowance for impairment				
- Third parties	(736)	(736)	(736)	(736)
Trade receivable, net	31,523	11,798	31,522	11,797
Add: **Other receivables** (Note 26)	705	546	106,334	40,227
Add: **Cash, bank balances and deposits** (Note 28)	151,221	122,576	57,664	67,363
Total financial assets carried at amortised cost	183,449	134,920	195,520	119,387

Credit risk

The Group's and the Company's normal trade credit terms range from cash term to 90 days (2021: 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 36.

The aging analysis of trade receivables is as follows:

	Gross RM'000	Allowance for impairment RM'000	Net RM'000
Group			
At 31 December 2022			
Not past due	31,516	-	31,516
Past due:			
30 to 60 days	7	-	7
More than 120 days	736	736	-
	743	736	7
Total	32,259	736	31,523
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

Notes to the Financial Statements
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

25. Trade receivables (cont'd)

Credit risk (cont'd)

The aging analysis of trade receivables is as follows: (cont'd)

	Gross RM'000	Allowance for impairment RM'000	Net RM'000
Company			
At 31 December 2022			
Not past due	31,515	-	31,515
Past due:			
30 to 60 days	7	-	7
More than 120 days	736	736	-
	743	736	7
Total	32,258	736	31,522
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

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 RM2,604,000 (2021: RM8,292,000) 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 RM7,000 (2021: RM254,000) 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.

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

25. Trade receivables (cont'd)

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	
	2022 RM'000	2021 RM'000
Trade receivables-nominal amounts	736	736
Less: Allowance for impairment	(736)	(736)
	-	-

There was no movement in the allowance accounts for financial year ended 31 December 2022 and 31 December 2021.

26. Other receivables

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Current				
Third parties	184	33	135	19
Subsidiaries	-	-	93,782	39,249
Joint venture	1	1	1	1
Related party	-	95	-	95
	185	129	93,918	39,364
Deposits	520	417	929	863
Dividend receivable from a subsidiary	-	-	11,487	-
Total other receivables	705	546	106,334	40,227

Amounts due from subsidiaries

These are unsecured and repayable on demand and include advances amounting to RM91,808,000 (2021: RM39,212,000) where interest rates ranging from 3.0% to 4.0% (2021: 3.0% to 4.0%) per annum is charged.

Further details on related party transactions are disclosed in Note 35.

Other information on financial risks of other receivables are disclosed in Note 36.

Notes to the Financial Statements
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

27. Trade prepayments

	2022 RM'000	2021 RM'000
Group and Company		
Trade prepayments	66,503	36,505

Trade prepayments relate to provisional advances paid to suppliers of tin-in-concentrates.

28. Cash, bank balances and deposits

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Cash on hand and at banks	57,027	31,545	48,251	17,400
Deposits of up to three months maturity with licensed banks	94,194	91,031	9,413	49,963
Cash, bank balances and deposits, representing cash and cash equivalents	151,221	122,576	57,664	67,363

Deposits are made for varying periods of between 1 day and 1 month (2021: between 1 day and 1 month) 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 2022 for the Group and the Company were 2.4% (2021: 1.5%) and 2.3% (2021: 1.6%) per annum, respectively.

29. Provisions

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Provision for mine restoration				
- RHT	47,270	38,881	-	-
- SL Tin	2,232	1,763	-	-
	49,502	40,644	-	-
Provision for retrenchment compensation	13,138	11,817	13,138	11,817
	62,640	52,461	13,138	11,817
Analysed as:				
Current	14,294	-	13,138	-
Non-current	48,346	52,461	-	11,817

29. Provisions (cont'd)

Provision for mine restoration

	Group 2022 RM'000	Group 2021 RM'000
At 1 January	40,644	39,669
Addition during the year	7,348	6,430
Revision during the year	-	(6,594)
Unwinding of discount on provision	1,510	1,139
At 31 December	49,502	40,644
Current	1,156	-
Non-current:		
Later than 1 year but not later than 2 years	1,247	433
Later than 2 years but not later than 5 years	2,451	2,933
Later than 5 years	44,648	37,278
	48,346	40,644
	49,502	40,644

Provision for retrenchment compensation

	Group and Company 2022 RM'000	Group and Company 2021 RM'000
At 1 January	11,817	13,257
Addition during the year	1,067	170
Revision during the year	-	(1,610)
Unwinding of discount on provision	254	-
At 31 December	13,138	11,817
Current	13,138	-
Non-current:		
Later than 1 year but not later than 2 years	-	11,817
	13,138	11,817

29. 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(a) for significant accounting judgements and estimates.

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, no approval has been obtained from the relevant authorities as of to date. In 2021, the cost of the mine restoration plan has increased to RM45.2 million (net present value: RM38.9 million) due to the enlarged mine area.

RHT has engaged Korea Mine Reclamation Corporation ("KOMIR") to prepare a revised report including the enlarged disturbed area. The current mine restoration plan (including the enlarged disturbed area) amounting to RM57.2 million (net present value: RM47.3 million) is expected to be submitted to the relevant authorities upon the approval of MRP submitted in 2020.

(b) Provision for retrenchment compensation

The provision amounting to RM13.1 million as at 31 December 2022 (2021: RM11.8 million) 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.

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30. Borrowings

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Short term borrowings				
Unsecured:				
Short term trade financing	30,144	11,858	30,144	11,858
Bankers' acceptances/ Trust receipts	197,721	324,440	197,721	324,440
Revolving credit	30,000	30,000	30,000	30,000
Term loan 1	-	50,008	-	-
Secured:				
Term loan 2	11,111	-	11,111	-
	268,976	416,306	268,976	366,298
Long term borrowings				
Secured:				
Term loan 2	68,889	40,000	68,889	40,000
Total borrowings	337,865	456,306	337,865	406,298

Short term trade financing

Short term trade financing bears interest rates which range from 4.0% to 5.8% (2021: 1.0% to 1.1%) per annum.

Bankers' acceptances/ Trust receipts

Bankers' acceptances/ Trust receipts bear interest rates which range from 3.3% to 4.4% (2021: 2.4% to 3.3%) per annum.

Revolving credit

Revolving credit bears interest rates which range from 5.5% to 5.7% (2021: 4.1%) per annum.

Term loan 1

The term loan 1 that denominated in Singapore Dollar was fully repaid in November 2022. The term loan 1 bears interest rate of 3.5% (2021: 3.5%) per annum.

Term loan 2

The term loan 2 is denominated in Ringgit Malaysia. The term loan 2 bears interest rate of 4.8% (2021: 3.7%) per annum and is collaterised by land held for development of a subsidiary.

30. Borrowings (cont'd)

The remaining maturities of the borrowings at the reporting date are as follows:

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
On demand or within one year	268,976	416,306	268,976	366,298
More than 1 year and less than 2 years	26,667	13,333	26,667	13,333
More than 2 years and less than 5 years	42,222	26,667	42,222	26,667
	337,865	456,306	337,865	406,298

Other information on financial risks on borrowings are disclosed in Note 36.

31. Trade and other payables

		Group		Company	
	Note	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Current					
Trade payables					
Third parties	a	44,478	68,594	38,346	60,760
Subsidiaries	b	-	-	81,862	83,388
		44,478	68,594	120,208	144,148
Other payables					
Third parties	c	20,660	18,457	16,393	12,966
Immediate holding company	d				
- Loan		-	73,461	-	73,461
- Others		55	539	55	539
Subsidiaries	b	-	-	41	45,109
		20,715	92,457	16,489	132,075
Advance from an associate		2,683	-	2,683	-
Contract liabilities	e	19,152	6,900	19,152	6,900
Accruals		16,040	20,490	9,873	9,324
Dividend payable to a non-controlling shareholder of a subsidiary		8,168	-	-	-
		66,758	119,847	48,197	148,299

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31. Trade and other payables (cont'd)

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Total trade and other payables	111,236	188,441	168,405	292,447
Add: **Borrowings** (Note 30)	337,865	456,306	337,865	406,298
Total financial liabilities carried at amortised cost	449,101	644,747	506,270	698,745

(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 (2021: from cash to 60 days).

(b) Amounts due to subsidiaries

These are unsecured and repayable on demand and include advances amounting to RM Nil (2021: RM45.96 million) where interest rates ranging from 1.8% to 2.8% (2021: 1.9%) per annum is charged. Advances have been fully repaid during the financial year.

(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 (2021: 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 rate of 3.5% (2021: 3.5% to 4.2%) per annum is charged. The loan from immediate holding company was fully repaid during the financial year.

(e) Contract liabilities

Contract liabilities are the obligation to transfer goods or services to customers for which the Group and the Company have received consideration (or an amount of consideration is due) from the customers. If the customers pay consideration before the Group and the Company transfer goods or services to the customers, contract liabilities are recognised when the payment is made or the payment is due (whichever is earlier).

Further details on related party transactions are disclosed in Note 35.

Other information on financial risks of trade and other payables are disclosed in Note 36.

Notes to the Financial Statements

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32. Share capital

	Number of ordinary shares '000	Amount RM'000
Issued and fully paid		
Company		
At 1 January 2022/ 31 December 2022	420,000	237,194
At 1 January 2021	400,000	200,000
Issue of ordinary shares	20,000	37,194
At 31 December 2021	420,000	237,194

In the previous 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 are 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.

33. 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 2022	12,906	1,067	41,838	1,706	57,517
Other comprehensive income:					
Revaluation reserves on properties, net	1,358	-	-	-	1,358
Net fair value changes in quoted investments at FVOCI	-	-	3,120	-	3,120
Foreign currency translation	-	(6)	-	-	(6)
Share of foreign currency translation of associate and joint venture	-	(19)	-	-	(19)
	1,358	(25)	3,120	-	4,453
Transfer of FVOCI reserves to retained earnings upon disposal of investment securities	-	-	(24,111)	-	(24,111)
At 31 December 2022	14,264	1,042	20,847	1,706	37,859

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

33. 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 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

Company	Revaluation reserves RM'000	FVOCI reserves RM'000	Total RM'000
At 1 January 2022	2,432	41,838	44,270
Other comprehensive income:			
Revaluation reserves on properties, net	826	-	826
Net fair value changes in quoted investments at FVOCI	-	3,120	3,120
	826	3,120	3,946
Transfer of FVOCI reserves to retained earnings upon disposal of investment securities	-	(24,111)	(24,111)
At 31 December 2022	3,258	20,847	24,105
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

33. Other reserves (non-distributable) (cont'd)

The nature and purpose of each category of reserve are as follows:

(a) Revaluation reserves

The account records increase 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.

34. Commitments and contingency

(a) Capital commitments

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Capital expenditure:				
Approved and contracted for:				
- Property, plant and equipment	14,751	8,004	6,422	6,890
Approved but not contracted for:				
- Property, plant and equipment	4,923	1,414	-	-
- Deferred mine exploration and evaluation expenditures	80	80	-	-
	5,003	1,494	-	-

Notes to the Financial Statements
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34. Commitments and contingency (cont'd)

(b) Legal claims

(i) A subsidiary had instituted legal action against two former executive officers of the Company and other relevant parties (collectively known as the "Defendants"), claiming for damages for breach of fiduciary duties, conspiracy and dishonest assistance.

Based on the settlement agreement entered into with the other relevant parties in respect of a separate case, the subsidiary has discontinued its claim against the other relevant parties who have also discontinued their counterclaim against the subsidiary. Both are without liberty to file afresh and with no order as to costs. However, the suit is ongoing against the two former executives of the Company and pre-trial matters are ongoing.

In view of the above events, all trial dates fixed thus far have been vacated until further notice. In the Board of Directors' opinion, disclosure of additional information about the above matter would be prejudicial to the interests of the Group.

(ii) A Plaintiff who is representing a supplier of foreign workers, 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 a purported breach of contract. The Company denies any breach of contract as alleged. The trial proceeded on 15 and 16 August 2022 wherein the Plaintiff concluded their case. The Court has extended the timeline for the parties to file written submission on or before 19 May 2023 and fixed the matter for oral submission on 1 June 2023. 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.

(iii) 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").

On 27 April 2022, the third party's (hereinafter referred to as the "Plaintiff") solicitors served a copy of the Plaintiff's Writ of Summons dated 26 April 2022 and Statement of Claim dated 20 April 2022 to the Company's legal counsel. The Company entered its appearance on 29 April 2022 and filed its defense on 25 May 2022.

Before the Case Management ("CM") on 5 August 2022, the Company's legal counsel received the amended Writ and Statement of Claim whereby the Plaintiff's proposed to reduce their claim from RM 22,042,117 to RM 2,152,533 as they are no longer claiming for certain items as per their original writ and Statement of Claim. Pre-trial matters are ongoing for this case.

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 had sent an official response to the third party's solicitor denying that there has been any breach of the Agreement.

35. 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	2022 RM'000	2021 RM'000
Group			
Associate:			
- Sales of products	(i)	9,519	7,161
Immediate holding company:			
- Interest expense	(ii)	1,640	2,730
Director:			
- Legal/Professional fee charges	(iii)	135	-
Company			
Subsidiaries:			
- Purchases of products	(iv)	324,026	303,673
- Interest income	(v)	1,720	1,307
- Management fee income	(vi)	3,000	1,800
- Advances given	(vii)	55,088	7,349
- Advances received	(viii)	15,000	45,000
- Rental and service charges (including security services)	(ix)	4,746	4,746
- Interest expense	(ii)	513	697
- Dividend income	(x)	72,963	-
Associate:			
- Sales of products	(i)	9,519	7,161
Immediate holding company:			
- Interest expense	(ii)	1,640	2,730
Director:			
- Legal/Professional fee charges	(iii)	135	-

(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 and the Company. It is subject to the Group's and the Company's normal credit terms which range from cash to 30 days.

(ii) Interest expenses are payable in respect of loan/advances received from immediate holding company and a subsidiary. Further details are disclosed in Notes 31(d) and 31(b) respectively.

(iii) Legal/Professional fee was charged by a law firm where a director of the Company and of a subsidiary is a partner of the said law firm.

35. Related party disclosures (cont'd)

(a) Related party transactions (cont'd)

(iv) The purchases of products from subsidiaries have been made according to the market prices. Amount due to subsidiaries on trade transactions are repayable on demand.

(v) Interest income are receivable in respect of amounts due from subsidiaries. Further details of amount due from subsidiaries are disclosed in Note 26.

(vi) Management fee income is receivable from a subsidiary.

(vii) Advances given to a subsidiary is subject to interest as disclosed in Note 26.

(viii) Advances received from a subsidiary is subject to interest as disclosed in Note 31(b).

(ix) Rental and service charges (including security services) are payable to subsidiaries for lease of office and factory buildings.

(x) Dividend income from a subsidiary.

Information regarding outstanding balances arising from related party transactions as at 31 December 2022 and 2021 are disclosed in Notes 26 and 31.

(b) Compensation of key management personnel

The remuneration of directors and other members of key management during the year was as follows:

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Short term employee benefits	6,033	4,564	5,019	3,668
Post-employment benefits:				
- Defined contribution plan	693	548	553	422
	6,726	5,112	5,572	4,090

Included in the total compensation of key management personnel was:

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Directors' fees (Note 8)	805	482	780	457

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36. 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 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 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 2022			
- Malaysian Ringgit	+25	(416)	(577)
	-25	416	577
- United States Dollar	+25	(47)	(47)
	-25	47	47

36. 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 2021			
- Malaysian Ringgit	+25	(576)	(655)
	-25	576	655
- United States Dollar	+25	(23)	(23)
	-25	23	23

(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 and the Company have exposure to fluctuations in foreign exchange rates in business transactions. The Group and the Company have 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 and the Company held forward currency contracts to manage their 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) 98% (2021: 96%) of the Group's and 23% (2021: 23%) of the Company's trade and other receivables as well as 23% (2021: 31%) of the Group's and 15% (2021: 20%) of the Company's trade and other payables are denominated in foreign currencies, mainly in United States Dollar.

(ii) 30% (2021: 12%) of the Group's and 79% (2021: 22%) of the Company's cash and bank deposits are denominated in foreign currencies, mainly in United States Dollar.

(iii) 7% (2021: 14%) of the Group's and 7% (2021: 3%) of the Company's borrowings are denominated in United States Dollar and Singapore Dollar.

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

(b) Foreign currency risk (cont'd)

Forward currency contracts not designated as hedges

A net gain of RM157,000 (2021: a net loss of RM404,000) for the Group and a net loss of RM153,000 (2021: a net loss of RM625,000) for the Company with deferred tax expense of RM37,680 (2021: deferred tax benefit of RM96,960) in the Group and deferred tax benefit of RM36,720 (2021: deferred tax benefit of RM150,000) in the Company in respect of the forward currency contracts were recognised in profit or loss.

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:

		2022 (Decrease)/ Increase in profit net of tax RM'000	2021 (Decrease)/ Increase in profit net of tax RM'000
Group			
USD/RM	strengthened by 5%	1,110	82
	weakened by 5%	(1,110)	(82)
SGD/RM	strengthened by 5%	(2)	29
	weakened by 5%	2	(29)
Company			
USD/RM	strengthened by 5%	1,110	82
	weakened by 5%	(1,110)	(82)
SGD/RM	strengthened by 5%	(2)	(2)
	weakened by 5%	2	2

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36. 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 2022					
Financial liabilities:					
Non-derivative					
Borrowings:					
- Principal	30	268,976	68,889	-	337,865
- Interest		5,295	2,647	-	7,942
Trade and other payables		92,084	-	-	92,084
Lease liabilities					
- Principal	17(b)	777	812	3,325	4,914
- Interest		206	705	2,106	3,017
Derivative					
Forward currency contracts		153	-	-	153
Total undiscounted financial liabilities		**367,491**	**73,053**	**5,431**	**445,975**

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

(c) Liquidity risk (cont'd)

Analysis of financial instruments by remaining contractual maturities (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 2021					
Financial liabilities:					
Non-derivative					
Borrowings:					
- Principal	30	416,306	40,000	-	456,306
- Interest		4,950	1,787	-	6,737
Trade and other payables		108,080	-	-	108,080
Amount due to immediate holding company					
- Principal	31	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		310	-	-	310
Total undiscounted financial liabilities		**605,366**	**43,133**	**5,686**	**654,185**

Company	Note	Within 1 year RM'000	1 to 5 years RM'000	Over 5 years RM'000	Total RM'000
At 31 December 2022					
Financial liabilities:					
Non-derivative					
Borrowings:					
- Principal	30	268,976	68,889	-	337,865
- Interest		5,295	2,647	-	7,942
Trade and other payables		149,253	-	-	149,253
Lease liabilities					
- Principal	17(b)	213	496	-	709
- Interest		29	35	-	64
Derivative					
Forward currency contracts		153	-	-	153
Total undiscounted financial liabilities		**423,919**	**72,067**	**-**	**495,986**

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

(c) Liquidity risk (cont'd)

Analysis of financial instruments by remaining contractual maturities (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 2021					
Financial liabilities:					
Non-derivative					
Borrowings:					
- Principal	30	366,298	40,000	-	406,298
- Interest		3,405	1,787	-	5,192
Trade and other payables		166,123	-	-	166,123
Amount due to immediate holding company					
- Principal	31	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		**657,867**	**42,145**	**7**	**700,019**

(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.

36. 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.

36. 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, full impairment is made if 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.

<u>Exposure to credit risk</u>

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 35.8% (2021: 70.3%) 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:

	2022		2021	
Group	**RM'000**	**% of total**	**RM'000**	**% of total**
By country:				
Japan	13,190	41	1,728	14
Switzerland/ United Kingdom/ USA	13,045	41	1,723	14
China, Hong Kong and Taiwan	4,316	13	1	-
Malaysia	710	2	548	5
Korea	693	2	8,293	67
Others	274	1	51	-
	32,228	100	12,344	100

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

(d) Credit risk (cont'd)

Exposure to credit risk (cont'd)

Company	2022 RM'000	2022 % of total	2021 RM'000	2021 % of total
By country:				
Malaysia	106,338	77	40,228	78
Japan	13,190	10	1,728	3
Switzerland/ United Kingdom/ USA	13,045	9	1,723	3
China, Hong Kong and Taiwan	4,316	3	1	-
Korea	693	1	8,293	16
Others	274	-	51	-
	137,856	100	52,024	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 Note 25.

(e) 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 their 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.

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

(e) Market price risk (cont'd)

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		**2022 Increase/ (Decrease) in equity RM'000**	**2021 Increase/ (Decrease) in equity RM'000**
Share price	increased by 5%	1,644	2,923
	decreased by 5%	(1,644)	(2,923)

(f) Capital management

The Group's and the Company's policy are to maintain a strong capital base so as to maintain investors, creditors 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 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.

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

(f) Capital management (cont'd)

	Group		Company	
	2022 RM'000	**2021 RM'000**	**2022 RM'000**	**2021 RM'000**
Share capital	237,194	237,194	237,194	237,194
Other reserves	37,859	57,517	24,105	44,270
Retained earnings	444,127	285,727	331,651	270,177
Total shareholders' equity	719,180	580,438	592,950	551,641
Non-controlling interests	58,316	203	-	-
Total equity	777,496	580,641	592,950	551,641
Bank borrowings (Note 30)	337,865	456,306	337,865	406,298
Loan from immediate holding company (Note 31(d))	-	73,461	-	73,461
Advances from a subsidiary (Note 31 (b))	-	-	-	45,963
Total borrowings	337,865	529,767	337,865	525,722
Gearing ratio (total borrowings over total equity)	0.4	0.9	0.6	1.0
Gearing ratio (bank borrowings over total equity)	0.4	0.8	0.6	0.7

37. 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:

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 2022					
Assets measured at fair value:					
Investment securities (Note 21)					
- Equity instruments (quoted)	31.12.2022	32,885	-	-	32,885
Revalued land and buildings (Note 16)					
- Land and buildings in Pulau Indah Industrial Park	31.12.2022	-	-	52,480	52,480
- 80 units flats in Bukit Mertajam	31.12.2022	-	-	4,928	4,928
- Land and buildings in Daerah Hulu Perak	31.12.2022	-	-	2,678	2,678
Derivative financial assets					
- Forward tin contracts	31.12.2022	-	1,115	-	1,115
		32,885	1,115	60,086	94,086
Liabilities measured at fair value:					
Derivative financial liabilities					
- Forward currency contracts	31.12.2022	-	153	-	153

37. 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 2021					
Assets measured at fair value:					
Investment securities (Note 21)					
- Equity instruments (quoted)	31.12.2021	58,456	-	-	58,456
Revalued 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					
- Forward currency contracts	31.12.2021	-	310	-	310

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

(a) Fair value of assets and liabilities that are carried at fair value (cont'd)

Company	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 2022					
Assets measured at fair value:					
Investment securities (Note 21)					
- Equity instruments (quoted)	31.12.2022	32,885	-	-	32,885
Revalued buildings (Note 16)					
- Buildings in Pulau Indah Industrial Park	31.12.2022	-	-	14,040	14,040
- 80 units flats in Bukit Mertajam	31.12.2022	-	-	4,928	4,928
Derivative financial assets					
- Forward tin contracts	31.12.2022	-	1,115	-	1,115
		32,885	1,115	18,968	52,968
Liabilities measured at fair value:					
Derivative financial liabilities					
- Forward currency contracts	31.12.2022	-	153	-	153

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

(a) Fair value of assets and liabilities that are carried at fair value (cont'd)

Company	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 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

Fair value hierarchy

The Group and the Company 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)

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.

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

(a) Fair value of assets and liabilities that are carried at fair value (cont'd)

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 2022					
Revalued land and buildings (Note 16)	60,086	Market comparable approach/ Depreciated replacement cost	Difference in location, zoning, size, scheme and tenure	-15.0% to 25.0%	Every 1% increase or (decrease) in the adjustments would result in increase or (decrease) in fair value by RM281,000.
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.

Description	Fair value RM'000	Valuation techniques	Significant unobservable inputs
Company			
At 31 December 2022			
Revalued buildings (Note 16)	18,968	Market comparable approach/ Depreciated replacement cost	None noted.
At 31 December 2021			
Revalued buildings (Note 16)	18,556	Market comparable approach/ Depreciated replacement cost	None noted.

37. 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

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 2022.

(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)	30
Borrowings (non-current)	30
Trade and other payables (current)	31

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.

38. 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:

38. Segmental information (cont'd.)

For management purposes, the Group is organised into two business segments within the tin industry, and has three reportable operating segments as follows (cont'd.):

(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
2022						
Revenue						
Sales to external customers		1,503,591	-	-	-	1,503,591
Inter-segment sales		-	324,026	-	(324,026)	-
Total revenue		1,503,591	324,026	-	(324,026)	1,503,591

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38. Segmental information (cont'd)

Business segments (cont'd)

2022 (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		9,976	136,118	(36)	17,005	163,063
Finance costs		(16,633)	(1,689)	(669)	-	(18,991)
Share of results of associate and joint venture		-	-	(456)	-	(456)
(Loss)/Profit before tax		(6,657)	134,429	(1,161)	17,005	143,616
Income tax credit/(expense)		1,126	(39,310)	-	(3,988)	(42,172)
(Loss)/Profit net of tax		(5,531)	95,119	(1,161)	13,017	101,444
Assets						
Segment assets		939,267	305,040	32,895	(1,322)	1,275,880
Investments in associate and joint venture		-	-	29,974	-	29,974
Total assets		939,267	305,040	62,869	(1,322)	1,305,854
Liabilities						
Segment liabilities		445,588	82,613	157	-	528,358
Other segment information						
Additions of non-current assets						
- Property, plant and equipment	16	9,249	15,969	-	-	25,218
- Right-of-use assets	17(a)	443	-	-	-	443
- Intangible assets	18	-	67	-	-	67
- Other non-current assets	22	-	536	-	-	536
Provision for retrenchment compensation	9	1,067	-	-	-	1,067
Depreciation expenses	8	6,624	3,061	-	-	9,685
Amortisation of mining rights	8	-	154	-	-	154
Amortisation of corporate club memberships	8	3	5	-	-	8
Amortisation of mine properties	8	-	867	-	-	867
Interest income	6	(686)	(1,512)	-	-	(2,198)

38. Segmental information (cont'd)

Business segments (cont'd)

2021	Note	Tin smelting RM'000	Tin mining RM'000	Others RM'000	(Eliminations)/ Adjustments RM'000	Total RM'000
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
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
- Right-of-use assets	17(a)	-	34	-	-	34
- Other non-current assets	22	-	835	-	-	835
Reversal of provision for 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)

38. 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	
	2022 RM'000	2021 RM'000
Realised profit arising from inter-segment sales	18,866	10,148
Unrealised profit arising from inter-segment sales	(1,861)	(18,866)
	17,005	(8,718)

The following items were deducted from segment assets to arrive at total assets as disclosed in the consolidated statements of financial position:

	Group	
	2022 RM'000	2021 RM'000
Unrealised profit arising from inter-segment sales	(1,322)	(14,339)

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 two major customers amounted to RM389,008,000 and RM260,968,000 (2021: three major customers amounted to RM240,911,000, RM196,712,000, and RM108,241,000 respectively), arising from sales by the tin smelting segment.

39. Significant event

The following significant event occurred during the financial year ended 31 December 2022:

On 3 June 2022, Rahman Hydraulic Tin Sdn. Bhd. ("RHT"), a wholly-owned subsidiary of the Company, entered into a conditional sale and purchase agreement with Tin International Sdn. Bhd. ("TISB") for the acquisition of the entire equity interest in Asas Baiduri Sdn. Bhd. ("ABSB") ("the Acquisition").

The Acquisition entails the acquisition by RHT of 250,000 ordinary shares in ABSB, represented the entire equity interest in ABSB, from TISB. The consideration for the Acquisition was 272,250 new ordinary shares in RHT, at an issue price of RM509 per ordinary share for a total consideration of RM138,575,000.

39. Significant event (cont'd)

ABSB is principally engaged in the business of mining and prospecting related activities and has been granted a mining lease over a parcel of land held under Lot No. 7864, Mukim Pengkalan Hulu, District of Hulu Perak, State of Perak measuring approximately 568.4 hectares for a lease period of 21 years, commencing from 8 June 2012 until 7 June 2033. Due to the strategic location of ABSB's land which is adjacent to RHT's mining land, the Acquisition is expected to enable RHT to:

(i) construct additional tailing ponds or storage and waste rock storage on ABSB's land;
(ii) expand its existing mining pit in Hulu Perak further eastward enabling RHT to mine additional tin resources within its own mining land; and
(iii) mine the tin resources within ABSB's mining land.

Upon completion of the Acquisition:

(i) ABSB has become a wholly-owned subsidiary of RHT and form part of the Group of companies;
(ii) RHT ceased to be a wholly-owned subsidiary of the Company and become an 80% owned subsidiary of the Company.

The acquisition was completed on 4 July 2022. Please see Note 19 for further details.

40. Authorisation of financial statements for issue

The financial statements for the year ended 31 December 2022 were authorised for issue in accordance with a resolution of the directors on 14 April 2023.

LIST OF PROPERTIES OF THE GROUP

31 DECEMBER 2022

Location	Description	Approximate area	Tenure	Year of expiry	Approximate age of buildings	Net carrying amount at 31.12.2022 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	21 years	52,480	31.12.2022
2. Taman Desa Palma, Alma, 14000 Bukit Mertajam	80 units of flats	52,000 sq. ft.	Freehold	–	22 years	4,928	31.12.2022
3. Mukim Pengkalan Hulu Daerah Hulu Perak							
(a) Lot 344 & 348	Land with buildings	3.78 hectares	Freehold	–	over 50 years	355	31.12.2022
(b) Lot 2071, PT 3934, 4338, 4522 & 4523	Land with buildings	7.02 hectares	Leasehold	2068-2112	41 to over 50 years	1,084	31.12.2022
(c) PT 1705, 1706 & 1707	3 units of terrace houses	417 sq. m	Leasehold	2108	12 years	600	31.12.2022
(d) Lot 55671 and 55675	2 units of semi-detached houses	526 sq. m	Freehold	–	9 years	610	31.12.2022
4. Mukim Belukar Semang Daerah Hulu Perak							
(a) Lot 1886	Vacant land	0.4 hectares	Freehold	–	–	25	31.12.2022
(b) PT 725, 726, 727	Land with buildings	7.01 hectares	Leasehold	2050	–	4	31.12.2022
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)

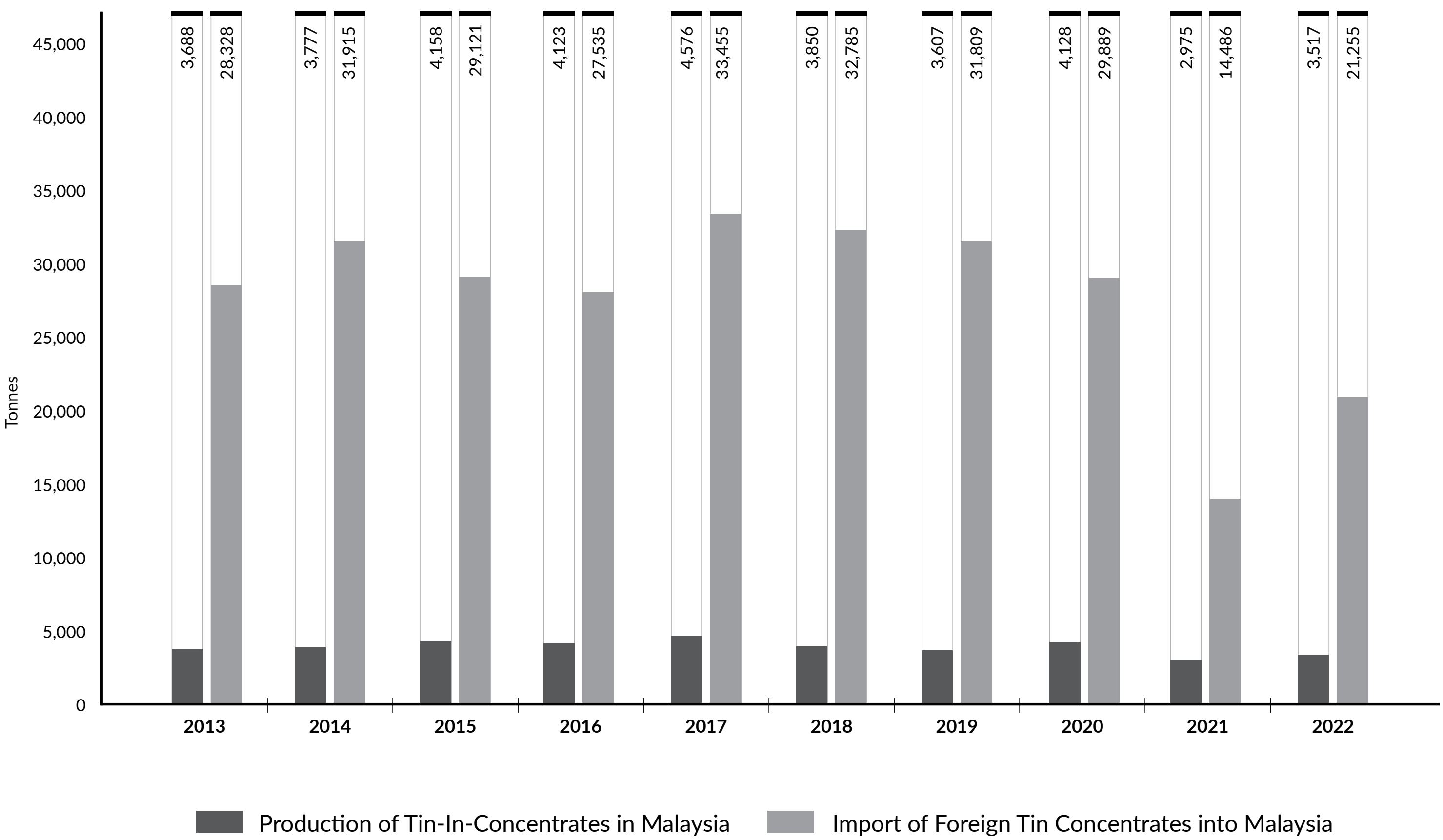
Destination	2017	2018	2019	2020	2021	2022
Africa	693	300	375	450	100	75
Australia & New Zealand	–	–	50	50	–	–
China	848	784	400	1,281	120	1,859
EEC	1,931	2,332	2,954	1,244	891	800
India, Pakistan & Bangladesh	3,832	890	462	625	308	285
Japan	3,881	3,821	3,812	3,612	4,197	4,587
Middle East	503	668	717	933	425	329
Taiwan	1,025	1,071	1,239	1,717	774	581
Korea	1,947	889	1,695	1,205	1,825	680
Rest of Asia Pacific	76	1,667	1,684	2,421	480	1,103
USA & Canada	5,151	7,923	5,195	1,960	1,195	270
	19,887	**20,345**	**18,583**	**15,498**	**10,315**	**10,569**
Malaysia						
For domestic consumption*	7,263	6,996	7,090	7,100	5,818	8,148
	27,150	**27,341**	**25,673**	**22,598**	**16,133**	**18,717**

* *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)
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
2022	3,517	21,255

PRODUCTION OF TIN-IN-CONCENTRATES IN MALAYSIA AND IMPORT OF FOREIGN TIN CONCENTRATES INTO MALAYSIA



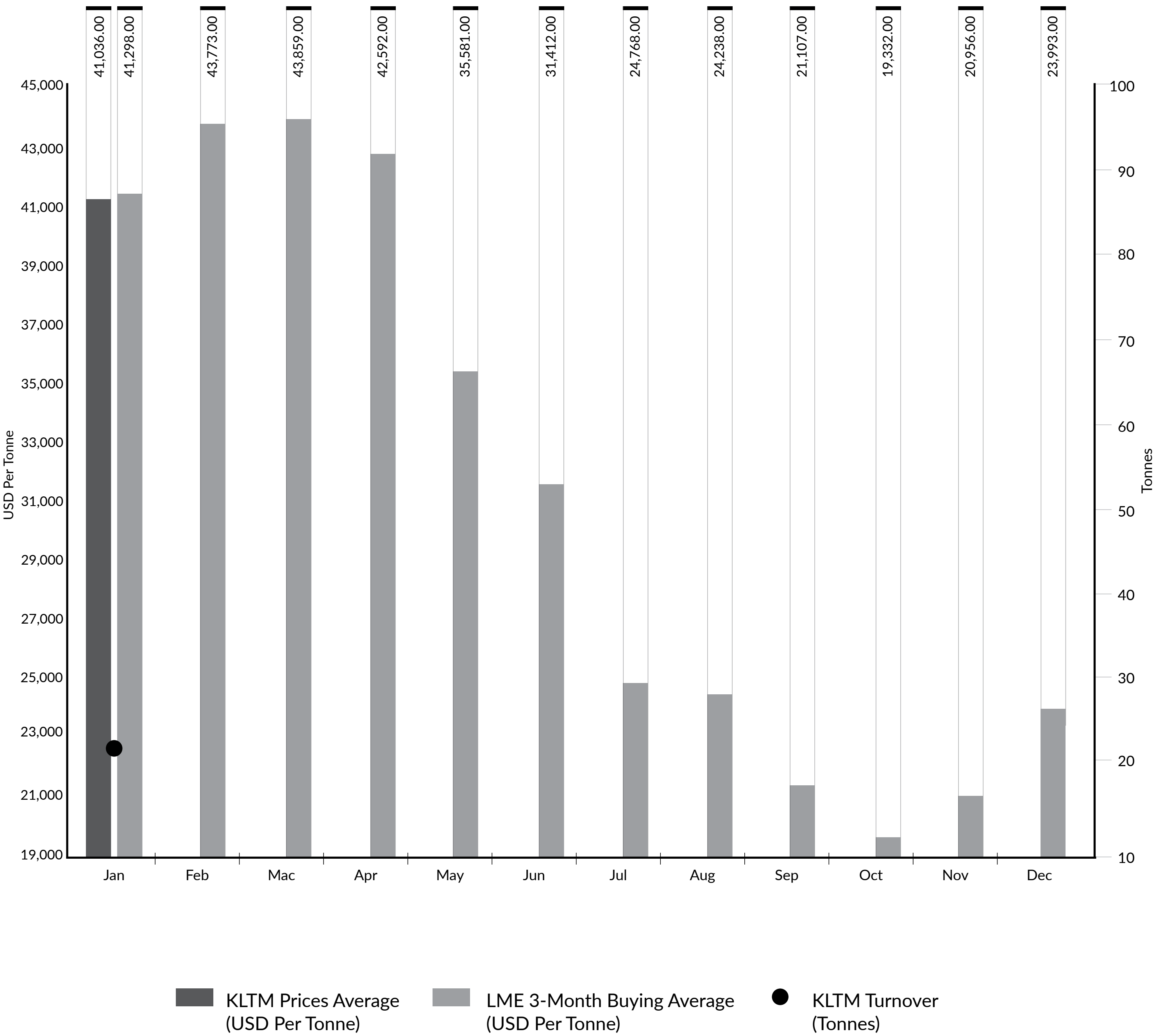
Tin Statistics

	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)
2013	25,150.00	19,150.00	22,318.00	9,530	22,308.00
2014	23,680.00	18,300.00	21,895.00	10,826	21,889.00
2015	19,950.00	13,700.00	16,050.00	12,679	16,018.00
2016	22,000.00	13,250.00	17,926.00	11,568	17,861.00
2017	21,100.00	18,900.00	20,027.00	8,890	19,970.00
2018	21,900.00	18,450.00	20,071.00	9,077	20,063.00
2019	21,760.00	15,700.00	18,594.00	6,445	18,582.00
2020	20,580.00	14,930.00	17,314.00	4,088	17,073.00
2021	39,500.00	20,580.00	29,071.00	1,955	31,094.00
2022	42,020.00	40,400.00	41,036.00	21	31,076.00

2022					
JANUARY	42,020.00	40,400.00	41,036.00	21	41,298.00
FEBRUARY	-	-	-	-	43,773.00
MARCH	-	-	-	-	43,859.00
APRIL	-	-	-	-	42,592.00
MAY	-	-	-	-	35,581.00
JUNE	-	-	-	-	31,412.00
JULY	-	-	-	-	24,768.00
AUGUST	-	-	-	-	24,238.00
SEPTEMBER	-	-	-	-	21,107.00
OCTOBER	-	-	-	-	19,332.00
NOVEMBER	-	-	-	-	20,956.00
DECEMBER	-	-	-	-	23,993.00

Tin Statistics

TIN MARKET PRICES & KLTM TURNOVER



ANALYSIS OF SHAREHOLDINGS

AS AT 31 MARCH 2023

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	29	0.48	477	0.00
100 to 1,000	1,141	18.87	858,009	0.20
1,001 to 10,000	3,212	53.11	15,008,011	3.57
10,001 to 100,000	1,376	22.75	44,088,019	10.50
100,001 to less than 5% of issued shares	287	4.74	156,602,284	37.29
5% and above of issued shares	3	0.05	203,443,200	48.44
TOTAL	**6,048**	**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 PJG	1,600,000	0.38	-	-
Mr. Chia Chee Ming, Timothy PBM	240,000	0.06	-	-
Dato' Dr. (Ir.) Patrick Yong Mian Thong	421,100	0.10	-	-
Mr. John Mathew A/L Mathai	-	-	-	-
Datuk Kamaruddin Bin Taib	-	-	-	-
Dato' Roslina Binti Zainal	-	-	-	-
Mr. Yap Seng Chong	-	-	-	-
Datuk Lim Hong Tat	-	-	-	-

Analysis of Shareholdings
AS AT 31 MARCH 2023

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.	Neoh Choo Ee & Company, Sdn. Berhad	5,440,600	1.30
6.	Lim Khoon	3,538,400	0.84
7.	Lee Pin	3,366,100	0.80
8.	Olive Lim Swee Lian	3,210,500	0.76
9.	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ng Faai @ Ng Yoke Pei (SRB/PMS)	2,225,200	0.53
10.	Gan Yoon Soon	2,210,800	0.53
11.	DB (Malaysia) Nominee (Tempatan) Sendirian Berhad Deutsche Trustees Malaysia Berhad for East Spring Investments Small-Cap Fund	2,124,300	0.51
12.	Cimsec Nominees (Tempatan) Sdn Bhd CIMB for Mettiz Capital Sdn Bhd (PB)	2,000,000	0.48
13.	Maybank Nominees (Tempatan) Sdn Bhd National Trust Fund (IFM Eastspring)(410140)	2,000,000	0.48
14.	Affin Hwang Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Mettiz Capital Sdn Bhd	1,889,800	0.45
15.	CIMB Group Nominees (Tempatan) Sdn Bhd CIMB Commerce Trustee Berhad for Kenanga Growth Opportunities Fund (50154 TR01)	1,855,700	0.44
16.	Chua Ah Moi @ Chua Sai Peng	1,729,900	0.41
17.	2G Capital Pte Ltd	1,600,000	0.38
18.	Chew Gek Khim PJG	1,600,000	0.38
19.	Kuek Siaw Kia @ Quek Shiew Poh	1,576,000	0.38
20.	Maybank Nominees (Tempatan) Sdn Bhd Maybank Private Wealth Management for Ong Tee Thong (PW-M00374)(952041)	1,573,800	0.37
21.	Citigroup Nominees (Asing) Sdn Bhd UBS AG	1,570,625	0.37
22.	Au Yong Mun Yue	1,560,000	0.37
23.	Toh Yew Keong	1,554,200	0.37
24.	Lim Boon Tat (Lin Wenda)	1,527,100	0.36
25.	Chu Fong Hee	1,500,000	0.36
26.	Kenanga Nominees (Asing) Sdn Bhd Exempt An For Phillip Securities Pte Ltd (Client Account)	1,456,000	0.35
27.	Amsec Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Gan Yoon Soon	1,450,000	0.35
28.	UOB Kay Hian Nominees (Asing) Sdn Bhd Exempt An For UOB Kay Hian Pte Ltd (A/C Clients)	1,448,100	0.34
29.	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ong Saut Mee (6000010)	1,426,800	0.34
30.	Citigroup Nominees (Asing) Sdn Bhd Exempt An for Citibank New York (Norges Bank 19)	1,424,100	0.34

Analysis of Shareholdings
AS AT 31 MARCH 2023

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-Fourth ("44th") Annual General Meeting ("AGM") of MALAYSIA SMELTING CORPORATION BERHAD (the "Company") will be held at Grand Suite, Level 7, Hilton Kuala Lumpur, 3 Jalan Stesen Sentral, 50470 Kuala Lumpur, Malaysia on Friday, 26 May 2023 at 11.00 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 2022 together with the Directors' and Auditors' Reports thereon. **{Please refer to Note B(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 2022. **Resolution 1**

3. To approve the payment of additional Directors' Fees and Benefits of RM193,073.00 to Non-Executive Directors from 28 May 2022 until the AGM of the Company held in year 2023. **Resolution 2** **{Please refer to Note B(2)}**

4. To approve the payment of Directors' Fees and Benefits of up to RM855,000.00 from 27 May 2023 until the next AGM of the Company to be held in year 2024. **Resolution 3**

5. To re-elect the following Directors of the Company who are retiring pursuant to Clause 102 of the Constitution of the Company:

   (i) Ms. Chew Gek Khim PJG **Resolution 4**
   (ii) Mr. John Mathew A/L Mathai **Resolution 5**

   Mr. Chia Chee Ming, Timothy PBM who also retires by rotation in accordance with Clause 102 of the Company's Constitution, has expressed his intention not to seek for re-election. Hence, he will retain office until the conclusion of the 44th AGM of the Company.

6. To re-appoint Ernst & Young PLT as Auditors of the Company and to authorise the Directors to fix their remuneration. **Resolution 6**

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 7**

   "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.

   AND FURTHER THAT pursuant to Section 85 of the Companies Act 2016 read together with Clause 66 of the Company's Constitution, approval be and is hereby given to waive the statutory pre-emptive rights of the shareholders of the Company and to offer new shares arising from the issuance and allotment of the new shares pursuant to Sections 75 and 76 of the Companies Act 2016 AND THAT the Board of Directors of the Company is exempted from the obligation to offer such new shares first to the existing shareholders of the Company".

Notice of Annual General Meeting

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 44th AGM, a First and Final Single-Tier Dividend of RM0.07 sen per share in respect of the financial year ended 31 December 2022 will be paid to shareholders on 27 June 2023. The entitlement date for the said Dividend shall be on 14 June 2023.

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 14 June 2023 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 2023

Explanatory Notes:

A) Appointment of Proxy

1. *In respect of deposited securities, only members whose names appear on the Record of Depositors on 19 May 2023 (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 with the Company's Share Registrar, Boardroom Share Registrars Sdn. Bhd. at 11th Floor, Menara Symphony, No. 5 Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, 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

B) Ordinary Business

1. *Audited Financial Statements for the financial year ended 31 December 2022*

   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.

2. *Additional Payment of Directors' Fees and Benefits*

   At the 43rd AGM of the Company held on 27 May 2022, the shareholders had approved RM660,000.00 as total Directors' Fees and Benefits payable to the Directors of the Company for the period commencing from 28 May 2022 until the next AGM of the Company to be held in year 2023.

   As part of a periodical review to ensure the Group remains competitive, appropriate against relevant peers in the market, in line with the prevalent market practices and with the heightened responsibilities and accountabilities required for Directors, an external consultant was engaged in 2022 to undertake the benchmarking analysis and recommend the appropriate remuneration taking into account the demands, complexities and performance of the Company as well as skills and experience required.

   The request for an additional amount of RM193,073.00 in excess of the RM660,000.00 is required due to the revision of fees structure.

C) 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 27 May 2022, 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 44th AGM to be held on 26 May 2023.

   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.

   Up to the date of this Notice, the Company did not issue any shares pursuant to the mandate granted to the Directors at the 43rd AGM as the need does not arise for any fund raising activity for the purpose of investment, acquisition or working capital.

   The approval of the issuance and allotment of the new shares under Sections 75 and 76 of the Companies Act 2016 shall have the effect of the shareholders having agreed to waive their statutory pre-emptive rights pursuant to Section 85 of the Companies Act 2016 and Clause 66 of the Constitution of the Company, the shareholders of the Company hereby agree to waive and are deemed to have waived their statutory pre-emptive rights pursuant to Section 85 of the Companies Act 2016 and Clause 66 of the Constitution of the Company pertaining to the issuance and allotment of new shares under Sections 75 and 76 of the Companies Act 2016, which will result in a dilution to their shareholding percentage in the Company.

WWW.MSMELT.COM

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