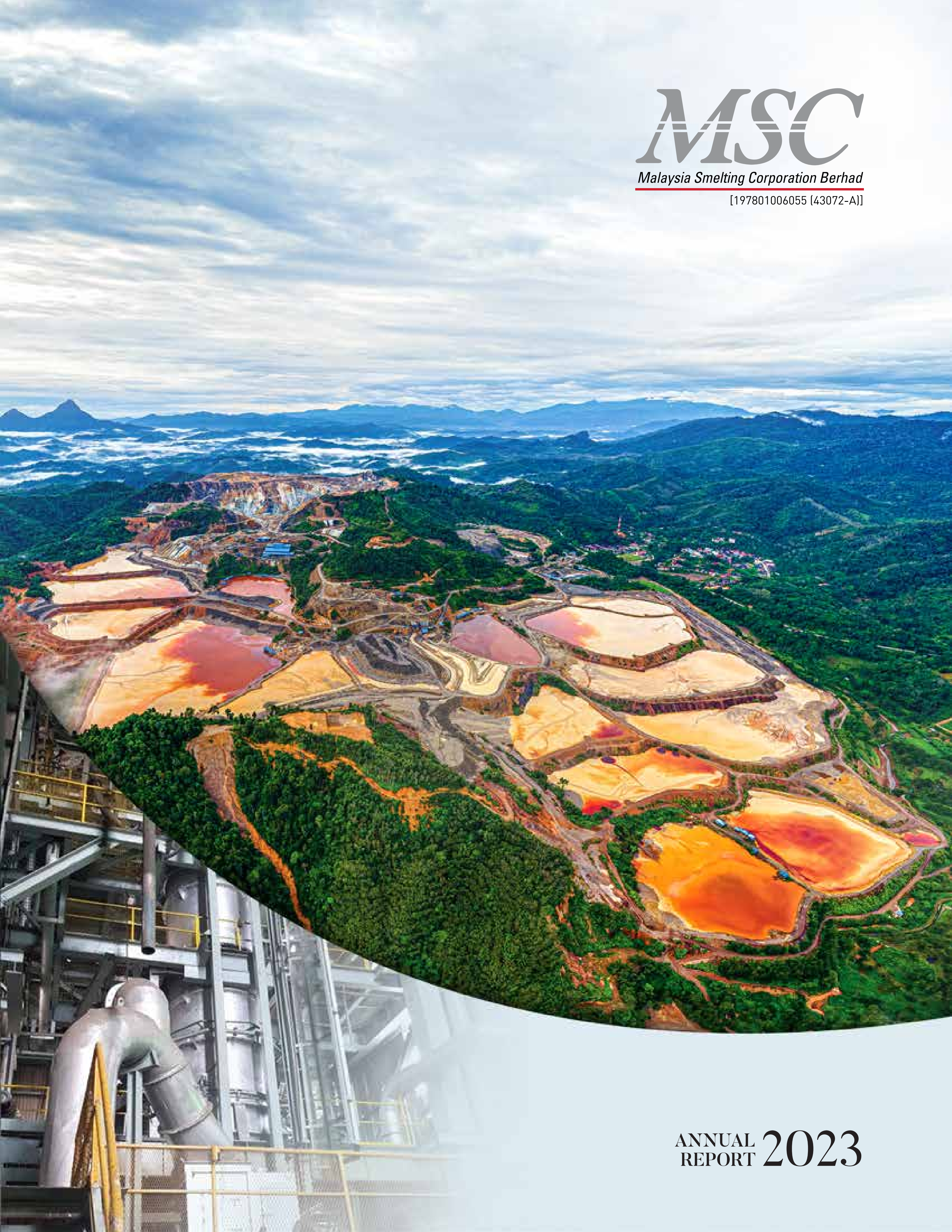

Malaysia Smelting Corporation Berhad

[197801006055 (43072-A)]

ANNUAL REPORT 2023

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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

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

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.

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 will pursue its growth strategy on its core business in tin through strategic acquisitions and organic growth where its core expertise, skills and capabilities can add value and make a difference particularly in increasing operating efficiencies, innovating products and services as well as forging global commercial and marketing networks to ensure its continued leadership position in the industry.

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

CORPORATE PROFILE

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 producers of tin metal and tin-based products. In 2023, the Group produced 20,722 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.

The "Malaysia Smelting Corporation" tin brand is registered at the 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 also added another tin brand which is "Malaysia Smelting Corporation Straits Refined Tin" and is produced at the new smelting facility. Upon completion of the smelter relocation, the honour of being the leading custom smelter will be passed 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.

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

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

CORPORATE INFORMATION

BOARD OF DIRECTORS

- **MS. CHEW GEK KHIM** PJG
  Chairman, Non-Independent Non-Executive Chairman
- **MR. JOHN MATHEW A/L MATHAI**
  Senior Independent Director
- **MR. YAP SENG CHONG**
  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**
  Group Chief Executive Officer/ Executive Director

AUDIT & RISK MANAGEMENT COMMITTEE

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

NOMINATING & REMUNERATION COMMITTEE

Mr. John Mathew A/L Mathai *(Chairman)*
Dato' Roslina Binti Zainal
Mr. Yap Seng Chong

EXECUTIVE COMMITTEE

Ms. Chew Gek Khim PJG *(Chairman)*
Datuk Lim Hong Tat
Dato' Dr. (Ir.) Patrick Yong Mian Thong

ENVIRONMENTAL, SOCIAL & GOVERNANCE COMMITTEE

Dato' Roslina Binti Zainal *(Chairman)*
Mr. John Mathew A/L Mathai
Datuk Kamaruddin Bin Taib

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

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

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 No. : (603) 7890 4700
Fax No. : (603) 7890 4670
Email : bsr.helpdesk@boardroomlimited.com

- **SINGAPORE**

Tricor Barbinder Share Registrar Services
(A division of Tricor Singapore Pte. Ltd.)
9 Raffles Place, Republic Plaza
Tower 1, #26-01
Singapore 048619
Tel : (65) 6236 3333
Email : sg.is.enquiry@sg.tricorglobal.com

PRINCIPAL BANKERS

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

STOCK EXCHANGE LISTING

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

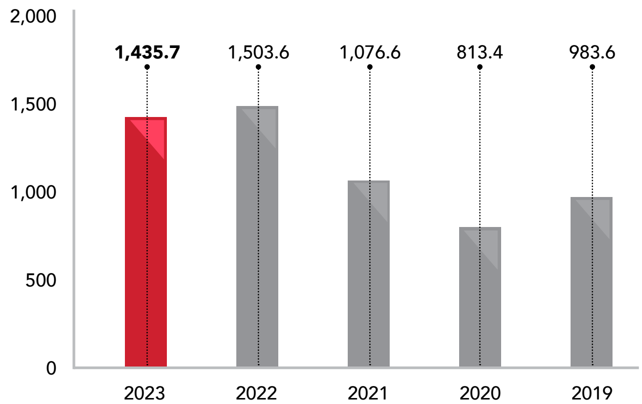
KEY FINANCIAL HIGHLIGHTS

		Year ended 31 December				
		2023	**2022**	**2021**	**2020**	**2019**
Revenue	(RM Mil)	**1,435.7**	1,503.6	1,076.6	813.4	983.6
Profit before tax	(RM Mil)	**128.6**	143.6	158.4	24.2	44.7
Income tax expense	(RM Mil)	**(31.4)**	(42.2)	(39.9)	(9.5)	(14.0)
Profit attributable to the owners of the Company	(RM Mil)	**85.1**	98.3	118.1	15.2	30.7
Total assets	(RM Mil)	**1,391.6**	1,305.9	1,314.9	994.5	824.3
Net current assets	(RM Mil)	**456.0**	437.0	345.3	191.8	203.5
Equity attributable to the owners of the Company	(RM Mil)	**754.1**	719.2	580.4	393.5	368.9
Earnings per share	(sen)	**20.3**	23.4	28.3	3.6 (1)	7.3 (1)
Dividend per share	(sen)	**14** (2)	7	7	1 (1)	2 (1)
Net assets per share attributable to the owners of the Company	(sen)	**180**	171	138	94 (1)	88 (1)
Pre-tax profit on average equity attributable to the owners of the Company	%	**17**	22	33	6	12

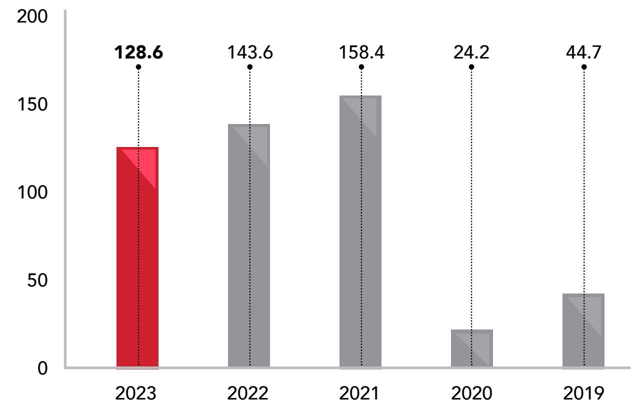
(1) *The figures have been adjusted to reflect the private placement exercise completed on 2 August 2021 for comparative purposes.*
(2) *Final single-tier dividend of RM0.07 per share is subject to the approval of the members at the forthcoming Annual General Meeting.*

KEY FINANCIAL HIGHLIGHTS

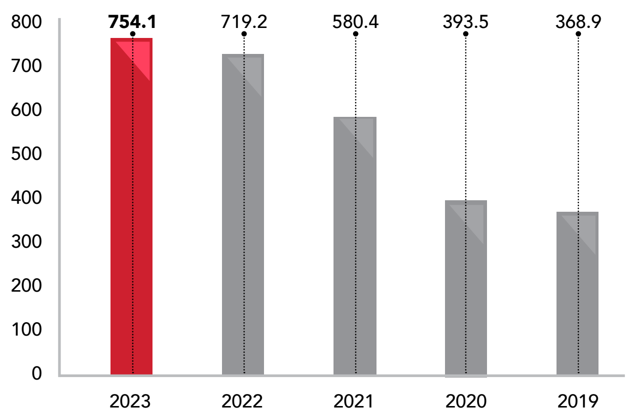
REVENUE (RM MIL)



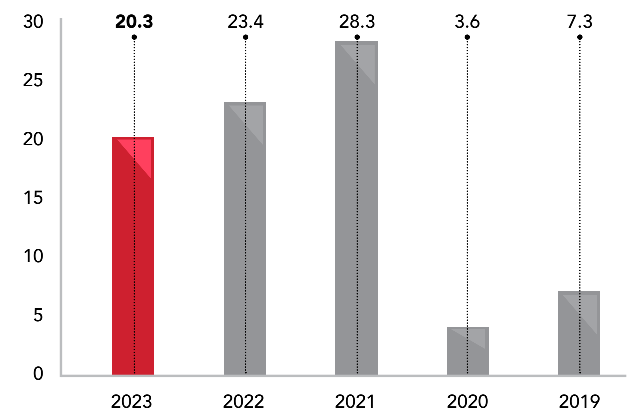
PROFIT BEFORE TAX (RM MIL)



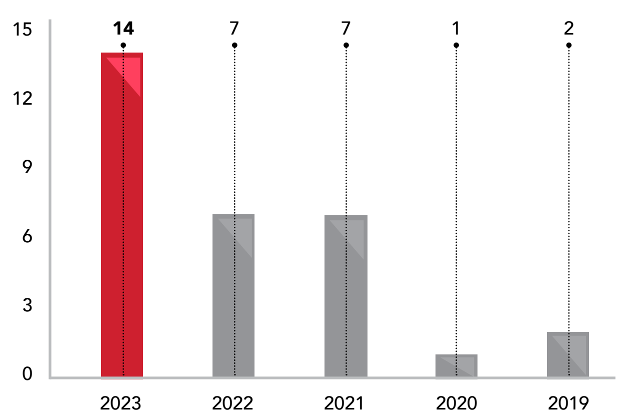
EQUITY ATTRIBUTABLE TO THE OWNERS OF THE COMPANY (RM MIL)



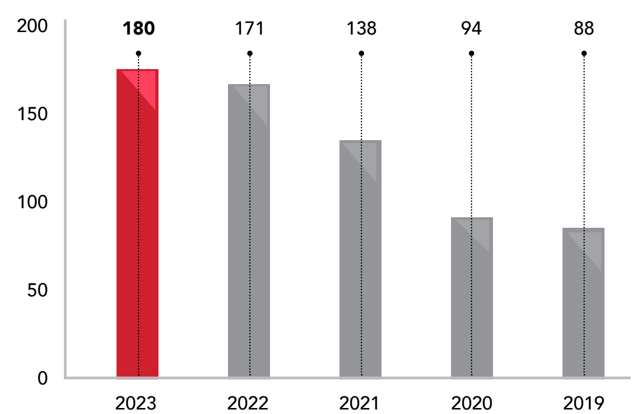
EARNINGS PER SHARE (SEN)



DIVIDEND PER SHARE (SEN)



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



PROFILE OF DIRECTORS

MS. CHEW GEK KHIM PJG
62 years, Singaporean, Female

Non-Independent Non-Executive Chairman

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

Ms. Chew Gek Khim PJG 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 is also the Chairman of the Executive Committee of the Company since 24 March 2021.

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. Ms. Chew is Deputy Executive Chairman of The Tan Chin Tuan Foundation in Singapore. She is a Member of Board of Governors of S. Rajaratnam School of International Studies, NUS Board of Trustees and the Governing Board of Lee Kuan Yew School of Public Policy.

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

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

MR. JOHN MATHEW A/L MATHAI
61 years, Malaysian, Male

Senior Independent Director

- 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 and subsequently re-designated as Chairman on 26 May 2023. Mr. John Mathew was appointed as a member of the Environmental, Social & Governance Committee of the Company on 12 September 2023. On 17 November 2023, he has been re-designated as Senior Independent Director of the Company.

Mr. John Mathew 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

MR. YAP SENG CHONG
62 years, Malaysian, Male

Independent Non-Executive Director

- 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. On 25 August 2023, he was appointed as a member of the Nominating & Remuneration Committee of the Company.

Mr. Yap had his entire career with Ernst & Young Malaysia ('EY") which spanned over 35 years, two of which were with EY London office, providing various types of assurance and business advisory services. He had previously held positions in EY as Head of Assurance Practice, Professional Practice Director and ASEAN Regional and Country Independence Leader before his retirement.

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

Mr. Yap is also an Independent Non-Executive Director of United Plantations Berhad, Hartalega Holdings Berhad, Apex Healthcare Berhad and Malayan Cement Berhad.

DATUK KAMARUDDIN BIN TAIB
66 years, Malaysian, Male

Independent Non-Executive Director

- 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 and on 12 September 2023, he was appointed as a member of the Environmental, Social & Governance Committee of the Company.

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.).

He is currently a Director of Fraser & Neave 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 become the Independent and Non-Executive Chairman of HSBC Bank Malaysia Berhad with effect from 1 April 2022.

He is also an Independent Non-Executive Chairman of Malaysian Life Reinsurance Group Berhad, RAM Holdings Berhad and RAM Ratings Services Berhad.

PROFILE OF DIRECTORS

DATO' ROSLINA BINTI ZAINAL
61 years, Malaysian, Female

Independent Non-Executive Director

- 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 Prime Minister's 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.

DATUK LIM HONG TAT
64 years, Malaysian, Male

Independent Non-Executive Director

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

Datuk Lim Hong Tat was appointed as an Independent Non-Executive Director of the Company on 28 January 2022. On 14 February 2022, he was appointed as a member of the Audit & Risk Management Committee of the Company. He is also a member of the Executive Committee of the Company, appointed on 26 May 2023.

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

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

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

Currently, he is serving on the Board of Commissioners of PT Bank Maybank Indonesia and 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.

PROFILE OF DIRECTORS

DATO' DR. (IR.) PATRICK YONG MIAN THONG
70 years, Malaysian, Male

Non-Independent Executive Director/ Group Chief Executive Officer

- 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 is also the member of the Executive Committee of the Company since 24 March 2021. 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.

Notes:

1. *Save for the following, none of the Directors have any family relationship with other Directors and/or major shareholders of the Company:*

   Ms. Chew Gek Khim is the Executive Chairman of The Straits Trading Company Limited ("STC"), the major shareholder of the Company which owns 51.96% of the equity of the Company. Her mother is Dr. Tan Kheng Lian, a substantial shareholder of STC;

2. *None of the Directors have any conflict of interest with the Company; and*

3. *None of the Directors had been convicted of any offence (other than traffic offences, if any) within the past five (5) years or been imposed of any public sanction or penalty by the relevant regulatory bodies during the financial year ended 2023.*

PROFILE OF KEY MANAGEMENT

MR. NICOLAS CHEN SEONG LEE
51 years, Malaysian, Male

Deputy Chief Executive Officer (Administration)

- LL.B (Hons), University of London

Mr. Nicolas Chen Seong Lee started his career in the tax division of Arthur Andersen & Co., Kuala Lumpur, in 1997. In 2000, he joined the Structured Finance, Corporate Banking division of Affin Merchant Bank. He returned to tax practice in 2002 until 2010 with KPMG Tax Services Sdn. Bhd.

In KPMG, he was primarily undertaking tax advisory and tax planning assignments covering a broad range of Malaysian and overseas tax, corporate and legal issues. From 2010 to 2017, he managed an agro based company involved in farming and exporting a Malaysian produced fruit and downstream products.

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

MR. LAM HOI KHONG
53 years, Malaysian, Male

Group Chief Financial Officer

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

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

Mr. Lam has close to 30 years of working experience in the areas of finance, accounting, corporate finance, auditing and taxation. He spent his early formative years at PricewaterhouseCoopers before assuming 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 assumed the role of General Manager (Finance and Administration) at Petaling Tin Berhad, a property development company listed on the Main Market of Bursa Malaysia Securities Berhad, 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.

PROFILE OF KEY MANAGEMENT

EN. MADZLAN BIN ZAM
65 years, Malaysian, Male

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

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

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 tenure 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.

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;*
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 2023.*

STATEMENT BY THE CHAIRMAN

“On behalf of the Board of Directors of Malaysia Smelting Corporation Berhad (“MSC” or the “Group”), I am delighted to present the Annual Report and Audited Financial Statements of MSC for the financial year ended 31 December 2023 (“FY2023”).”

STATEMENT BY THE CHAIRMAN

NAVIGATING VOLATILITY WITH RESILIENCE

In 2023, MSC demonstrated resilience navigating a complex operating environment. Global economic uncertainty, including recession concerns, inflationary pressures, and escalating geopolitical tensions in the Middle East, and Europe, led to increased market volatility. These factors contributed to fluctuations in commodity prices during the year, including tin.

Tin prices saw an initial surge to approximately USD30,000/metric tonne (“MT”) in January 2023, fuelled by optimism surrounding China’s economic reopening in December 2022. However, a slower-than-expected economic recovery in China, coupled with sluggish tin consumption from major industries, including in the semiconductor and consumer electronics sectors, exerted downward pressure, with tin prices falling to around USD22,000/MT in March 2023.

As the year progressed, concerns over future tin supply drove a rebound in tin prices. Uncertainties surrounding tin major suppliers, namely Indonesia and Myanmar, fuelled this trend. In August 2023, Myanmar’s Wa State enforced a ban on mining activities, contributing to reduced supplies. Meanwhile, a potential export ban on tin ingots by Indonesia, the world’s largest tin exporter, exacerbated supply woes. The second half of 2023 saw signs of tin demand recovery, with growing consumption further supporting prices.

In 2023, tin prices were lower at around RM118,143/MT (~USD25,908/MT), as compared to RM136,700/MT (~USD31,068/MT) in 2022. Global refined tin production stood at 370,100 tonnes, of which 5.6% was supplied by MSC during the year.

At MSC, our priority is on enhancing our core capabilities in the smelting and mining divisions, ensuring we remain at the forefront of the tin industry irrespective of the volatility in tin prices. This focus is reflected in the Group’s robust performance in FY2023, posting a revenue of RM1.4 billion, and a net profit attributable to owners of the company (“net profit”) of RM85.1 million.

REVENUE
RM1.4 BILLION

NET PROFIT
RM85.1 MILLION

STATEMENT BY THE CHAIRMAN

The dedication and hard work of our people at MSC are fundamental to the Group's continued progress. We are proud to share that MSC has been recognised as a joint winner for the "Highest Growth in Profit After Tax Over Three Years" under the Industrial Products and Services sector at The Edge Malaysia Centurion Club Corporate Awards 2023. This achievement is a testament to the collective efforts of our team, and I extend my sincere thanks for your contributions.

During the year, we remained committed to delivering value to our shareholders as we adopted a dividend policy to distribute at least 30% of net profit. For FY2023, the Board declared a total dividend of 14 sen per share. This translates to a payout ratio of 69%, exceeding our dividend policy's target of 30%. The dividend consists of an interim dividend of 7 sen per share, and a proposed final dividend of 7 sen per share, subject to approval of shareholders at the upcoming annual general meeting.

DIVIDEND POLICY
30% of NET PROFIT

FY2023 DIVIDEND
14 SEN

POISED FOR GROWTH

While short-term headwinds may persist in 2024, we remain confident in the tin sector's long-term outlook and promising growth. The industry's fundamental strengths and the role of tin in critical emerging technologies will continue to drive demand over time.

For 2024, the anticipated recovery of the semiconductor industry is set to boost tin usage, spurred by technological advancements in artificial intelligence ("AI"), Internet of Things ("IoT"), and 5G networks, among others. With 50% of the world's tin used as solder, a rebound in the semiconductor sector is expected to support tin prices. This bodes well for the Group.

Furthermore, tin plays a crucial role in green transportation. Its potential use in lithium-ion batteries for electric vehicles ("EV") is promising, with tin-based anodes being explored for their ability to increase battery energy density and charging speed. As global sustainability awareness intensifies, the rising demand for EVs will translate into an increased need for tin.

Tin is also an essential component in the renewable energy sector as it is used as solder ribbons that bind solar panels together, making it a vital player. As countries worldwide accelerate decarbonisation efforts, the demand for tin is expected to grow.

At MSC, we are focused on building a strong foundation to capture opportunities in the tin industry. In our smelting division, the transition of smelting activities to Pulau Indah, along with the impending closure of the Butterworth smelter, is projected to reduce the Group's costs by approximately 30%. The phased decommissioning of the Butterworth smelter has commenced, with a targeted shutdown by 2025.

Meanwhile, the Group's tin mining company, Rahman Hydraulic Tin Sdn. Bhd. ("RHT"), is working to expand its tin reserves and production output. This includes a continuous exploration programme to expand our mining landbank, ensuring a secure supply of resources for future operations. Furthermore, we are also in the process of constructing additional waste sites and tailing ponds on the adjacent mining landbank, ensuring the continuity of our tin mining operations in the long run.

STATEMENT BY THE CHAIRMAN

ADVANCING SUSTAINABILITY AT MSC

At MSC, we recognise the inherent environmental and social complexities associated with the mining and smelting industry. As an industry leader, MSC is committed to integrating sustainable practices into all aspects of our operations.

This commitment is demonstrated by our ongoing investments in sustainability. During the year, we invested RM8.9 million in environmental initiatives. At the Group's smelting facility in Pulau Indah, we harness solar energy to power our premises with a 1.26-megawatt peak ("MWp") solar photovoltaic system, with further expansion planned in the near future. This is expected to lower our carbon footprint and energy costs.

We are now extending these efforts to our RHT tin mine in Klian Intan, where we are in the early stages of adopting solar power at the mines. Additionally, we are expanding our waste management infrastructure to ensure long-term mining sustainability.

Beyond environmental stewardship, MSC upholds the highest ethical standards. We are pleased to update that RHT has been certified with ISO37001:2016 Anti-Bribery Management System in FY2023. Apart from this, RHT is also certified with ISO 45001:2018 Occupational Health & Safety Management, and ISO 39001:2012 Road Traffic Safety Management. Securing these internationally recognised standards underscore our commitment to integrity, safety, and responsible business conduct at RHT.

More information on the Group's sustainability initiatives can be found in the Sustainability Statement of this Annual Report.

ACKNOWLEDGEMENTS

On behalf of the Board, my heartfelt gratitude goes out to Mr. Chia Chee Ming, Timothy PBM, who resigned as Senior Independent Director of MSC on 26 May 2023. His contributions during his tenure have been invaluable, and we wish him the very best in his future endeavours.

I would also like to express my appreciation to all our stakeholders, including our shareholders, customers, suppliers, bankers, investors, and regulatory authorities, for their unwavering support and trust.

To the management team and staff at MSC, your tireless efforts and dedication were instrumental in the Group's resilient performance in 2023. Thank you sincerely.

Finally, to my fellow Board members, I am grateful for your invaluable counsel and advice throughout the year. Your support has been indispensable.

CHEW GEK KHIM Hon D. Litt (NTU), PJG
Non-Independent Non-Executive Chairman
15 April 2024

MANAGEMENT DISCUSSION & ANALYSIS

GROUP BUSINESS OVERVIEW

Malaysia Smelting Corporation Berhad ("MSC" or "the Group") is a key player in the global tin supply chain. Founded in 1887, MSC operates as an integrated producer of tin metal and tin-based products, encompassing both upstream and downstream activities within the tin industry through its international tin smelting business, and local tin mining operations. MSC also holds a prominent position as the world's largest custom toll smelter, offering external toll smelting solutions to customers with tin ore.

MSC undertakes upstream tin mining activities through our subsidiary, Rahman Hydraulic Tin Sdn. Bhd. ("RHT"), at Malaysia's largest hard rock open-pit tin mine in Klian Intan, Perak. Tin ore is extracted and refined into tin-in-concentrates, which are then used as raw material for the Group's smelting activities. RHT's tin-in-concentrates comprise around 10% of our smelting intake, while the remaining ores are sourced from local artisanal miners, international tin ore traders, and third-party mines outside of Malaysia. In addition to our mining operations in Perak, MSC is also involved in mining activities in Sungai Lembing, via RHT's subsidiary, SL Tin Sdn. Bhd.

As for the Group's tin smelting activities, MSC operates two smelting plants at present – one located in Pulau Indah, Port Klang and the other in Butterworth, Penang which is being closed down in phases. At these plants, we convert tin-bearing ores into high-purity refined tin ingots for supply to end-user customers, and the London Metal Exchange ("LME").

MANAGEMENT DISCUSSION & ANALYSIS

2,598 TONNES
TIN-IN-CONCENTRATES PRODUCTION IN 2023

FY2023 presented a challenging business environment, marked by volatile tin price movements. Subdued tin demand from key industries, particularly semiconductors and electronics, contributed to the decline in tin prices during the first quarter of 2023. The slowdown in tin consumption can be attributed to the cyclical nature of these sectors, compounded by rising inflation and geopolitical tensions during the year.

As 2023 progressed, uncertainties surrounding global tin supply further impacted market sentiment. The mining halt in Myanmar's Wa State from August 2023 impacted global tin ore supply. As a significant tin ore supplier to China, the world's largest tin consumer, the disruption had prompted China to seek and procure tin ores from other international tin players, tightening the global market.

Additionally, the potential tin export ban by Indonesia, the world's largest tin exporter added to supply concerns. Ongoing geopolitical tensions in the Middle East and Europe further strained the tin supply chain, posing logistical challenges. These converging factors supported tin prices in the second half of 2023, alongside a gradual recovery in electronics demand.

Against this backdrop, MSC remained resilient and continued to fortify our position in the tin mining and tin smelting divisions.

Local Tin Mining Operations

In 2023, RHT maintained a steady supply of tin ore to MSC. The production of tin-in-concentrates remained stable throughout the year with an average tin ore mining output of 10.6 tonnes per day ("tpd"). This resulted in marginally higher output of tin-in-concentrates amounting to 2,598 tonnes in 2023, against 2,542 tonnes in 2022.

At RHT, we remained focused on efforts to expand our mining output. The discovery of tin-in-concentrates on the Western slope of the RHT Tin Mine has played a substantial role in expanding the Group's internal tin supply. During the year, we continued to explore the Western slope to identify potential new tin ore deposits. As at 1 January 2024, the total estimated tin-in-concentrations resources are as below:

Resources Class	Ore Volume (m^3)	Grade ($KgSn/m^3$)	Contained Tin (Sn) (tonnes)
Measured	2,095,687	3.234	6,778
Indicated	3,478,807	3.733	12,985
Inferred	12,275,371	1.922	23,591
Total	**17,849,865**	**2.429**	**43,354**

Following deep drilling at the RHT Tin Mine, we discovered rock formation in the form of a skarn, on the Western slope. Subsequent geophysical surveys indicate the presence of potential tin deposits within this formation. To confirm the tin content and viability of these deposits, RHT plans to conduct a drilling programme in 2025. This will help to extend the mine's lifespan and potentially increase the volume of extractable tin, bolstering the Group's long-term resource base.

MANAGEMENT DISCUSSION & ANALYSIS

New mobile crusher and sorter at RHT

Meanwhile, the introduction of new mobile crusher and sorter at the RHT Tin Mine enhanced our mining and cost efficiencies during the year. By replacing previously rented equipment with our own machinery, we anticipate substantial reductions in mining expenses.

At the same time, RHT is in the midst of constructing additional tailing ponds and waste dump areas. Following geotechnical studies, we have identified and designated portions of land adjacent to the RHT Tin Mine to develop these infrastructures. This proactive move is essential for our operational continuity as the existing areas reach capacity limits.

20,722 TONNES
REFINED TIN PRODUCTION IN 2023

International Tin Smelting Business

In 2023, the Group's Pulau Indah smelting plant operated at 60%-70% average utilisation using the Top Submerged Lance ("TSL") furnace. Nonetheless, there was an annual scheduled maintenance of two months from mid-June to mid-August 2023. Despite this, we achieved higher refined tin production of 20,722 tonnes in 2023, as compared to 19,385 tonnes in 2022.

Meanwhile, the smelting facility in Butterworth was utilised to smelt the Group's tin intermediates during the year. These by-products of the multi-stage smelting process contain residual tin that can be recovered through further processing. This strategic move is expected to unlock the value of our tin inventories, contributing to higher profit margins.

The decommissioning of the Butterworth plant, operational since 1902, is currently underway in stages with planned shutdown by 2025. This will centralise all smelting activities at the Group's state-of-the-art smelter in Pulau Indah.

MANAGEMENT DISCUSSION & ANALYSIS

FINANCIAL PERFORMANCE REVIEW

Operating Overview	FY2023	FY2022
Group's revenue (RM million)	1,435.7	1,503.6
Group's profit before tax (RM million)	128.6	143.6
Attributable to the owners of the Company	85.1	98.3
International Tin Smelter		
Production of refined tin (tonnes)	20,722	19,385
Profit/(Loss) before tax (RM million)	45.6	(6.7)
Profit/(Loss) after tax (RM million)	36.0	(5.5)
Tin Mine		
Production of tin-in-concentrates (tonnes)	2,598	2,542
Profit before tax (RM million)	87.2	134.4
Profit after tax (RM million)	64.4	95.1
Tin Price		
Average tin market price ('000)		
- RM per tonne	118.1	136.7
- USD per tonne	25.9	31.1
USD:MYR exchange rate	4.6	4.4

MSC recorded a revenue of RM1,435.7 million in FY2023, impacted by lower average tin prices, despite increased sales of refined tin sales during the year. In FY2023, the average tin price was RM118,100/tonne, as compared to RM136,700/tonne in FY2022.

The Group's smelting division staged a turnaround after recording a Profit After Tax ("PAT") of RM36.0 million in FY2023, from a Loss After Tax ("LAT") of RM5.5 million in FY2022. The improved performance was driven by increased sales of refined tin derived from the processed tin intermediates as well as higher sales of by-products and smelting revenue.

Meanwhile, the Group's mining operations delivered a PAT of RM64.4 million in FY2023, reflecting the impact of less favourable tin prices movements during the year.

In FY2023, we recorded lower tax expenses amounting to RM31.4 million (FY2022: RM42.2 million) mainly due to the absence of the one-off Prosperity Tax in FY2022, which necessitate a higher tax rate of 33% for companies exceeding RM100 million in chargeable income for 2022.

Additionally, net profit attributable to MSC's minority interest increased to RM12.2 million in FY2023, against RM3.1 million in FY2022, as RHT became an 80%-owned subsidiary of MSC in July 2022. As a result, the Group's net profit attributable to owners of the company ("net profit") stood at RM85.1 million in FY2023.

MANAGEMENT DISCUSSION & ANALYSIS

NET OPERATIONG CASH FLOW
RM167.8 MILLION
(FY2022: RM243.6 MILLION)

DIVIDEND PAYOUT RATIO FY2023
69%

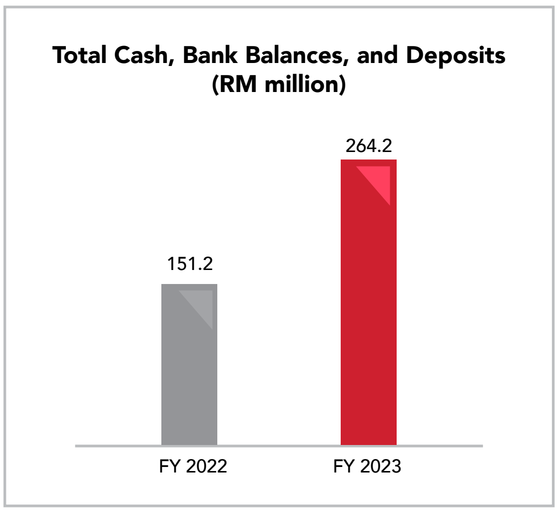
Solid Balance Sheet

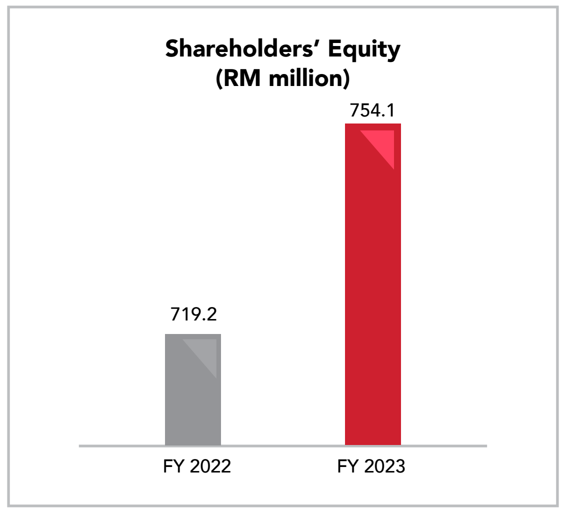
As at 31 December 2023, MSC's financial health remained solid. Total assets grew to RM1,391.6 million (FY2022: RM1,305.9 million) as the Group recorded higher inventories of RM595.2 million (FY2022: RM570.7 million).

During the year, MSC also strengthened its liquidity position as the Group's total cash, bank balances, and deposits increased by 74.7% to RM264.2 million as at end-2023. This growth mainly stemmed from net cash generated from operations and changes in working capital. The Group generated a healthy net operating cash flow of RM167.8 million as at 31 December 2023.

As at year end, shareholders' equity climbed to RM754.1 million (FY2022: RM719.2 million).

Meanwhile, the Group's borrowings increased to RM359.8 million (FY2022: RM337.9 million), with gearing ratio stable at 0.4 times (FY2022: 0.4 times).





ADOPTION OF DIVIDEND POLICY

In FY2023, the Group maintained its commitment to deliver value to its shareholders. This was reaffirmed by MSC's adoption of a dividend payout policy of at least 30% of MSC's net profit. For the year under review, MSC declared an interim dividend of 7 sen per share, and proposed a final dividend of 7 sen per share, subject to shareholders' approval at the upcoming annual general meeting. This translates to a total dividend per share of 14 sen, with a dividend payout ratio of 69%, exceeding the Group's dividend payout target of 30%.

MANAGEMENT DISCUSSION & ANALYSIS

2024 OUTLOOK

Looking ahead to 2024, the global economy is subject to prevailing macroeconomic pressures, expected to contribute to fluctuating tin prices. Supply-side woes, including the continued closure of Myanmar's tin mine, as well as Indonesia's impending tin export ban, are projected to continue impacting the tin supply chain and prices.

Despite these short-term uncertainties, we remain optimistic on the long-term prospects of tin, driven by its essential role in emerging technologies. The unique properties of tin, such as its conductivity and corrosion resistance, make it vital for powering the 21st century. Rapid advancements in transformative industries, such as electric vehicles ("EV"), artificial intelligence ("AI"), and renewable energy ("RE"), are expected to drive the commodity's demand growth, with tin acting as a solder connecting electrical components together.

At MSC, we are positioning the Group to capture these growth prospects by further strengthening our capabilities. Our operational focus centres on improving efficiency and maximising productivity across the Group.

On our tin smelting side, we look forward to cost savings of approximately 30% with the shutdown of the Butterworth plant by 2025. With the closure, all our smelting activities will be conducted at the Pulau Indah plant with the cutting-edge TSL furnace, which will deliver significant benefits. The furnace's single-stage smelting process is projected to maximise the Group's tin recovery and yield. Furthermore, automation within the TSL furnace reduces manpower requirements, leading to higher cost efficiencies. As we progress, we strive to ramp up utilisation of the TSL furnace to achieve greater economies of scale.

Apart from these, the transition to Pulau Indah is anticipated to lower the Group's overall carbon emissions due to its use of natural gas. To further our sustainability efforts, we have installed 1.26MWp of solar photovoltaic panels on-site, enhancing energy efficiency and lowering energy costs. Moving forward, we aim to expand the solar generation capacity in our Pulau Indah smelter and extend the use of solar power to our mining operations at the RHT Tin Mine, demonstrating our commitment to environmental responsibility across our value chain.

For our tin mining operations, we are actively exploring new techniques and technologies to further optimise mining productivity. At the same time, RHT's ongoing exploration efforts aims to identify and secure new tin deposits. Meanwhile, RHT is constructing new waste dump areas and tailing ponds on the Group's adjacent lands, enabling us to extend our current mining pit.

Additionally, MSC prioritises responsible practices throughout our mining and smelting operations. While pursuing our commercial goals, we remain mindful of our impact and strive to ensure the well-being of our employees, local communities, and the environment. This commitment is reflected in our ongoing sustainability initiatives. Detailed information on these measures can be found in MSC's Sustainability Statement from pages 24 to 52.

All in all, we remain positive of the growth potential in the tin market while cognisant of the temporary headwinds. With our strategic plans in place, MSC is well-positioned to navigate the dynamic tin market as we strengthen our position within the global tin industry.

MANAGEMENT DISCUSSION & ANALYSIS

ANTICIPATED RISKS

Political, economic, and regulatory risk

The tin industry is vulnerable to external factors such as regional conflicts and regulatory changes. In 2023, the escalating conflict in the Middle East and the prolonged war in Ukraine have led to supply disruptions, as well as higher energy, anthracite (coal reductant) and freight costs in tin production. Meanwhile, Myanmar's recent tin mining ban is expected to further tighten tin supply.

To mitigate the impacts of these risks, we consistently monitor changes in government policies, rules, and regulations to ensure compliance. Additionally, we conduct rigorous risk assessments prior to making any significant investments. This ensures prudent decision-making, safeguarding our operations amidst an uncertain economic environment.

Volatility in tin prices

MSC operates within the tin industry and is inherently exposed to the risk of tin price volatility. This can impact the Group's financial performance and cash flow. Fluctuations in tin prices are susceptible to factors beyond the Group's control, including tin supply and demand dynamics, as well as shifts in government and trade policies, to name a few.

Nonetheless, we manage these risks by keeping abreast of industry trends, and engaging in hedging strategies, such as forward commodity contracts, where appropriate. These contracts allow us to lock in future selling prices, providing a level of protection against potential price fluctuations.

Foreign rates fluctuations

We primarily conduct our trading and financing activities in US dollars, exposing us to foreign exchange fluctuations. Therefore, movements in foreign exchange rates could potentially affect our financial performance.

This risk is partially mitigated by a natural hedge, as a significant portion of our sales and purchases are transacted in US dollars. We further minimise risk by entering into forward currency contracts, while continuously monitoring our currency risk to ensure our exposure remains within an acceptable level.

ACKNOWLEDGEMENTS

I offer my sincere appreciation to the Chairman of the Board, Board members, and all the employees of MSC - your relentless dedication and hard work have been instrumental in the Group's progress during the year.

Finally, I would like to thank our stakeholders, including our shareholders, customers, business partners, financial institutions, legal advisors, and suppliers for their unwavering support in MSC.

DATO' DR. (IR.) PATRICK YONG MIAN THONG
Group Chief Executive Officer
15 April 2024

SUSTAINABILITY STATEMENT FY2023

ABOUT THIS REPORT

As one of the world's largest tin producers, Malaysia Smelting Corporation Berhad ("MSC" or the "Group") is cognisant of the profound responsibility inherent in our role. We understand that sustainability is the foundation for both mitigating risks and achieving long-term success within a dynamic global market.

As such, we place great emphasis on sustainability as a fundamental aspect of our business, with an emphasis on economic, environmental, social, and governance ("EESG") pillars. MSC remains unwavering in conducting our tin mining and smelting operations in a manner that prioritises environmental stewardship, social well-being, as well as robust governance and economic practices.

In our sustainability journey, we maintain continuous engagement with stakeholders, as well as staying abreast of the latest legislative and regulatory updates. This proactive approach allows us to continually refine our sustainability initiatives, reinforcing our dedication to responsible business practices, while pursuing commercial progress.

Reporting Scope and Boundaries

The information disclosed in this Sustainability Statement ("SS2023") spans MSC's financial reporting period from 1 January 2023 to 31 December 2023. This SS2023 provides information on MSC's sustainability initiatives and performance of our tin smelting activities at Butterworth, Penang, and Pulau Indah, Port Klang, as well as tin mining operations at Klian Intan, Perak. Where possible, information from previous years has been included to provide comparative data.

Reporting Standards and Guidelines

The SS2023 is prepared in accordance with the Main Market Listing Requirements ("Listing Requirements") and the Sustainability Reporting Guide (3rd Edition) under Bursa Malaysia Securities Berhad ("Bursa Securities"), and in reference to the Global Reporting Initiative ("GRI"). Where relevant, our reporting is aligned with the United Nations ("UN") Sustainable Development Goals ("SDGs"), which provide a collective framework to create a sustainable future for both people and the planet.

Statement of Assurance

Information and data disclosed in the SS2023 has been verified for accuracy by respective data owners and subsidiaries within the Group. Currently, MSC has sought independent assurance for this report.

Report Availability and Feedback

This SS2023 is accessible within our FY2023 Annual Report, which can be downloaded from our corporate website at www.msmelt.com.

We welcome any feedback or inquiries regarding this report, which can be directed to msc@smelt.com.

SUSTAINABILITY GOVERNANCE

Strong governance is the cornerstone of MSC's sustainability journey, ensuring accountability throughout the implementation of sustainability practices within the Group.

MSC's Board assumes the ultimate responsibility for driving sustainability strategies and ensuring integration with the Group's overall mission and values. To maintain this focus, the Board has established an Environmental, Social, and Governance ("ESG") Committee, comprising three Board members. The ESG Committee plays the pivotal role of ensuring that the Group is actively progressing towards our sustainability goals. They are supported by the Group's Key Senior Management team, who is accountable for the execution and reporting of the Group's sustainability initiatives and progress.

SUSTAINABILITY STATEMENT FY2023

MATERIALITY ASSESSMENT

The materiality assessment is a vital aspect in shaping the Group's sustainability strategy, as it allows us to understand the relevant risks and opportunities associated with key topics. To prioritise the material matters that are most relevant to our business and stakeholders, we have implemented a structured process guided by Bursa Securities' Sustainability Reporting Guide. This approach enables us to make decisions that maximise impact, while allocating resources efficiently.

For FY2023, we have refined the Group's sustainability matters to align with Bursa Securities' Listing Requirements, in respect to the enhanced sustainability reporting framework. We have re-categorised the Group's 12 material topics into 16 sustainability matters, under the pillars of **Economic (E), Environmental (E)**, and **Social (S)**. As part of the process, we performed internal benchmarking against regulatory requirements, industry peers, and emerging trends. As we move ahead, we will continue to conduct reviews to ensure relevance of these material topics.

Sustainability Pillars	Material Matters FY2022	Material Matters FY2023
Economic	· Economic Performance · Corporate Governance and Ethical Practices · Responsible Procurement	· Economic Performance · Corporate Governance and Ethical Practices · Responsible Procurement · Data Privacy and Security
Environmental	· Compliance with Environmental Laws · Progressive Mine Rehabilitation · Waste Management · Water Management · Energy Management	· Environmental Compliance · Progressive Mine Rehabilitation · Waste Management · Water Management · Energy & Climate Change · Air Emissions · Materials
Social	· Diversity and Equal Employment Opportunity · Talent Development and Training · Occupational Safety and Health · Community Engagement	· Diversity and Equal Employment Opportunity · Talent Management · Occupational Safety and Health · Community Engagement · Human Rights and Fair Labour Practices

STAKEHOLDER ENGAGEMENT

The Group's stakeholders and their feedback are important to us. Our stakeholders encompass individuals or groups who may be impacted by our business activities, as well as those who have the potential to influence MSC's operations.

We place high emphasis on maintaining communication with the Group's internal and external stakeholders. Throughout the year, we engaged with our stakeholders through various channels and platforms. This ongoing dialogue helps us consider their concerns and incorporate their feedback into our business practices. The table below provides a summary of our key stakeholders, their areas of interest, our engagement methods, and the outcomes of engagement in 2023.

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 · Optimisation of shareholder value · ESG-related matters · Sustainable financial and operational performance · Risk management	· Provided further insights on MSC's business operations and financial performance

SUSTAINABILITY STATEMENT FY2023

STAKEHOLDER ENGAGEMENT

Stakeholders	Engagement Methods	Areas of Interest	Outcome of Engagement
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	· 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 · Visits 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
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

MSC's key stakeholder groups

SUSTAINABILITY STATEMENT FY2023

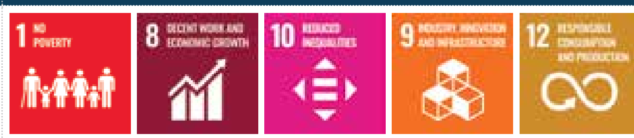
OUR COMMITMENT TO SUSTAINABILITY

MSC has consistently prioritised sustainability as a core aspect of our Group's culture. As a leader in the tin industry, we embrace our responsibility to operate with strong governance, mitigate our environmental impact, and support the communities where we are present in.

Our focus is on striking a balance between commercial success and EESG responsibility, ensuring our growth is sustainable for the long term. In our conducts, we uphold human rights and cultivate a workplace environment that embraces diversity, ensuring that every individual is valued and treated with integrity.

SUPPORTING THE UN SDGs

The UN SDGs represent a set of 17 interconnected objectives that serve as a universal roadmap for promoting peace and prosperity for both humanity and the planet. We are steadfast in our commitment to supporting the UN SDGs by aligning our material topics with the corresponding goals, thus contributing to the collective effort towards achieving a sustainable future.

MATERIAL TOPIC	UN SDG SUPPORTED
ECONOMIC	
- Corporate Governance and Ethical Practices - Economic Performance - Responsible Procurement - Data Privacy and Security	
ENVIRONMENTAL	
- Environmental Compliance - Progressive Mine Rehabilitation - Energy & Climate Change - Water Management - Waste Management - Air Emissions - Materials	
SOCIAL	
- Human Rights & Fair Labour Practices - Diversity and Equal Employment Opportunity - Talent Management - Occupational Safety and Health - Community Engagement	

ECONOMIC

MSC prioritises economic sustainability through responsible procurement practices and a focus on long-term financial performance, while upholding high ethical standards. This approach ensures we can continue to create value for our stakeholders, drive growth, and contribute positively to the communities where we operate.

CORPORATE GOVERNANCE AND ETHICAL PRACTICES

WHY IS THIS IMPORTANT?

At MSC, we are guided by our commitment to ethical conduct and responsible business practices, forming the foundation of our operations. This means acting with integrity and fostering a culture of transparency and accountability throughout the Group. This commitment is reflected in the comprehensive set of key policies implemented at MSC. The following policies are publicly available on the Group's corporate website at www.msmelt.com. The policies are in English, with the Whistleblowing Policy and Anti-Corruption and Anti-Bribery ("ACAB") Policy available in both English and Malay.

During the year, we reinforced our internal controls by refreshing our Integrity and Anti-Bribery Policy with the adoption of new policies at our mining subsidiary, Rahman Hydraulic Tin Sdn. Bhd. ("RHT"):

- **Corporate Social Responsibility Policy**: Emphasises our commitment to ethical practices, environmental protection, and community engagement.
- **Sexual Harassment Policy**: To ensure a safe and respectful work environment for all employees by clearly defining unacceptable conduct, and providing confidential reporting channels.

At all times, we pledge to adhere to all applicable laws, including the Malaysian Anti-Corruption Commission ("MACC") Act 2009 and the MACC (Amendment) Act 2018.

Whistleblowing

We have a Whistleblowing Policy to encourage employees, customers, contractors, suppliers or any other individuals to report concerns about unethical behaviour, fraud, corruption, or other violations of company policies or legal requirements. The policy provides a safe and confidential mechanism for individuals to raise their concerns without fear of retaliation. Through this policy, reports can be submitted anonymously via a secured channel, allowing whistleblowers to disclose any suspected misconduct with assurance of confidentiality.

Anti-Corruption

Our Group maintains a zero-tolerance stance on any form of corruption and bribery. This commitment extends to all our business dealings, ensuring they are conducted transparently and fairly. We strive to create a work environment built on trust and integrity, where employees understand and adhere to anti-corruption principles.

The Group's ACAB Policy outlines the specific guidelines and procedures to prevent and combat all forms of corruption, including, but not limited to bribery, embezzlement and abuse of power, to name a few. The ACAB Policy is communicated to our workforce through briefings on the Employee Handbook during onboarding, and via mandatory periodical training sessions by the MACC, ensuring employees are fully informed.

This integrated approach is further reinforced through corruption risk assessments within our Group's risk management process. Besides that, training on integrity and anti-corruption are also provided to our employees and directors.

We are pleased to update that our mining operations at RHT have achieved ISO 37001:2016 Anti-Bribery Management System ("ABMS") certification in FY2023. This demonstrates our dedication in meeting international standards, providing stakeholders with assurance of our

SUSTAINABILITY STATEMENT FY2023

robust framework for preventing, detecting, and addressing bribery. The ABMS includes clear policies and procedures that guide employee behaviour, along with ongoing training programmes to raise awareness and equip employees to uphold ethical standards.

To achieve our goal of zero corruption, we have instituted an Integrity and Anti-Bribery Policy at RHT. This policy also applies to RHT's intermediaries, including contractors and agents. In FY2023, we also conducted a corruption risk assessment on RHT's suppliers.

Furthermore, we implemented a dedicated Integrity Compliance Programme, and established an internal committee to oversee ABMS implementation at RHT. The Integrity Governance Unit ("IGU") plays a proactive role in promoting ethical conduct. They incorporate awareness on integrity and anti-bribery into induction courses for new hires, and also ensure key policies and information are prominently displayed on notice boards around our mining grounds.

Anti-Corruption and Anti-Bribery Programmes in FY2023

Membership of Associations

MSC's approach to governance is further strengthened via membership in industry bodies and associations. As a member of these bodies, we abide by their codes and regulations, promoting good business and ESG conducts.

MSC actively contributes to the advancement of the tin sector by participating in key industry associations. This engagement promotes collaboration and knowledge sharing, creating significant value for our stakeholders. Through these associations, we build strong relationships with industry leaders, gaining valuable insights into market trends and emerging technologies. This enables us to stay ahead of the curve, anticipating and adapting to industry changes, ultimately ensuring our long-term success and the sustainability of the tin sector.

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

SUSTAINABILITY STATEMENT FY2023

OUR PERFORMANCE

MSC did not incur any fines, penalties or settlements in relation to corruption in FY2023. Additionally, the Group made zero monetary contributions to political parties or candidates in FY2023.

Meanwhile, we undertook a corruption risk assessment that covers 100% of our mining operations undertaken by RHT. This represents 33% of the Group's active sites.

In FY2023, 14% of the Group's employees received training on anti-corruption. At RHT, our employees attended anti-corruption training programmes during the year, namely the Integrity Compliance Programme 3.0 & 4.0, and the Basic Investigation Course by the Malaysian Anti-Corruption Academy. Furthermore, all employees and business associates are required to participate in an Anti-Bribery pledge to indicate compliance.

During the year, one confirmed incident of corruption was recorded. The case was internally investigated and reported to the police and MACC for further action. We continue to provide guidance to raise employees' awareness on corruption during induction and training courses. Employment contracts also include clauses on anti-corruption and anti-bribery, reinforcing our zero-tolerance stance against corrupt practices.

	FY2021	FY2022	FY2023
Number of confirmed corruption incidents	0	0	1
Fines, penalties, or settlements in relation to corruption (RM)	0	0	0
Monetary contributions to political parties or candidates (RM)	0	0	0
Disciplinary cases of staff due to non-compliance with policy	0	0	13
Percentage of MSC's operations that underwent corruption risk assessment	*	100%	33%
Anti-corruption training by employee category			
Management	*	5%	3%
Non-Management	*	10%	11%

* *FY2022 represents MSC's first year including the relevant governance indicator data. As we move forward, we will continue to track these indicators and share our progress with stakeholders.*

SUSTAINABILITY STATEMENT FY2023

ECONOMIC PERFORMANCE

WHY IS THIS IMPORTANT?

MSC recognises that economic sustainability is the foundation upon which we build our business and create shared value for our stakeholders. Financial stability allows us to maintain our core tin mining and smelting operations, invest in innovation, and pursue growth prospects. This translates into job security for our workforce, and economic value distributed to our various stakeholders, including shareholders, investors, and suppliers.

OUR APPROACH

We strive to sustain and achieve good economic performance by executing our strategic plans to strengthen our core operations and market position. In FY2023, we continued to upgrade our operations by replacing rental mobile crushers and screens with new mobile equipment. This proactive measure has resulted in substantial cost savings for our mining operations. More information on our strategic initiatives undertaken during the year can be found in the Management Discussion and Analysis ("MD&A") of this Annual Report FY2023.

OUR PERFORMANCE

In FY2023, we continued to distribute economic value to our stakeholders, as shown in the table below.

	FY2021	FY2022	FY2023
Economic Value Generated	**1,076.6**	**1,503.6**	**1,435.7**
Group revenue	1,076.6	1,503.6	1,435.7
Economic Value Distributed	**939.1**	**1,422.3**	**1,386.2**
Cost of tin mining and smelting	789.6	1,270.4	1,214.2
Employee wages and benefits	68.4	66.0	77.0
Payment to providers of capital	44.0	46.4	74.7
Tax payment to government	36.9	38.7	20.0
Community investment	0.2	0.8	0.3
Economic value retained	**137.5**	**81.3**	**49.5**

Note: The financial information in the table is derived from the audited financial statements, which are available for reference from pages 78 to 192 of this Annual Report FY2023.

RESPONSIBLE PROCUREMENT

WHY IS THIS IMPORTANT?

As a global leader in the tin industry, MSC understands the profound impact our actions have on stakeholders throughout the tin industry. Responsible procurement is essential for maintaining our commitment to ethical business conduct and contributing to a more sustainable future.

By prioritising ethical suppliers, we minimise the risk of contributing to labour issues, human rights violations, or environmental degradation. Robust supply chain management ensures compliance with applicable regulations, and demonstrates our respect for communities impacted by tin mining. Ultimately, a focus on responsible sourcing protects the Group's reputation, builds trust with customers and partners, and aligns our operations with our core values.

At the same time, we opt for local sourcing and provide opportunities to local suppliers, where feasible. This not only contributes to the socio-economic growth of the local communities, but also offers commercial benefits such as faster lead times, and reduced logistics costs.

OUR APPROACH

Our commitment to ethical sourcing encompasses all aspects of procurement, from supplier selection to contract negotiations and ongoing supplier relationships. We focus on building a network of trusted suppliers and third-party service providers who share our values of social and environmental responsibility, ensuring compliance with labour standards, human rights, and environmental regulations.

We have adopted a systemic approach to responsible supply chain management. This includes:

- **Clear Policies and Standards**
  We source tin ore from various regions that are considered Conflict-Affected and High-Risk Areas ("CAHRA"). As such, we have instituted a Responsible Minerals Sourcing Policy that sets clear expectations for suppliers, as well as a rigorous management system that aligns with international guidelines such as the Organisation for Economic Cooperation and Development ("OECD"), and the UN. This allows us to assess the impact of our business on global conflicts, and ensure our partners follow the Responsible Minerals Assurance Process ("RMAP").

- **Risk-Based Due Diligence**
  We assess suppliers to identify potential ethical risks, such as supporting illegal or unethical organisation, and ensure they adhere to the RMAP. Non-compliant suppliers face the risk of being removed from our qualified supplier list.

- **Audit and Certifications**
  MSC undergoes the Conflict-Free Smelter audit annually to verify our adherence to responsible sourcing practices throughout our supply chain. This demonstrates our dedication to transparency, providing stakeholders the confidence in the ethical origins of our materials.

- **Extending Standards to Suppliers**
  We communicate Safety, Health & Environmental ("SHE") requirements to all contractors and external parties for adherence. Moreover, we conduct supplier performance ratings twice a year, providing constructive feedback on areas for improvement. This process adopts continuous improvement and accountability within our supply chain.

  New vendors are briefed on the SHE requirements during registration, and required to sign the Integrity Pledge signalling commitment to ethical practices.

SUSTAINABILITY STATEMENT FY2023

OUR PERFORMANCE

In FY2023, MSC continued to maintain its status as an RMAP-compliant smelter after completing the annual Conflict-Free Smelter audit.

29.0% of the Group's procurement spending was with local suppliers during the year. Local vendors make up 94.2% of total suppliers.

	FY2023
Proportion of spending on local suppliers	29.0%
Percentage of local suppliers	94.2%

Note: FY2023 represents MSC's first year including the relevant procurement indicator data. As we move forward, we will continue to track these data and share our progress with stakeholders.

DATA PRIVACY AND SECURITY

WHY IS THIS IMPORTANT?

In today's digital age, where cyber threats are constantly evolving, MSC recognises the critical importance of safeguarding stakeholder data. We understand that the personal and confidential information entrusted to us - including identity information, medical records, employment history, banking details, and performance data - is a valuable asset that demands the highest level of security. We have a fundamental responsibility to prevent leaks, breaches, or unauthorised access that could compromise our stakeholders' sensitive information.

OUR APPROACH

We pledge to uphold the best practices of data privacy and security, in compliance with relevant regulations, including the Personal Data Protection Act ("PDPA") 2010. Our commitment goes beyond consent procedures and involve proactive measures such as:

- **Secure Storage & Access Control**
  Personal data is primarily stored on our internal server that is equipped with restricted access protocols. Only authorised personnel can access this data via password authentication. Meanwhile, physical documents are kept in locked cabinets in secure room, providing an additional layer of protection against unauthorised access.

- **Cybersecurity**
  We invest in and upgrade the Group's firewall, and anti-virus software to maintain protection against evolving cyber threats. In FY2023, we invested RM57,600 on cybersecurity measures. We replace outdated hardware, and are planning server replacements based on audit recommendations to further enhance our security posture.

These measures help mitigate the risk of unauthorised access and potential misuse of stakeholder data.

OUR PERFORMANCE

In FY2023, there were zero substantiated complaints concerning breaches of customer privacy and losses of customer data.

	FY2021	FY2022	FY2023
Substantiated complaints concerning breaches of customer privacy and losses of customer data	0	0	0

SUSTAINABILITY STATEMENT FY2023

ENVIRONMENTAL

At MSC, we recognise the intertwined nature of our operations and the environment. As a responsible steward, we are taking steps to minimise our environmental impact across our tin mining and smelting activities. We aim to become an eco-friendly tin producer by adopting practices to minimise pollution and waste, reduce and optimise resource use, while providing assurance of due diligence and environmental management.

ENVIRONMENTAL COMPLIANCE

WHY IS THIS IMPORTANT?

At MSC, we understand that environmental compliance is important for business continuity. It demonstrates our commitment to operating within legal frameworks, minimising the risk of hefty fines, and operational disruptions. By prioritising compliance, we safeguard the sustainability of our operations and contribute to a healthier planet.

OUR APPROACH

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.

Going beyond mere compliance, we updated our Environmental Policy in FY2023 to further strengthen our pledge to environmental stewardship. This policy outlines a comprehensive framework for minimising our environmental footprint, reducing pollution risks, and aligning our operations with sustainability goals. It also guides our investment in targeted training empowering employees to perform their duties responsibly, thereby minimising pollution risks. We foster a Group-wide culture of environmental awareness, encouraging participation in programmes.

We are committed to the continuous improvement of our environmental management systems. This includes regularly reviewing our environmental performance and seeking ways to enhance our sustainability initiatives.

In FY2023, MSC invested approximately RM8.9 million in environmental measures. As we move ahead, we seek to obtain internationally recognised International Standards Organisation ("ISO") certifications for our environmental management systems.

RM8.9 MILLION
INVESTMENT IN ENVIRONMENT MANAGEMENT
IN FY2023

OUR PERFORMANCE

There were zero major incidences involving fines, penalties or non-monetary sanctions for noncompliance with environmental laws and regulations in FY2023.

	FY2021	FY2022	FY2023
Total investment in environmental management (RM million)	8.7	9.9	8.9
Total costs of environmental fines and penalties	0	0	0
Percentage of MSC sites covered by recognised environmental management system (eg. ISO 14001)	0%	33%	33%

SUSTAINABILITY STATEMENT FY2023

PROGRESSIVE MINE REHABILITATION

WHY IS THIS IMPORTANT?

At MSC, we recognise that all mines eventually reach the end of their operational life once the minerals have been extracted; causing for all mining activities to cease. The restoration of mining land is crucial as it allows the natural ecosystem to revitalise itself and promote wildlife, as well as greenery. A successful rehabilitation strategy builds public trust and supports our ongoing social license to operate.

OUR APPROACH

MSC has established a Mine Rehabilitation Plan ("MRP") laying the foundation for sustainable mine closure and decommissioning. This approach integrates restorative measures throughout the mine's lifespan, beginning even before construction and continuing through post-closure activities. This phased and continual approach to rehabilitation allows us to proactively address environmental concerns, promote biodiversity, and ensure a smooth transition to a sustainable post-mining landscape.

Since the temporary halting of our rehabilitation efforts in 2022, we continued to focus on maintaining the trees already planted at the mine. This is in light of the revised MRP Report under review by the Director of Lands and Mines Perak ("PTG"). A presentation on the MRP was made to the Perak Menteri Besar, Perak State Executive Council, and the State Mineral Resources Committee ("SMRC") in 2023, and we are awaiting approval. All rehabilitation efforts will resume once the MRP Report has been approved by the PTG.

OUR PERFORMANCE

In accordance with our MRP, we have rehabilitated 32 hectares of inactive land with high-value timber trees such as Pokok Meranti and Pokok Mahogani, among others. Our rehabilitation plans also include planting grasses at disturbed areas such as tailing retention areas, waste dumps, riverbanks, and former mining sites.

ENERGY & CLIMATE CHANGE

WHY IS THIS IMPORTANT?

Climate change presents a critical challenge for our planet. As a responsible organisation, MSC is cognisant of the impact of our operations on the environment. We understand that industries, including the tin sector, play a significant role in addressing climate change and transitioning to a low-carbon future.

OUR APPROACH

MSC is dedicated to achieving net zero carbon footprint. MSC supports the Paris Climate Agreement's goal to reduce global warming and limit temperature rise to no more than 1.5 degrees, as well as Malaysia's goal to become a carbon-neutral nation by 2050.

To achieve this, we are adopting a multi-faceted decarbonisation approach to climate action, focusing on energy management, while exploring new green technologies and renewable energy solutions.

We source electricity from the national power grid. To reduce our greenhouse gas ("GHG") emissions, we endeavour to optimise the Group's electricity consumption. MSC's Efficient Electrical Energy Management Policy outlines a series of measures, including prioritising energy-efficient equipment and machinery for all new projects; encouraging energy-saving practices across all our Group operations; and assigning dedicated energy management personnel at each site to oversee usage and implement energy-saving initiatives. With this, we aim to reduce our electricity consumption by 5%.

SUSTAINABILITY STATEMENT FY2023

Furthermore, the move of our smelting operations to Pulau Indah also lowers our carbon footprint. Specific initiatives include replacing liquefied petroleum gas ("LPG") and fuel oils with natural gas that is readily available at Pulau Indah. To further reduce our reliance on fossil fuels, we also utilise renewable energy, particularly solar, to power up our operations. We have installed 1.26 MWp solar photovoltaic ("PV") panels on the rooftop of our Pulau Indah facility, expected to significantly lower our carbon emissions and energy costs. Moreover, we plan to implement a waste heat recovery system to further optimise energy utilisation.

At the same time, we incorporate climate change risks into MSC's Groupwide risk management process, and long-term strategy. This ensures we are well-positioned to address potential risks and capture arising opportunities. As such, we have established partnerships with higher learning institutions:

- Universiti Tunku Abdul Rahman ("UTAR"): To implement Life Cycle Assessment ("LCA") framework provided by the International Tin Association ("ITA"). This framework will provide deeper insights into the environmental impact of our operations, guiding our decision-making towards more sustainable practices.

- National University of Singapore ("NUS"): To drive research and development ("R&D") on developing greener processing methods that will further reduce our ecological impact.

Besides our smelting operations, our RHT Tin Mine is also pursuing the goal of carbon neutrality. We conduct awareness programmes on efficient energy management at our mines, to share on simple yet effective practices that can minimise energy wastage. Additionally, we are in the early stage of transitioning to solar power, a more viable alternative to our previous focus on hydropower.

OUR PERFORMANCE

In FY2023, our energy consumption stands at 43.5 million kWh, of which 0.2 million kWh is derived from renewable energy ("RE"). Our RE consumption decreased in FY2023 primarily due to the discontinuation of our hydro power generation at our mining site as we evaluate other RE options, such as solar.

	FY2021	FY2022	FY2023
Energy Consumption (million kWh)			
Total energy consumption	34.0	43.3	43.5
Renewable energy consumption	4.5	1.3	0.2
Carbon Emissions			
Total Scope 1 emissions (CO2e)			127,122
Total Scope 2 emissions (CO2e)			19,826
Fleet fuel efficiency (gCO2/km)			–
Flaring emissions (CO2e)	*	*	41,132
Methane emissions (tonne)			156
Electricity produced by energy type (MWh)			188
GHG emissions per megawatt-hr (tCO2/MWh)			1
GHG emissions per tonne of cement material (tonne)			–

* *FY2023 represents MSC's first year including the relevant carbon emissions data. As we move forward, we will continue to track these data and share our progress with stakeholders.*

SUSTAINABILITY STATEMENT FY2023

WATER MANAGEMENT

WHY IS THIS IMPORTANT?

Water is a critical resource for all living things and our business. However, climate change, poor management of resources, and contamination are creating a growing threat: water scarcity. Recognising this escalating risk, the Group is taking a proactive stance by implementing efficient water management practices across all our operations. This commitment ensures not only the long-term sustainability of our business, but also contributes to a healthier planet.

OUR APPROACH

We utilise water for our mining and smelting activities, such as during exploration, drilling, and ore processing processes. Although none of our operations are located at water-stressed areas, we are committed to use this finite resource wisely, and reduce reliance on natural water sources.

Across our mining and smelting operations, we actively work to minimise water consumption. At the RHT Tin Mine, we utilise a closed water circuit system, where large volumes of water are retained in open reservoirs, with minimal losses replenished by pumping freshwater from the nearby river. 100% of the processed water from the ore processing plant is reused within the facility, significantly reducing our need for fresh water. At our smelting sites, we recycle used water for our processes, and utilise water-efficient appliances.

With these efforts, we aim to reduce the Group's water consumption by 5%.

Water Quality Management and Treatment

We release wastewater effluents resulting from our mining and smelting processes. As such, we have a responsibility in ensuring that all discharged water meets the parameters set by the Department of Mineral and Geoscience ("DMG") and the Department of Environment ("DOE").

At the RHT Tin Mine, we perform rigorous monitoring and sampling of the surrounding Sungai Kijang and Sungai Kepayang rivers, allowing us to detect any potential environmental impact. This includes regular testing of pH levels at multiple sampling points.

Our water treatment processes further ensure compliance. Lime dosing neutralises the acidity of mine water and suspends heavy metal content, ensuring that discharged water adheres to the limits specified in the Mineral Development (Effluent) Regulations 2016.

OUR PERFORMANCE

Our total volume of water used increased slightly to 1.8 million m³ in FY2023 from 1.6 million m³ in the previous year, mainly due to higher mining and smelting activities.

(m^3)	FY2021	FY2022	FY2023
Total water withdrawal	**5.5**	**1.6**	**1.8**
- Surface water from rivers	5.4	1.4	1.6
- Municipal potable water	0.1	0.2	0.3
Total water discharged	**0.0**	**0.0**	**0.0**
Total water consumption	**5.5**	**1.6**	**1.8**
Total water recycled	**0.2**	**0.2**	**0.2**
Total volume of water used	**5.7**	**1.8**	**2.0**
Non-Compliance Cases			
No. of non-compliance cases with water quality or quantity permits, standards and regulations	0	0	0

WASTE MANAGEMENT

WHY IS THIS IMPORTANT?

Our mining and smelting activities generate diverse waste streams. Improperly handled, these wastes can have consequences for the environment, the health of communities, and our own employees. With this in mind, we take this responsibility seriously, and implement effective waste management practices throughout our operations.

OUR APPROACH

We are committed to responsible water management, guided by our Environmental Policy. We have developed a set of Standard Operating Procedures ("SOPs") that governs all waste disposal procedures at our mining and smelting sites. This SOP adheres to the strictest national standards for both waste management and effluent control.

Our mining and smelting activities generate various waste materials, categorised as hazardous or non-hazardous.

Mining processes create by-products such as tailings, which are leftover sand and sludge after extracting the tin ore. These tailings are carefully separated and contained within designated tailing ponds or dumps. In addition to tailings, overburden waste – the excess material removed during mining – is deposited at a dedicated waste dump at the base of Gunung Paku.

Nonetheless, the existing tailing ponds and the waste dump area are expected to be exhausted in the coming years. To address this, we are in the process of developing new tailing ponds and waste dump areas on the land adjacent to the RHT Tin Mine. This will ensure mining continuity for RHT. In FY2023, we conducted a topography survey, along with geotechnical studies and design work for the new waste infrastructures.

Meanwhile, our smelting operations generate non-hazardous waste, such as slag (low-tin content material) and scrap metal. These materials are either sent to designated landfills for safe disposal or recycled for future use. Solid waste with any remaining tin content is kept at the smelter for further processing and recovery.

SUSTAINABILITY STATEMENT FY2023

As for hazardous wastes, we adhere to our internal hazardous waste management guidelines, which align with the Environmental Quality (Scheduled Wastes) Regulations 2005. A DOE-certified Competent Person in Scheduled Waste Management ("CePSWaM") oversees the process, ensuring compliance with regulations and best practices.

Across our operations, we embrace the principles of the 5R's (Refuse, Reduce, Reuse, Repurpose, and Recycle). This includes continuous efforts to minimise waste generation and maximise our recycling rate. For any remaining waste, responsible disposal ensures compliance with all local regulations for safe handling, transportation, and storage.

As we progress, we actively seek innovative solutions for waste management. As such, we collaborate with NUS to explore resource recovery from waste streams. Additionally, we have invested approximately RM126,000 in R&D initiatives to develop technologies and processes that reduce waste. During the year, we also initiated a feasibility study on implementing LCA framework to gain a deeper understanding of our waste footprint.

Meanwhile, we are exploring and experimenting with Passive Water Treatment ("PWT") systems, collaborating with local research institutions like Universiti Sains Malaysia ("USM") and Forest Research Institute Malaysia ("FRIM"), to treat acidic water and reduce heavy metal loads associated with Acid Mine Drainage ("AMD").

OUR PERFORMANCE

(tonnes)	FY2021	FY2022	FY2023
Total waste generated	**1,243.1**	**1,591.1**	**1,472.3**
- Hazardous	3.4	34.8	63.0
- Non-hazardous	1,229.6	1,350.0	1,409.3
Total waste diverted from disposal	**10.0**	**206.3**	**0.0**
Total waste directed to disposal	**1,233.1**	**1,384.8**	**1,472.3**

AIR EMISSIONS

WHY IS THIS IMPORTANT?

MSC's operations have the potential to impact air quality, and we have a responsibility to minimise those impacts for the health of our communities and the environment. Compliance with air quality regulations is essential, and proactive emission reduction demonstrates our commitment to sustainability.

OUR APPROACH

Our primary emissions stem from our core operations. In our smelting facilities, emissions originate from furnaces, fuel combustion, and the handling of materials throughout the smelting process. Meanwhile, mining operations introduce pollutants into the air through the use of heavy equipment, the handling of materials, and blasting activities.

Ensuring compliance with air quality regulations is a priority. We continuously monitor the pollutants we release, including carbon dioxide (CO2), particulate matter, nitrogen dioxide (NO2), sulfur dioxide (SO2), and others. The Group's Butterworth smelting facility maintains compliance, and we are working towards compiling data for our Pulau Indah operations. To reduce air emissions, we implement a range of measures across our operations:

- **Smelting**
  Before discharge, dust is cooled and filtered using a bag filter system. We are exploring methods to further enhance efficiency in our dust collection system. We also continuously calibrate our system to ensure accurate tracking of emissions and compliance.
- **Mining**
  We utilise a wet scrubber system specifically designed to control dust emissions during the tin concentrate drying process. Additionally, we employ water tankers or sprinklers to suppress dust along mine roads.

OUR PERFORMANCE

In FY2023, our emissions adhere to the Environmental Quality (Clean Air) Regulations of 1978, and the Environmental Quality (Clean Air) Regulations 2014.

(tonnes)	FY2023
Total NOx emissions (Nitrogen oxide)	447.5

MATERIALS

WHY IS THIS IMPORTANT?

MSC depends on a range of raw materials for our operations, and optimising their utilisation directly benefits the environment and our bottom line. Responsible materials management is essential for minimising waste, increasing efficiency, and ensuring the long-term sustainability of our business.

OUR APPROACH

MSC is committed to continuous improvement in how we source and utilise materials. Key aspects of our approach include:

- **Tracking Consumption**
  We track our use of raw materials like coal, natural gas, fuel oil, LPG, and diesel. This data allows us to identify inefficiencies and target areas for improvement.

- **Technological Innovation**
  We invest in technologies that increase efficiency. In our smelting operations, we have installed a rotary furnace with oxygen injection to reduce natural gas consumption.

- **Optimised Sourcing**
  Sourcing premium-grade coal reduces our overall consumption, maximising energy output.

- **Proactive Maintenance**
  At our Butterworth smelting facility, we prioritise efficient burner maintenance to optimise fuel oil usage and decrease emissions.

OUR PERFORMANCE

Raw materials used	FY2023
Coal	10,268 tonnes
Natural gas	211,453 GJ
Fuel oil	9.4 million litres
LPG	141 tonnes
Diesel	7.6 million litres

SUSTAINABILITY STATEMENT FY2023

SOCIAL

MSC goes beyond just meeting basic standards. We ensure that our social responsibilities are considered in all aspects of our business. This commitment extends to fostering a work environment that prioritises safety and well-being, allowing employees to reach their full potential. Additionally, we recognise the importance of social equity and actively engage with local communities through charitable initiatives.

HUMAN RIGHTS AND FAIR LABOUR PRACTICES

WHY IS THIS IMPORTANT?

At our core, we believe that respecting human rights is not just a box to tick, but a fundamental responsibility. A safe and respectful workplace fosters a more engaged and productive workforce. This translates to increased innovation, higher employee satisfaction, and reduced absenteeism, fostering a sense of shared purpose with our employees.

Additionally, respecting human rights builds integrity and trust within the local communities. This supports social development and provides a stable operating environment for our business.

OUR APPROACH

At MSC, we are committed to fostering a diverse and inclusive work environment where everyone feels valued and respected, regardless of background. Our team of over 1,292 talented individuals is our greatest strength, and we actively promote a workplace culture that reflects this commitment.

Our dedication to human rights extends beyond legal compliance. We continuously identify and mitigate potential human rights risk within our operations to ensure the well-being of all our employees.

We have instituted policies and procedures that comply with international human rights standards, and relevant local laws and regulations, including the Employment Act (Amendment) 2022. We maintain an open dialogue with stakeholders to identify and mitigate potential human rights concerns throughout our business operations.

This commitment to upholding human rights is reflected in our Labour Policy. This policy aligns with industry-related frameworks like the ITA, and the RMI, referring to the UN Guiding Principles on Business and Human Rights. Through this approach, we prioritise the wellbeing and fundamental rights of all MSC employees, ensuring fair and ethical treatment throughout our organisation.

We maintain a zero-tolerance policy for harassment. 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	All forms of child labour are prohibited. We are committed to eradicating child labour from our operations and ensure no children under the age of 16 are employed. This commitment aligns with our Labour Policy, adhering to the Children and Young Persons (Employment) Act 1966.
Forced Labour	We do not subject our employees to forced labour, as outlined in our Labour Policy. We have a zero-tolerance approach against involuntary labour throughout MSC and our supply chain.
Discrimination	Our Labour Policy mandates a strict non-discrimination policy that prohibits any form of discrimination based on race, gender, sex, marital status, ethnical or social origin, colour, sexual orientation, age, religion, and political opinion. We provide equal opportunity in all aspects of employment and train employees to prevent discrimination.

Labour Standard	MSC's Response and Approach
Working Hours	MSC adheres to relevant labour laws and regulations regarding working hours and overtime as stipulated under the Employment Act (Amendment) 2022. Our mining and smelting facilities operate within the established 45-hour workweek limit. Furthermore, we engage in collective bargaining agreements with workers' unions to ensure fair and transparent terms of employment, including working hours.
Humane Treatment	We are strongly against any form of inhumane and degrading treatment or abuse at MSC, as reflected in our Labour Policy.
Freedom of Association and Collective Bargaining	We strive to foster open communication between employees and management, respecting the right to freedom of association and unionisation as outlined in our Code of Conduct. As at end-2023, 26.5% of our mining employees are members of the National Mining Workers' Union of Peninsular Malaysia, while 21.6% of our smelting employees are members of the National Union of Industrial Mineral Smelting Workers.
Health and Safety	Employee safety is paramount at MSC. We focus on taking a preventive approach by implementing thorough training programmes and job-specific safety instructions.
Wages and Benefits	We ensure that our compensation packages abide by applicable wage laws, including the Minimum Wages Order 2022.
Grievance Mechanism	Recognising the value of employee feedback, we established a grievance mechanism and reporting channel. This system enables employees to voice concerns, questions, and grievances, facilitating the timely resolution of workplace matters, including human rights issues.

OUR PERFORMANCE

In FY2023, the Group adhered to all labour standards, laws, and regulations, and received zero substantiated complaints concerning human rights violations.

	FY2021	FY2022	FY2023
Number of substantiated complaints concerning human rights violations	0	0	0
Total employees covered by collective agreements	583	598	622

0
DISCRIMINATION AND HUMAN RIGHTS VIOLATION CASES
IN FY2023

SUSTAINABILITY STATEMENT FY2023

DIVERSITY AND EQUAL EMPLOYMENT OPPORTUNITY

WHY IS THIS IMPORTANT?

A diverse workforce, comprised of individuals with unique backgrounds and experience, fuels creativity and innovation. Different viewpoints lead to a broader range of solutions, allowing use to tackle industry hurdles and develop new technologies that propel us forward. In line with this, we seek to promote equal employment opportunities and non-discrimination across the Group.

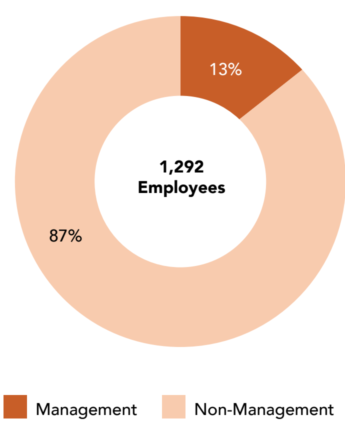
OUR APPROACH

Our commitment to fair treatment and equality is reflected in our zero-tolerance policy for discrimination, as outlined in our Employee Handbook. We adhere to the principles of Equal Employment Opportunity, ensuring fair treatment for all employees regardless of race, ethnicity, gender, sexual orientation, age, religion, disability, and socio-economic statuses.

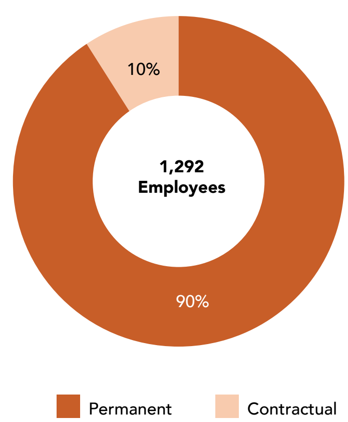
MSC strives to create a welcoming and open workplace that fosters a sense of unity among its employees. This includes celebrating multicultural festivals which provides a platform to share cultural traditions, fostering a more inclusive and vibrant work environment.

OUR PERFORMANCE

TOTAL EMPLOYEES BY CATEGORY

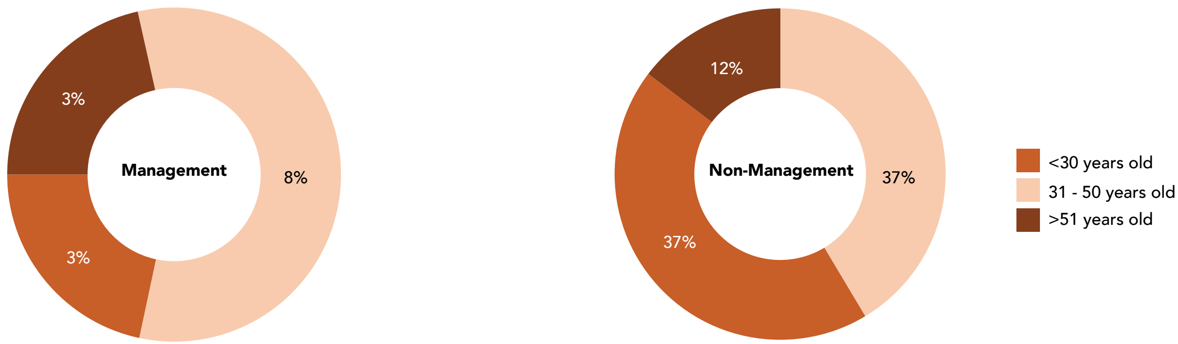


TOTAL EMPLOYEES BY EMPLOYMENT TYPE



EMPLOYEE GENDER BY CATEGORY

EMPLOYEE AGE BY CATEGORY



TALENT MANAGEMENT

WHY IS THIS IMPORTANT?

A skilled and empowered workforce is essential in navigating today's competitive landscape. Such a talent pool fosters a culture of innovation, adaptability, and resilience – all crucial for sustained success. By empowering our employees, we develop a highly engaged and high-performing workforce that propels progress.

The tin industry is constantly evolving, with new technologies and processes emerging at a rapid pace. By investing in talent development programmes, we continue to remain at the forefront of innovation, enhancing the Group's competitive edge. Our employees become more adaptable, readily acquiring new skills, and embracing change. This agility positions MSC to thrive within this dynamic industry.

OUR APPROACH

Talent Attraction

We cultivate a talent pipeline by attracting individuals who are the right fit for MSC. In our hiring process, merit and experience remain the primary consideration. We utilise various means such as online job boards and interview panels to reach a wider pool of qualified candidates for open positions.

As part of our talent management strategy, we offer competitive remuneration packages benchmarked against industry standards, taking into account an employee's skills, experience, and performance. Our packages include a wide range of benefits, such as annual leaves, medical coverage, and EPF contribution higher than the statutory rate, to name a few.

We are committed to developing the next generation of talent within the industry. The Group's internship and graduate placement programmes provide valuable opportunities for youths and young professionals to gain hands-on experience and develop their skills. By investing in these programmes, MSC builds a strong foundation for the future while fostering a culture of innovation and growth.

Talent Development & Training

Our Training and Development Policy is outlined in the Employee Handbook, providing a clear roadmap for talent development. We assess our workforce training needs via annual performance reviews and feedback mechanisms. This ensures our programmes address the evolving skills required across technical competencies, professional qualifications, soft skills, and other essential areas.

In FY2023, we continued to deliver a diverse range of programmes aligned with these core needs, guaranteeing their continued relevance to the Group's ongoing success. Our training procedures are fully compliant with ISO standards, aligning with best practices in professional development. By aligning with established global benchmarks, we cultivate a top-tier workforce that meet international standards.

SUSTAINABILITY STATEMENT FY2023

We further invest in employee development by offering select individuals the opportunity to participate in overseas training courses, workshops, and seminars. We also provide educational sponsorship programmes for both current and prospective employees to pursue their advanced PhD and Master's degrees.

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TRAINING PROGRAMMES
IN FY2023

OUR PERFORMANCE

In FY2023, we spent 78,895 hours on training, investing approximately RM277,000 internal and external learning and development programmes.

	FY2021	FY2022	FY2023
Employee voluntary turnover rate			
- Management	8.4%	13.6%	23.5%
- Non-Management	9.9%	11.1%	23.9%
Investment in staff development	**RM83,789**	**RM218,132**	**RM277,304**
Training programmes	**40**	**92**	**121**
Total training hours	**8,726**	**12,492**	**78,895**
- Management	*	2,664	24,867
- Non-Management	*	9,829	54,028

* *FY2022 represents MSC's first year including the relevant training data. As we move forward, we will continue to track these data and share our progress with stakeholders.*

78,895
OF TOTAL TRAINING HOURS
IN FY2023

OCCUPATIONAL SAFETY AND HEALTH

WHY IS THIS IMPORTANT?

MSC prioritises safety. A healthy and safe workforce is essential for productivity, engagement, and operational efficiency. By proactively minimising accidents and injuries, we reduce absenteeism, costs, and potential liabilities. A strong Occupational Safety and Health ("OSH") policy protects our employees, safeguards our reputation, and ensures the Group's long-term sustainability.

OUR APPROACH

Operating within the tin mining and smelting industry necessitates adherence to stringent safety regulations. The nature of our business exposes our workforce to inherent hazards from operating heavy machinery, as well as exposure to dust and fumes, to name a few. As such, the Group fosters a culture of safety focusing on the well-being of our employees, contractors, and visitors. We achieve this by integrating OSH principles throughout our operations.

This proactive approach ensures we not only meet regulatory requirements, but also continuously identify and mitigate potential risks. Our comprehensive OSH Policy aligns with the Occupational Safety and Health Act 1994 and applies to all employees, contractors, and other stakeholders.

We implement a Hazard Identification, Risk Assessment, Risk Control ("HIRARC") system to minimise any potential risk of incidents. This system aligns with ISO 45001:2018 standards and is overseen by the OSH Committee.

SUSTAINABILITY STATEMENT FY2023

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SAFETY-RELATED TRAINING PROGRAMMES
IN FY2023

The OSH committee plays a vital role in maintaining a safe work environment. Their responsibilities encompass ensuring adherence to established policies and procedures. This includes the ongoing review and update of the OSH policy and HIRARC system. The committee also conducts discussions on health and safety with worker representatives and provides employee training programmes on topics. In FY2023, we organised safety-related programmes in relation to forklift and overhead handling, hearing conservation, and chemical hazard management.

To prepare for emergencies, we established Emergency Response Teams ("ERTs") at each operating site. These teams are trained and equipped with essential tools like first-aid kits, fire extinguishers, and personal protective equipment ("PPE"). We further reinforce preparedness through regular emergency drills, ensuring employees are familiar with protocols and ensure proper response.

Our dedication to OSH is reflected in our sites, namely the RHT Tin Mine, and the Pulau Indah smelter achieving ISO 45001:2018 Occupational Health & Safety Management certification. Additionally, our mining operations also holds the ISO 39001:2012 accreditation for Road Traffic Safety Management.

At the same time, the Group seeks to contribute towards global health equity by raising awareness on non-communicable and infectious diseases such as HIV/AIDS, malaria, and tuberculosis.

OUR PERFORMANCE

In FY2023, the Group recorded a lost time injury ("LTI") of 45 cases. The Group conducts investigations for each LTI reported to identify preventive measures that can implemented to avoid its recurrence. One such incident during the year was an employee suffering burns during the smelting process. Following that, we took corrective actions such as upgrading our equipment to eliminate potential fire hazards when handling metal, installing safety devices on pressurised cylinders to prevent accidental fires, and providing suitable heat-resistant protection equipment and gears.

	FY2021	FY2022	FY2023
Percentage of MSC's sites with ISO 45001:2018	–	33%	67%
Total safety-related programmes and training sessions	23	46	86
Total employees trained on health and safety standards	152	1,320	1,274
Total workplace safety inspections	22	32	40
No. of lost time injury	22	33	45
- Employees	–	30	34
- Contractors	–	3	11
Incident rate per 200,000 manhours worked	1.3	0.8	1.8
No. of fatalities (Employees & Contractors)	0	0	0

SUSTAINABILITY STATEMENT FY2023

Occupational Safety and Health Targets and Achievements

Employee safety remains a top priority for us. While we achieved our OSH targets in 2023, we recognise there's always room for improvement. We continue to actively review our data and implement corrective actions to ensure we meet all established OSH targets.

OSH Targets in FY2023	Achievements
Zero fatalities	✓
Zero compoundable offences	✓
Zero reportable occupational disease	✓
250,000 working manhours without injury	✓

COMMUNITY ENGAGEMENT

WHY IS THIS IMPORTANT?

Our success is intricately linked to the well-being of the communities we operate within. Fostering positive and collaborative relationships with our neighbours is not just a social responsibility, it is a strategic imperative for our long-term sustainability.

We are cognisant of the potential impacts of our industry. With this in mind, we engage with the surrounding communities to understand their feedback and work collaboratively to address them. This approach builds trust, transparency, and helps us minimise any negative effects our operations may have.

OUR APPROACH

MSC's commitment to community development is demonstrated through our corporate social responsibility ("CSR") programme. This programme includes charitable initiatives and social responsibility activities focused on uplifting and empowering local communities.

We believe in creating shared value, where our business operations contribute positively to the communities we are a part of. Through community engagement initiatives focused on infrastructure, education, and environmental stewardship, we enhance the social and economic well-being of our communities. This strengthens our relationships and creates a sense of shared purpose.

We also provide opportunities within our communities by prioritising local hiring, and partnering with local suppliers, wherever feasible. Additionally, our internship programme offers valuable industry experience to undergraduates and may lead to permanent positions, nurturing the next generation of talent. By investing in young people and partnering with local stakeholders, MSC contributes to the sustainable development of the communities we serve.

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INTERNS
IN FY2023

SUSTAINABILITY STATEMENT FY2023

~RM260,500
INVESTMENT IN EXTERNAL CSR ACTIVITIES
IN FY2023

110
BENEFICIARIES OF THE CSR PROGRAMME
IN FY2023

OUR PERFORMANCE

In FY2023, we demonstrated our commitment through targeted monetary and non-monetary contributions. These contributions supported diverse initiatives benefiting those in need, including donations to local programmes, government agencies, and academic institutions.

Local Community

Including donations to houses of worship (mosques & temples), religious festivities/events, handicapped/disabled welfare homes, local community programmes/activities

Employee Welfare

Sports and recreational activities, academic excellence award for employee's children, financial aid upon natural disasters, etc

Government Agencies/Local Authorities

To support programmes/activities organised by government agencies under their sports/recreational club or other related clubs or associations

Schools/Universities/Academic Institutions

To support academic teaching, repair & maintenance of the schools, programmes or activities organised by academic institutions including schools, polytechnics, universities, etc

	FY2021	FY2022	FY2023
Total amount invested where target beneficiaries are external to MSC	195,095	778,136	260,521
Total number of beneficiaries of the investment in communities	*	*	110

* *FY2023 represents MSC's first year including the relevant community indicator data. As we move forward, we will continue to track these indicators and share our progress with stakeholders.*

SUSTAINABILITY STATEMENT FY2023

Charitable donation to Sekolah Kebangsaan Kroh

Charitable donation to SJK (C) Kung Li

Employee Sports & Recreational Activity

Company Annual Dinner

Performance Data Table from Bursa Malaysia ESG Reporting Platform

Indicator	Measurement Unit	2021	2022	2023
Corporate Governance and Ethical Practices				
Bursa C1(a) Percentage of employees who have received training on anti-corruption by employee category				
Management	Percentage	-	5.15	2.55
Non-Management	Percentage	-	10.15	11.3
Bursa C1(b) Percentage of operations assessed for corruption-related risks	Percentage	-	100	33
Bursa C1(c) Confirmed incidents of corruption and action taken	Number	0	0	1
Disclosure of total amount of political contributions made	MYR	0.00	0.00	0.00
Disclosure of number of staff disciplined or dismissed due to non-compliance with anti-corruption policy/policies	Number	0	0	13
Disclosure of cost of fines, penalties or settlements in relation to corruption	MYR	0.00	0.00	0.00
Number of fines/settlements over the previous 3 years where each is valued > US $100 million	Number	0	0	0
Responsible Procurement				
Bursa C7(a) Proportion of spending on local suppliers	Percentage	-	-	28.96
Data Privacy and Security				
Bursa C8(a) Number of substantiated complaints concerning breaches of customer privacy	Number	0	0	0
and losses of customer data	Number	0	0	0
Environmental Compliance				
Total costs of environmental fines and penalties during financial year	MYR	0.00	0.00	0.00
Percentage of sites covered by recognized environmental management systems such as ISO14001 or EMAS	Percentage	0	33.33	33.33
Energy & Climate Change				
Bursa C4(a) Total energy consumption	Megawatt	34,046.10	43,313.25	43,503.71
Bursa C11(a) Scope 1 emissions in tonnes of CO2e	Metric tonnes	-	-	127,122.20
Bursa C11(b) Scope 2 emissions in tonnes of CO2e	Metric tonnes	-	-	19,826.00
Water Management				
Bursa C9(a) Total volume of water used	Megalitres	5,762.220000	1,814.891000	2,037.259000
Company discloses the number and/or proportion of facilities, assets, production, revenue in water-stressed region	Number	0	0	0
Does the company disclose the number of incidents of non-compliance with water quality/quantity permits, standards and regulations	Number	0	0	0
Three years of total water discharge data is disclosed by destination - Ocean	Cubic meters	0.00	0.00	0.00
Three years of total water discharge data is disclosed by destination - Surface water	Cubic meters	0.00	0.00	0.00
Three years of total water discharge data is disclosed by destination - Subsurface / well	Cubic meters	0.00	0.00	0.00
Three years of total water discharge data is disclosed by destination - Off-site water treatment	Cubic meters	0.00	0.00	0.00
Three years of total water discharge data is disclosed by destination - Beneficial / other use	Cubic meters	0.00	0.00	0.00
Three years of total water discharge data is disclosed by destination - Total	Cubic meters	0.00	0.00	0.00
Three years of total water withdrawal data is disclosed by source - Surface water from rivers, lakes, natural ponds	Cubic meters	5,350,000.00	1,445,000.00	1,563,000.00
Three years of total water withdrawal data is disclosed by source - Groundwater from wells, boreholes	Cubic meters	0.00	0.00	0.00
Three years of total water withdrawal data is disclosed by source - Used quarry water collected in the quarry	Cubic meters	0.00	0.00	0.00
Three years of total water withdrawal data is disclosed by source - Municipal potable water	Cubic meters	178,220.00	153,891.00	258,259.00
Three years of total water withdrawal data is disclosed by source - External wastewater	Cubic meters	0.00	0.00	0.00
Three years of total water withdrawal data is disclosed by source - Harvested rainwater	Cubic meters	0.00	0.00	0.00
Three years of total water withdrawal data is disclosed by source - Sea water, water extracted from the sea or the ocean	Cubic meters	0.00	0.00	0.00
Three years of total water withdrawal data is disclosed by source - Total	Cubic meters	5,528,220.00	1,598,891.00	1,821,259.00
Waste Management				
Bursa C10(a) Total waste generated	Metric tonnes	1,243.10	1,591.10	1,472.30
Bursa C10(a)(i) Total waste diverted from disposal	Metric tonnes	10.00	206.30	0.00
Bursa C10(a)(ii) Total waste directed to disposal	Metric tonnes	1,233.10	1,384.80	1,472.30
Disclosure of three years of hazardous waste generation (tonnes)	Metric tonnes	3.40	34.80	63.00
Disclosure of three years of non-recycled waste generation (tonnes)	Metric tonnes	1,233.10	1,384.80	1,472.30
Disclosure of three years of waste recycled (tonnes)	Metric tonnes	10.00	206.30	0.00
Air Emissions				
Disclosure of three years of Nitrous Oxides (NOx) emissions (tonnes)	Metric tonnes	-	-	447.50
Human Rights and Fair Labour Practices				
Bursa C6(d) Number of substantiated complaints concerning human rights violations	Number	0	0	0

Indicator	Measurement Unit	2021	2022	2023
Diversity and Equal Employment Opportunity				
Bursa C3(a) Percentage of employees by gender and age group, for each employee category				
Age Group by Employee Category				
Management Under 30	Percentage	-	-	2.63
Management Between 31-50	Percentage	-	-	7.51
Management Above 51	Percentage	-	-	3.17
Non-Management Under 30	Percentage	-	-	37.23
Non-Management Between 31-50	Percentage	-	-	36.76
Non-Management Above 51	Percentage	-	-	12.69
Gender Group by Employee Category				
Management Male	Percentage	-	-	9.37
Management Female	Percentage	-	-	3.95
Non-Management Male	Percentage	-	-	77.55
Non-Management Female	Percentage	-	-	9.13
Bursa C3(b) Percentage of directors by gender and age group				
Male	Percentage	75.00	75.00	71.43
Female	Percentage	25.00	25.00	28.57
Under 30	Percentage	0.00	0.00	0.00
Between 31-50	Percentage	0.00	0.00	0.00
Above 51	Percentage	100.00	100.00	100.00
Bursa C6(b) Percentage of employees that are contractors or temporary staff	Percentage	10.15	8.43	9.67
Percentage of global staff with a disability.	Percentage	0.00	0.00	0.00
Percentage of women in the global workforce.	Percentage	13.00	13.90	13.15
Number of Board Directors	Number	8	8	7
Number of independent Directors on the board	Number	6	6	5
Number of women on the board	Number	2	2	2
Talent Management				
Bursa C6(a) Total hours of training by employee category				
Management	Hours	-	2,664	24,867
Non-Management	Hours	-	9,829	54,028
Bursa C6(c) Total number of employee turnover by employee category				
Management	Number	8	14	24
Non-Management	Number	10	11	24
Occupational Safety and Health				
Bursa C5(a) Number of work-related fatalities	Number	0	0	0
Bursa C5(b) Lost time incident rate ("LTIR")	Rate	1.30	0.80	1.80
Bursa C5(c) Number of employees trained on health and safety standards	Number	152	1,320	1,274
Number of work-related employee fatalities, over last 3 years	Number	0	0	0
Number of work-related contractor fatalities, over last 3 years	Number	0	0	0
Community Engagement				
Bursa C2(a) Total amount invested in the community where the target beneficiaries are external to the listed issuer	MYR	195,095.00	778,136.00	260,521.20
Bursa C2(b) Total number of beneficiaries of the investment in communities	Number	-	-	110

Crowe

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19th April 2024

Malaysia Smelting Corporation Berhad
Lot 6, 8 and 9, Jalan Perigi Nanas 6/1
Pulau Indah Industrial Park West Port
Port Klang, 42920 Pulau Indah
Selangor Darul Ehsan

Private and Confidential

Dear Sir and Madam,

Assurance undertaken
In strengthening the credibility of the Sustainability Statement Financial Year 2023 for Malaysia Smelting Corporation Berhad, selected aspects / part of the Sustainability Statement have been subjected to an internal review by Crowe Governance Sdn Bhd and approved by the Board of Directors.

The subject matters covered by the internal review include the following indicators:-

No	Sustainability Matter	Sub-No	Sustainability Indicator
1	Anti-Corruption	(i)	% of employees who have attended awareness training on anti-corruption by employee category
		(ii)	% of operations assessed for corruption-related risks
		(iii)	Confirmed incidents of corruption and action taken
2	Health and Safety	(i)	Number of work-related fatalities
		(ii)	Lost time incident rate
		(iii)	Number of employees trained on health and safety standards
3	Supply Chain Management	(i)	Proportion of spending on local suppliers

Scope
The boundary of the internal review includes the Company's operations in the following locations where stated accordingly:-

i. Pulau Indah Plant
ii. Butterworth Plant
iii. Rahman Hydraulic Tin Sdn Bhd

Yours faithfully,

Crowe Governance Sdn Bhd

Crowe

Amos Law
Executive Director

RESPONSIBLE MINERALS SOURCING AUDIT REPORT 2023

At Malaysia Smelting Corporation Berhad ("MSC"), responsible and sustainable practices and following strict guidelines and procedures by the global standards are keys to the success of the company in the smelting industry. We adhere to the TIN CODE, which is developed by the International Tin Association ("ITA"), and the Responsible Minerals Assurance Process ("RMAP") from the Responsible Mineral Initiatives ("RMI"). These programmes align with the latest global standards, such as the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas ("CAHRAs"), the European Parliament's Regulation (EU) 2017/821, and the U.S. Dodd-Frank Wall Street Reform.

MSC has established its own Responsible Minerals Sourcing ("RMS") programme, a systematic policy and standard operating procedures in accordance with the TIN CODE and RMAP. Additionally, the RMS programme is fully aligned with the third edition of the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from CAHRAs.

The implemented RMS programme allows MSC to conduct thorough and consistent due diligence on all tin-related business activities and stakeholders, which helps in achieving a responsible and sustainable supply chain in MSC's total operations. Furthermore, with this programme, MSC would be able to identify red flags and potential supply chain issues as outlined in Annex II of the OECD Guidance for Responsible Supply Chains of Minerals from CAHRAs and mitigate them effectively.

Additionally, MSC is subscribed to the Environment Management System and has been certified with ISO 9001, ISO 45001, and ISO 14001. MSC is fully committed to the Environment, Social, and Governance (ESG) policy, ensuring there will be no adverse impact on the environment and society while conducting its operations. MSC continues to invest in renewable energy, including installing solar panels and practicing environmentally friendly smelting operations, which help address environmental issues such as climate change and pollution. These efforts have direct and indirect positive impacts on the sustainability of the industry.

MSC will continue to collaborate with ITA , RMI, and Sustainability Experts to enhance its RMS policy, fostering globally sustainable and socially responsible mineral sourcing and supply chain practices. MSC will continue to strengthen its supply chain and RMS policy by participating and engaging in trainings and workshops organised or conducted by ITA and RMI to get the latest updates of the assurance programmes. The aim of the policy is for MSC to source responsibly and sustainably, while avoiding conflict activities such as financing armed groups, human right abuses, and bribery, among others, in the supply chain.

RESPONSIBLE MINERALS SOURCING AUDIT REPORT 2023

MSC is fully aware that it is important to have a practical and sustainable due diligence and assurance system in place. This enables thousands of miners and stakeholders, who are depending on tin mining in the CAHRA areas and across the globe to continue mining or producing the mineral sustainably and responsibly. With the RMS programme, MSC is able to maintain its engagement with these miners and stakeholders and avoid CAHRA areas. Hence, it allows them to continue benefiting from responsible tin mining or business opportunities.

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

As a result, MSC is fully committed to responsible and sustainable sourcing activities and will continue to foster responsible and sustainable practices across the entire supply chain by exerting influence on its approach from the supply chain perspective. This is an important exercise for the economic and socio-economic growth of the tin-related communities, particularly in the CAHRA areas.

MSC maintains a RMS Policy, available on its website, pursuant to the following:-

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

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

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

MSC Pulau Indah, Port Klang successfully completed the TIN Code audit in November 2023 and was certified TIN CODE and accordingly. The next TIN CODE audit for MSC Pulau Indah will be held in June 2024.

As a certified RMAP and TIN CODE Smelter, MSC continues to exercise robust due diligence and adhere to its RMS policy, ensuring that all materials are responsibly and sustainably sourced from all levels of countries. MSC has a dedicated RMS team with the necessary competence, knowledge, and experience to oversee the supply chain due diligence process.

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 2023. 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 behaviour;
- 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 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 ("ARMC") and Nominating & Remuneration Committee ("NRC") 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.

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)

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.

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, Key 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 ARMC 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, Fit and Proper Policy and Dividend Policy which are 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 Key Management and promote effective relations with stakeholders and shareholders besides managing the Board.

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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

1. BOARD RESPONSIBILITIES (CONT'D)

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 24 to 52 of this Annual Report.

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. Key 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 seven (7) members, comprising one (1) Executive Director and six (6) Non-Executive Directors, five (5) 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 7 to 10 of this Annual Report.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

2. BOARD COMPOSITION (CONT'D)

2.2 Tenure of Independent Director

The Independent Directors bring objective and independent views, advice and judgment on interests, not only of the Group, but also of the shareholders, employees, customers, suppliers and the many communities in which the Group conducts its business. Independent Directors are essential for protecting the interests of shareholders and can make significant contributions to the 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 NRC, regarding the independence and contribution of the said Director; and

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

2.3 Diversity of Board and Key Management

The appointments of Board and Key Management are based on merit, skills and working experience and due regard is 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 on pages 7 to 10 and 11 to 12 respectively for further information.

2.4 Nominating & Remuneration Committee

Mr. Chia Chee Ming, Timothy PBM was the Chairman of the NRC until last AGM held on 26 May 2023. Upon his retirement, the position is replaced by Mr. John Mathew A/L Mathai, currently 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 ARMC and Environmental, Social & Governance (ESG) 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 NRC are set out in the Board Charter and is available on the Company's website at www.msmelt.com.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

2. BOARD COMPOSITION (CONT'D)

2.5 Recruitment Process and Annual Assessment of Directors

In discharging its responsibilities, the NRC 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 NRC 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 NRC 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 NRC 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 NRC 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 NRC 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 NRC 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 NRC 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. John Mathew A/L Mathai	4/4
3. Mr. Yap Seng Chong	4/4
4. Datuk Kamaruddin Bin Taib	4/4
5. Dato' Roslina Binti Zainal	4/4
6. Datuk Lim Hong Tat	4/4
7. Dato' Dr. (Ir.) Patrick Yong Mian Thong	4/4

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 ("ARMC");
(ii) Nominating & Remuneration Committee ("NRC");
(iii) Environmental, Social & Governance Committee ("ESGC"); and
(iv) Executive Committee ("EXCO").

The following are directors who served as members of the committees during the financial year 2023 and as the date of this report. The attendance of each member of the committees for the meetings held in the financial year 2023 are as detailed below:

(i) ARMC

Directors	No. of meetings attended
1. Mr. Yap Seng Chong *(Chairman)*	4/4
2. Datuk Kamaruddin Bin Taib	4/4
3. Datuk Lim Hong Tat	4/4

(ii) NRC

Directors	No. of meetings attended
1. Mr. John Mathew A/L Mathai *(Chairman)* *(Redesignated as Chairman on 26 May 2023)*	4/4
2. Dato' Roslina Binti Zainal	4/4
3. Mr. Yap Seng Chong *(Appointed as a member on 25 August 2023)*	2/2
4. Mr. Chia Chee Ming, Timothy PBM *(Retired on 26 May 2023)*	2/2

(iii) ESGC

Directors	No. of meetings attended
1. Dato' Roslina Binti Zainal *(Chairman)*	2/2
2. Mr. John Mathew A/L Mathai *(Appointed on 12 September 2023)*	1/1
3. Datuk Kamaruddin Bin Taib *(Appointed on 12 September 2023)*	1/1
4. Datuk Lim Hong Tat *(Resigned on 12 September 2023)*	1/1
5. Dato' Dr. (Ir.) Patrick Yong Mian Thong *(Resigned on 12 September 2023)*	1/1

(iv) EXCO

Directors	No. of meetings attended
1. Ms. Chew Gek Khim PJG *(Chairman)*	10/10
2. Datuk Lim Hong Tat	6/6
3. Dato' Dr. (Ir.) Patrick Yong Mian Thong	10/10
4. Mr. Chia Chee Ming, Timothy PBM *(Retired on 26 May 2023)*	4/4

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

2. BOARD COMPOSITION (CONT'D)

2.6 Board Committees (cont'd)

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.

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. Geopolitics Conference at Yale-NUS College 2. Sustainability Training for Directors of REIT Manager 3. CBD Women Leaders Event "Getting Comfortable with Making Tough Decisions in a Rapidly Changing World"	23 Mar 2023 3 May 2023 31 Aug 2023
2. Mr. John Mathew A/L Mathai	1. Seminar on "[SSM Webinar] Registration of Businesses (ROB, Companies and Limited Liability Partnership (LLP) & Commons Offences under ROB Act 1956, Companies Act 2016 and LLP Act 2012" 2. CLO Training - Do's and Don'ts of ChatGPT 3. CLO Legal Conference – The Legal 360 Competition Law-Proposed Amendments to the Competition Act 2010. Emerging Trends and Merger Control	16 Feb 2023 8 May 2023 15 Nov 2023
3. Mr. Yap Seng Chong	1. PwC's Global-Health Industries Year-End Accounting and Reporting Hot Topics 2. PwC's Quarterly Accounting Webcast Q4 2023 3. IFRS Year End Accounting Webcast 4. ISSB Corporate Reporting Webinar Series - Better Information for Better Decision 5. Integrated Reporting by Nova Fusion Sdn Bhd 6. Briefing by EY Consulting Sdn Bhd on Recent Developments on Environmental, Social & Governance ("ESG") 7. Earning Trust Through Data Privacy and Protection 8. Re-establishing Trust: Crypto Crimes and Risk Management Considerations 9. EY ASEAN Tax Forum 2023 10. PwC's Q1 2023 Accounting Webcast 11. EY Webinar – ESG - Bursa Malaysia's Enhanced Sustainability Reporting Requirements 12. PwC's Q2 2023 Accounting Webcast 13. A New Era of Transparency - Preparing for Securities and Exchange Commission (SEC) Cyber Disclosure Requirements 14. Bursa Malaysia's Advocacy Sessions for Directors and CEOs 15. Internal Audit: How to Remain Relevant Amid Disruption 16. IFRS S1 and S2 Readiness Briefing by Deloitte Consulting 17. How to be Human in the Age of AI Webcast by PwC Global 18. Mandatory Accreditation Programme Part II : Leading for Impact (LIP)	8 Jan 2023 22 Jan 2023 23 Jan 2023 27 Jan 2023 8 Feb 2023 17 Feb 2023 12 Mar 2023 27 Mar 2023 16 & 17 May 2023 26 Jun 2023 12 Jul 2023 31 Jul 2023 20 Aug 2023 19 Sep 2023 13 Oct 2023 29 Nov 2023 6 Dec 2023 11 &12 Dec 2023

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. Datuk Kamaruddin Bin Taib	1. Trimester 2 - Financial Crime Introduction Know Your Customer Look for the Signs Be Accountable	4 Jan 2023
	2. Trimester 3 - Data Values Succeeding Together	4 Jan 2023
	3. Business Continuity Management	9 Jan 2023
	4. Can America Stop China's Rise? Will ASEAN be Damaged?	12 Jan 2023
	5. Malaysia Venture-Building Forum	24 Feb 2023
	6. Rohit Talwar	1 Mar 2023
	7. Roundtable on Licensing & Regulatory Framework for Digital Insurers & Takaful Operators Exposure Draft	11 Apr 2023
	8. CyberSecurity	18 Apr 2023
	9. Digital Sustainability	18 Apr 2023
	10. Sustainable Agriculture and Dairy Farming	18 Jun 2023
	11. Fiduciary Duty on Climate Risk Management	22 Jun 2023
	12. MFRS 17 : Transition, Parallel Runs & Other Updates	22 Jun 2023
	13. - Bribery Prevention - Business Ethics & Integrity - Code of Conduct - Fraud Prevention - Whistleblowing	7 Aug 2023
	14. Operationalising Resolution Planning - A Perspective from the Trenches	17 Aug 2023
	15. The Global Economic Outlook & How It Will Impact on Credit Outlook in Malaysia	22 Aug 2023
	16. CyberSecurity for the Cloud	29 Aug 2023
	17. Standing Limits in Managing Financial Risk	29 Aug 2023
	18. Environmental Awareness	2 Sep 2023
	19. Climate Risk : Financed Emission & Decarbonisation Solutions	8 Sep 2023
	20. The Cooler Earth Sustainability Summit: Opportunities for a Better Tomorrow	11 Sep 2023
	21. The Critical Role of the Board in Accelerating Sustainability	12 Sep 2023
	22. Integrating Sustainability into Financial Planning and Decision-Making	12 Sep 2023
	23. Getting your Business to Operational Net Zero	12 Sep 2023
	24. EU Supply Chain Regulations & How ASEAN Businesses will be Affected	12 Sep 2023

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. Datuk Kamaruddin Bin Taib (cont'd)	25. Learning@Work: Human Learning in the Age of Machine Learning	13 Sep 2023
	26. Sustainability in the Digital Age	14 Sep 2023
	27. CyberSecurity Board Awareness & Ransomware Incident Response Walkthrough	18 Sep 2023
	28. Sustainable Growth	3 Oct 2023
	29. AI & the Future of Work	12 Oct 2023
	30. PIDM National Resolution Symposium: Empowering Resilience through Resolution Planning	18 & 19 Oct 2023
	31. Joint Committee on Climate Change ("JC3") Journey to Zero Conference 2023	23 Oct 2023
	32. JC3 Breakout Session 1 Food Security	24 Oct 2023
	33. JC3 MasterClass 1 Mastering Transparency: Navigating Disclosure and Strategic Reporting	24 Oct 2023
	34. JC3 MasterClass 4 Balancing the Books of Nature: Techniques for Climate and Biodiversity Accounting	24 Oct 2023
	35. RAM Forum Emerging Risk ; How Can Malaysia Steer Ahead	31 Oct 2023
	36. 2nd Distinguished Board Leadership Series 2023 - Empowering Change through Diversity, Equity & Inclusion ("DEI")	2 Nov 2023
	37. AI & Financial Institutions : Friend or Foe	9 Nov 2023
	38. The New Era of Board Duties	16 Nov 2023
	39. Bank Negara Malaysia - FIDE Forum Dialogue (i) Cloud Requirements in Risk Management in Technology (RMIT) Policy Document (ii) Artificial Intelligence & Machine Learning (AI/ML) Adoption Landscape in the Industry	22 Nov 2023
	40. (i) Global Principles (ii) Fighting Financial Crime	27 Nov 2023
	41. (i) Climate Risk (ii) Digital Assets	28 Nov 2023
	42. The Wirecard Scandal – A Whistleblower's Perspective	4 Dec 2023
	43. Financing the Digital Economy: Supporting the Madani Framework	12 Dec 2023
	44. Digital Trade and Standardization: Views from Korea	18 Dec 2023

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
5. Dato' Roslina Binti Zainal	1. ESG Leadership and Sustainability	7 Feb 2023
	2. Speed Mentoring Session with Women Leaders	15 Mar 2023
	3. Multi Utility in Practice	23 Jun 2023
	4. Navigating the Road Ahead - Energising the Future Path	12 Jul 2023
	5. The Law Behind Corporate Governance	4 Sep 2023
	6. Board Development programme	8 Sep 2023
	7. Conflict of Interest	12 Sep 2023
	8. Mandatory Accreditation Programme Part II : Leading for Impact (LIP)	13 &14 Sep 2023
	9. Energy Transition Conference	28 & 29 Aug 2023
	10. Khazanah Megatrend	2 & 3 Oct 2023
	11. Malaysian Carbon Market Forum	5 Oct 2023
	12. Malaysia Board of Technologies (MBOT) Woman Technologist Chapter (WTC) Red Lips Mentorship Program	15 Dec 2023
6. Datuk Lim Hong Tat	1. Bankers Institute of the Philippines, Inc. General Membership Meeting and Executive Learning Series – The 2023 Philippine Economic Outlook	27 Jan 2023
	2. Managing Cyber Risk by Mr Steve Ledzian, Vice President and Chief Technology Officer (Asia Pacific & Japan) of Mandiant	15 Feb 2023
	3. Agile Thinking Training for Non-Executive Directors of Maybank Board of Directors	10 Mar 2023
	4. Annual Maybank Board Risk Workshop for FY2023	6 Jul 2023
	5. Anti-Money Laundering/Counter Financing of Terrorism (AML/CFT) & Sanctions Training for Maybank Board of Directors	15 Aug 2023
	6. The Future Risk Management Workshop for Maybank Board of Directors	13 Oct 2023

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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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 2023 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	97.5	–	30.0	–	–	127.5
Mr. John Mathew A/L Mathai	78.6	–	16.0	–	–	94.6
Mr. Yap Seng Chong	113.2	–	18.0	–	–	131.2
Datuk Kamaruddin Bin Taib	88.5	–	20.0	–	–	108.5
Dato' Roslina Binti Zainal	76.5	–	18.0	–	–	94.5
Datuk Lim Hong Tat	88.5	–	26.0	–	–	114.5
Mr. Chia Chee Ming, Timothy PBM *	59.8	–	22.0	–	–	81.8
Total	602.6	–	150.0	–	–	752.6
Executive Director						
Dato' Dr. (Ir.) Patrick Yong Mian Thong	–	1,104.0	–	27.9	1,369.0	2,500.9
Total	–	1,104.0	–	27.9	1,369.0	2,500.9

Note:
* *Retired as a Director of the Company on 26 May 2023.*

3.3 Remuneration of Top Three Key Management

The Board is of the view that disclosing the top three 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 three Key Management of the Company in bands of RM50,000 is as follows:

Range of Remuneration (RM)	No. of Key Management
850,001 - 900,000	1
800,001 - 850,000	1
750,001 - 800,000	1
Total	3

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 ARMC is chaired by the independent director.

On the composition and terms of reference of the ARMC, please refer to the Audit & Risk Management Committee Report on pages 69 to 71 for further information.

2. ASSESSMENT OF SUITABILITY AND INDEPENDENCE OF EXTERNAL AUDITORS

The Board, via the ARMC, 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 ARMC has assessed the suitability and independence of Ernst & Young PLT as External Auditors of the Company for the financial year ended 31 December 2023.

Having satisfied itself with their technical competency, audit independence and fulfillment of criteria as set out in its terms of reference, the ARMC 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 ARMC 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 2023.

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. Lau Ee Chin, the Head of Group Internal Audit who reports directly to the ARMC. 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 72 to 75 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 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 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.

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 44th AGM was made available to shareholders on the Company's website.

This Statement is made in accordance with the resolution of the Board of Directors dated 15 April 2024.

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 2023 are as follows:

	The Group (RM'000)	The Company (RM'000)
Audit Fees	1,012	497
Non-Audit Fees	13	13

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 2023.

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 would require 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 ("ARMC" or "Committee") is guided by its Terms of Reference ("TOR"). The Committee's TOR are available at the Company's website at www.msmelt.com.

Composition and Meetings of the Audit & Risk Management Committee

The ARMC of the Company currently comprises solely three (3) Independent Non-Executive Directors.

There were four (4) meetings held during the financial year under review, and the attendances 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 *Member, Independent Non-Executive Director*	4/4
Datuk Lim Hong Tat *Member, Independent Non-Executive Director*	4/4

The meetings were appropriately structured through the use of agenda and meeting papers, which contained sufficient information, were distributed to the Committee 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 Auditors, 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 significant matters discussed at the meetings of the Committee and the minutes of Committee meeting were circulated to the Board for their notation.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

Training and Continuous Engagement

Members of the Committee have attended relevant training programmes and seminars to enhance their competency in fulfilling their functions and duties more effectively, including trainings which are relevant to the discharge of their duties as Committee members. Details of training attended by each member are set out on pages 61 to 64 of this Annual Report.

During the financial year, the Chairman of the Committee continuously engaged with Key Management and both External and Internal Auditors by way of telephone conversations, virtual and in-person 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:

A) External Audit

1. Reviewed with the External Auditors:

   a) Audit plan for the financial year to ensure adequate coverage of the activities of the Company and Group prior to commencement of audit fieldwork;

   b) The results of the audit, the External Auditors' report, and management letter points together with the responses from Management; and

   c) 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. The Committee also met with the External Auditors at least once during the financial year, without the presence of Management, to discuss problems and reservations if any, arising from the audit and other matters which the External Auditors wished to discuss with the Committee;

2. 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 relevant professional and regulatory requirements. Non-audit fees totalling RM13,000.00 were paid to the External Auditors during the financial year for the provision of services in respect of the Group's Statement on Risk Management and Internal Control; and

3. 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.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

B) Internal Audit Function (both in-house and outsourced)

The Committee is supported by both an in-house internal audit team and the outsourced internal auditors, Crowe Governance Sdn. Bhd., in the discharge of its duties and responsibilities. The Committee is tasked to review the performance and competency of the Group Internal Audit function.

The Internal Audit function provides assurance on the adequacy and integrity of the risk management, internal control and governance processes.

The Internal Auditors, who report directly to the Committee, are responsible for the regular review and appraisal of the effectiveness of the risk management, internal control and governance processes of the Company and Group.

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

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

2. Carried out internal audits on significant operational and financial processes for all key operating units of the Company and Group to determine adequacy and effectiveness of internal controls and to assess compliance with established policies and procedures with;

3. Issued internal audit reports to the Committee on the state of internal control of the key operating units within the Group and the extent of compliance 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 Auditors attended all Committee meetings and presented reports on areas of audit concern for the Committee's deliberation;

4. Monitored remedial actions undertaken by Management in response to recommendations by Internal Auditors to address internal control deficiencies/ improvement opportunities identified with; and

5. 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. and the internal audit function. The Committee also reviewed the risk assessment updates for significant operating subsidiaries within the Group and assessed the appropriateness of the mitigation action plans to address the principal risks. Significant risk issues were then summarised and communicated to the Board for consideration and resolution.

The total cost incurred for the Internal Audit function for the financial year ended 31 December 2023 was RM910,000.00.

Further details of the activities of the Internal Audit function are set out in the Statement on Risk Management and Internal Control on pages 72 to 75 of this Annual Report.

C) Financial Reporting

In addition to the review of annual audited financial statements as highlighted in Section A above, the Committee also undertook the following activities during the financial year under the review:

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

2. 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; and

3. Reviewed transactions with related parties (both within and outside the Group) and conflict of interest ('COI') situations, if any. There has been no actual or perceived COI situations identified during the year under review.

This Report is made in accordance with the resolution of the Board of Directors dated 15 April 2024.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Introduction

Paragraph 15.26(b) of the Bursa Malaysia's Main Market Listing Requirements requires the board of directors of listed issuer 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 2023.

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 Bursa Malaysia's Main Market Listing Requirements.

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 ("ARMC") 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 ARMC, 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, who 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 reporting lines and establishes the responsibilities at different levels, i.e. the Board, ARMC and Management, as follows:

  > Board and ARMC – ensure that there is a sound framework for internal controls and risk management;
  > Management and key staff for all key business units/divisions – to review the risk profiles and performance of business units and report to the Group Chief Executive Officer ("Group CEO").

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Risk Management (cont'd)

- Identification of principal risks (present and potential) faced by business units in the Group and Management's plans to mitigate or manage these risks were carried out. For the financial year under review, risk assessments and updates were undertaken by the Management and key staff for all the businesses/divisions. The results of these assessments and management action plans to manage critical risks were reported to the Group CEO for his further review. The ARMC, 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 ARMC 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 further discussed 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 ARMC 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 ARMC 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 ARMC. Its audit strategy and plan are based on the risk profiles of major business units of the Group. The ARMC 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 ARMC Report on pages 69 to 71 of this Annual Report as well as the Corporate Governance Overview Statement of MSC which is made available on the Company's website.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

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.

- 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, staff performance and handling of 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 management and payroll.

d) Planning, Monitoring and Reporting

- The Group CEO reports to the Board on significant changes in the business and the external environment;

- The Group Chief Financial Officer ("Group CFO") provides the Board with quarterly financial reports, which includes key financial indicators;

- Management information, which includes the monthly management reports covering both key financial and operational information, is provided to Key Management for monitoring of performance against the business plan;

- Management meetings are held regularly to identify, discuss and resolve strategic, operational, financial and key management issues; and

- The ARMC 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.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

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

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

The Board has received assurance in writing from the Group CEO and the Group CEO 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 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 Bursa Malaysia's Main Market Listing Requirements, the external auditors have reviewed this Statement for inclusion in the Annual Report of the Group for the year ended 31 December 2023 and reported to the Board that nothing has come to their attention which caused them to believe that the Statement intended to be included in the Annual Report of the Company was not prepared, in all material respects, in accordance with the disclosures required by Paragraphs 41 and 42 of the Guidelines, nor was it factually inaccurate. The review of this Statement by external auditors was performed in accordance with the scope set out in Audit and Assurance Practice Guides 3, Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report, issued by the Malaysia Institute of Accountants.

This Statement is made in accordance with the resolution of the Board of Directors dated 15 April 2024.

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 2023 and of their financial performance and cash flows for the financial year ended 31 December 2023.

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

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

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

This Statement is made in accordance with the resolution of the Board of Directors dated 15 April 2024.

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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 2023.

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	**97,216**	**69,931**
Profit attributable to:		
Owners of the Company	85,051	69,931
Non-controlling interests	12,165	-
	97,216	**69,931**

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 2022 were as follows:

	RM'000
In respect of the financial year ended 31 December 2022:	
First and final single-tier dividend of RM0.07 per share on 420,000,000 ordinary shares, declared on 26 May 2023 and paid on 27 June 2023	29,400
In respect of the financial year ended 31 December 2023:	
A single-tier interim dividend of RM0.07 per share on 420,000,000 ordinary shares, declared on 28 August 2023 and paid on 29 September 2023	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 final single-tier dividend of RM0.07 per share amounting to RM29,400,000 for the financial year ended 31 December 2023.

DIRECTORS' REPORT

Dividends (cont'd)

The financial statements for the financial year ended 31 December 2023 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 2024.

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. John Mathew A/L Mathai	
Mr. Yap Seng Chong*	
Datuk Kamaruddin Bin Taib*	
Dato' Dr. (Ir.) Yong Mian Thong	
Dato' Roslina Binti Zainal	
Datuk Lim Hong Tat*	
Mr. Chia Chee Ming, Timothy	(Retired on 26 May 2023)

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

In accordance with Clause 102 of the Constitution of the Company, Dato' Roslina Binti Zainal and Mr. Yap Seng Chong 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. Madzlan Bin Zam	
Dato' Abdul Aziz Bin Mohamed	
(Alternate: Dato' Hj Mohd Abdah Bin Mohd Alif)	
Mr. Nicolas Chen Seong Lee	
Mr. Zihanz Alymann Bin Kamarul Zaman	
Mr. Yeo Eng Kwang	(Appointed on 27 June 2023)
Mr. Lam Hoi Khong	(Appointed on 24 August 2023)
Ms. Tan Wei Tze	(Resigned on 27 June 2023)
Mr. Raveentiran A/L Krishnan	(Resigned on 24 August 2023)

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	1,034	936
Salary, bonus and benefits-in-kind	5,434	2,501
Insurance effected to indemnify directors	130	130
	6,598	3,567

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 2023	**Bought**	**Sold**	**31 December 2023**
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
The Company				
Direct interest				
Ms. Chew Gek Khim	1,600,000	70,000	-	1,670,000
Dato' Dr. (Ir.) Yong Mian Thong	421,100	-	-	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.

DIRECTORS' REPORT

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.

DIRECTORS' REPORT

Auditors

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

Auditors' remuneration is as follows:

	Group RM'000	Company RM'000
Ernst & Young PLT		
- Statutory audits	1,012	497
- Other services	13	13
	1,025	510

Indemnification of auditors

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

Signed on behalf of the board in accordance with a resolution of the directors dated 15 April 2024.

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 93 to 192 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 2023 and of their financial performance and cash flows for the year then ended.

Signed on behalf of the board in accordance with a resolution of the directors dated 15 April 2024.

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 93 to 192 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 15 April 2024

Lam Hoi Khong
(CA 18848)

Before me,

SITI NORAZMIZA BT MOHAMED NORSAIDI (B 675)
Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

MALAYSIA SMELTING CORPORATION BERHAD (Incorporated In Malaysia)

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 2023 of the Group and of the Company, and statements of profit or loss, statements of 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 material accounting policy information, as set out on pages 93 to 192.

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 2023, 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 (Incorporated In Malaysia)

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 inventories amounting to RM572.1 million and RM577.6 million (2022: RM549.6 million and RM550.8 million) as at 31 December 2023, representing 63% and 65% (2022: 65% and 65%) 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 identified the existence of tin-in–concentrate to be an area of focus in view of the magnitude of amount and voluminous quantity; and valuation of tin-in-concentrates, tin-in-process and refined tin metal as an area of focus due to the magnitude of the balances.

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.

(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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
MALAYSIA SMELTING CORPORATION BERHAD (Incorporated In Malaysia)

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)

(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.

(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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
MALAYSIA SMELTING CORPORATION BERHAD (Incorporated In Malaysia)

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 RM53.9 million in respect of mine restoration obligations of its subsidiary, Rahman Hydraulic Tin Sdn. Bhd. as at 31 December 2023. 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 mine restoration plan, through 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.

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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

MALAYSIA SMELTING CORPORATION BERHAD (Incorporated In Malaysia)

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.

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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
MALAYSIA SMELTING CORPORATION BERHAD (Incorporated In Malaysia)

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.

- 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MALAYSIA SMELTING CORPORATION BERHAD (Incorporated In Malaysia)

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

- 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.

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.

Report on other legal and regulatory requirements

In accordance with the requirements of the Companies Act, 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 19 to the financial statements.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
MALAYSIA SMELTING CORPORATION BERHAD (Incorporated In Malaysia)

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. 03349/01/2026 J
Chartered Accountant

Kuala Lumpur, Malaysia
15 April 2024

STATEMENTS OF PROFIT OR LOSS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Note	Group 2023 RM'000	Group 2022 RM'000	Company 2023 RM'000	Company 2022 RM'000
Revenue	4	1,435,725	1,503,591	1,435,725	1,503,591
Other items of income					
Dividend income	5	2,303	3,071	35,048	76,062
Interest income	6	5,612	2,198	6,361	2,402
Other income	7	20,618	15,069	23,527	17,539
Expenses					
Costs of tin mining and smelting	8	(1,214,171)	(1,270,393)	(1,348,115)	(1,467,529)
Depreciation expense	9	(11,879)	(9,685)	(6,634)	(5,931)
Amortisation expenses	9	(1,024)	(1,029)	(3)	(3)
Employee benefits expense	10	(78,712)	(67,107)	(42,922)	(41,909)
Finance costs	11	(17,934)	(18,991)	(15,658)	(16,178)
Other expenses	12	(12,577)	(12,652)	(8,063)	(3,272)
Total expenses		(1,336,297)	(1,379,857)	(1,421,395)	(1,534,822)
Share of results of associate and joint venture		672	(456)	-	-
Profit before tax	8	128,633	143,616	79,266	64,772
Income tax (expense)/credit	13	(31,417)	(42,172)	(9,335)	1,991
Profit net of tax		97,216	101,444	69,931	66,763
Attributable to:					
Owners of the Company		85,051	98,307	69,931	66,763
Non-controlling interests		12,165	3,137	-	-
		97,216	101,444	69,931	66,763

	Note	Group 2023	Group 2022
Earnings per share attributable to owners of the Company (sen per share):			
- Basic and diluted	14	20.3	23.4

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 2023

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Profit net of tax	97,216	101,444	69,931	66,763
Other comprehensive income:				
Items that will not be reclassified to profit or loss:				
Revaluation reserves on properties, net	5,176	1,382	572	826
Net fair value changes in quoted investments at Fair Value through Other Comprehensive Income (“FVOCI”)	3,358	3,120	3,358	3,120
	8,534	4,502	3,930	3,946
Items that may be subsequently reclassified to profit or loss:				
Foreign currency translation	(6)	(6)	-	-
Share of foreign currency translation of associate and joint venture	185	(19)	-	-
	179	(25)	-	-
Other comprehensive income for the year, net of tax	8,713	4,477	3,930	3,946
Total comprehensive income for the year	105,929	105,921	73,861	70,709
Total comprehensive income attributable to:				
Owners of the Company	93,750	102,760	73,861	70,709
Non-controlling interests	12,179	3,161	-	-
Total comprehensive income for the year	105,929	105,921	73,861	70,709

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

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2023

		Group		Company	
	Note	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Assets					
Non-current assets					
Property, plant and equipment	16	171,415	155,888	69,805	69,734
Right-of-use assets	17(a)	4,546	5,430	496	729
Land held for development		78,654	78,654	-	-
Intangible assets	18	142,430	142,050	137	140
Investments in subsidiaries	19	-	-	148,781	148,781
Investments in associate and joint venture	20	30,756	29,974	10,473	10,473
Investment securities	21	36,243	32,885	36,243	32,885
Mining assets	22	13,685	13,511	-	-
Deferred tax assets	23	5,349	6,541	3,934	5,859
		483,078	464,933	269,869	268,601
Current assets					
Inventories	24	595,240	570,709	594,396	566,686
Trade receivables	25	6,885	31,523	6,884	31,522
Other receivables	26	2,965	705	130,186	106,334
Trade prepayments	27	31,659	66,503	31,659	66,503
Other prepayments		2,184	1,650	1,468	1,289
Tax recoverable		5,391	17,495	-	17,466
Derivative financial instruments		-	1,115	-	1,115
Cash, bank balances and deposits	28	264,222	151,221	119,669	57,664
		908,546	840,921	884,262	848,579
Total assets		1,391,624	1,305,854	1,154,131	1,117,180

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2023

	Note	Group 2023 RM'000	Group 2022 RM'000	Company 2023 RM'000	Company 2022 RM'000
Equity and liabilities					
Current liabilities					
Provisions	29	1,641	14,294	759	13,138
Borrowings	30	317,543	268,976	317,543	268,976
Trade and other payables	31	127,692	111,236	167,336	168,405
Lease liabilities	17(b)	319	777	215	213
Current tax payable		5,350	8,452	3,292	3,960
Derivative financial instruments		-	153	-	153
		452,545	403,888	489,145	454,845
Net current assets		456,001	437,033	395,117	393,734
Non-current liabilities					
Provisions	29	70,165	48,346	14,487	-
Deferred tax liabilities	23	5,952	3,098	-	-
Borrowings	30	42,222	68,889	42,222	68,889
Lease liabilities	17(b)	4,283	4,137	266	496
		122,622	124,470	56,975	69,385
Total liabilities		575,167	528,358	546,120	524,230
Net assets		816,457	777,496	608,011	592,950
Equity attributable to owners of the Company					
Share capital	32	237,194	237,194	237,194	237,194
Other reserves	33	46,558	37,859	28,035	24,105
Retained earnings		470,378	444,127	342,782	331,651
		754,130	719,180	608,011	592,950
Non-controlling interests		62,327	58,316	-	-
Total equity		816,457	777,496	608,011	592,950
Total equity and liabilities		1,391,624	1,305,854	1,154,131	1,117,180

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 2023

			Attributable to owners of the Company							
				Non-distributable					Distributable	
Group	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
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		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 2023

			Attributable to owners of the Company							
				Non-distributable					Distributable	
Group	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
At 1 January 2023		777,496	719,180	237,194	14,264	1,042	20,847	1,706	444,127	58,316
Profit for the year		97,216	85,051	-	-	-	-	-	85,051	12,165
Other comprehensive income		8,713	8,699	-	5,162	179	3,358	-	-	14
Total comprehensive income		105,929	93,750	-	5,162	179	3,358	-	85,051	12,179
Transactions with owners of the Company:										
Dividend on ordinary shares	15	(58,800)	(58,800)	-	-	-	-	-	(58,800)	-
Dividend to non-controlling interests		(8,168)	-	-	-	-	-	-	-	(8,168)
Total transactions with owners of the Company		(66,968)	(58,800)	-	-	-	-	-	(58,800)	(8,168)
At 31 December 2023		816,457	754,130	237,194	19,426	1,221	24,205	1,706	470,378	62,327

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

			← 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 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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	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 2023		592,950	237,194	3,258	20,847	331,651
Profit for the year		69,931	-	-	-	69,931
Other comprehensive income		3,930	-	572	3,358	-
Total comprehensive income		73,861	-	572	3,358	69,931
Transaction with owners of the Company:						
Dividend on ordinary shares	15	(58,800)	-	-	-	(58,800)
At 31 December 2023		608,011	237,194	3,830	24,205	342,782

* The Company is able to distribute dividends out of its entire retained earnings under the single-tier tax system.

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 2023

	Note	Group 2023 RM'000	Group 2022 RM'000	Company 2023 RM'000	Company 2022 RM'000
Operating activities					
Profit before tax		128,633	143,616	79,266	64,772
Adjustments for:					
Amortisation	9	1,024	1,029	3	3
Depreciation	9	11,879	9,685	6,634	5,931
Dividend income	5	(2,303)	(3,071)	(35,048)	(76,062)
Fair value changes in forward currency contracts	7,12	(153)	(157)	(153)	153
Fair value changes in forward tin contracts	7,12	1,115	(1,115)	1,115	(1,115)
Gain on disposal of property, plant and equipment	7	-	(35)	-	(35)
Interest expense		15,447	17,212	15,215	15,909
Interest income	6	(5,612)	(2,198)	(6,361)	(2,402)
Property, plant and equipment written off	12	61	12	61	-
Movement in provision for retrenchment compensation	10	1,680	1,067	1,680	1,067
Reversal of impairment of trade and other receivables		(6)	-	(6)	-
Share of results of associate and joint venture		(672)	456	-	-
Unrealised loss/(gain) on exchange	7,12	1,519	(1,122)	1,519	(1,122)
Unwinding of discount on provision	11	2,472	1,764	428	254
Operating cash flows before changes in working capital		155,084	167,143	64,353	7,353

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Note	Group 2023 RM'000	Group 2022 RM'000	Company 2023 RM'000	Company 2022 RM'000
Operating activities (cont'd)					
(Increase)/Decrease in inventories		(24,531)	219,153	(27,710)	237,873
Decrease/(Increase) in receivables		22,848	(19,741)	24,081	(19,669)
Decrease in amount due from subsidiaries		-	-	4,427	4,212
Decrease/(Increase) in trade prepayments		34,844	(29,998)	34,844	(29,998)
Increase in other prepayments		(420)	(117)	(66)	(90)
Increase/(Decrease) in payables		15,372	(13,920)	12,076	(6,007)
Decrease in amount due to subsidiaries		-	-	(14,289)	(64,043)
Increase in amount due to an associate		517	2,683	517	2,683
Cash generated from operations		203,714	325,203	98,233	132,314
Income tax (paid)/refunded		(20,003)	(63,498)	9,207	(346)
Interest paid		(15,881)	(18,080)	(15,649)	(16,240)
Net cash generated from operating activities		167,830	243,625	91,791	115,728
Investing activities					
Acquisition of subsidiaries, net of cash acquired		-	36	-	-
Advances given to subsidiaries		-	-	(2,564)	(55,088)
Interest received		5,612	2,198	2,856	682
Dividend received from a subsidiary		-	-	11,487	61,476
Dividend received from an associate		75	28	75	28
Dividend received from investment securities	5	2,303	3,071	2,303	3,071
Payment for deferred mine exploration and evaluation expenditures and mine properties	22	(1,044)	(536)	-	-
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		(15,301)	(17,870)	(5,780)	(8,769)
Net cash (used in)/generated from investing activities		(8,355)	15,653	8,377	30,126

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Note	Group 2023 RM'000	Group 2022 RM'000	Company 2023 RM'000	Company 2022 RM'000
Financing activities					
Advances received from a subsidiary		-	-	-	15,000
Dividend paid to shareholders	15	(58,800)	(29,400)	(58,800)	(29,400)
Dividend paid to a non-controlling shareholder of a subsidiary		(8,168)	(10,073)	-	-
(Repayment)/Drawdown of term loans - net		(11,111)	(10,008)	(11,111)	40,000
Drawdown/(Repayment) of short term trade borrowings		33,070	(107,384)	33,070	(107,384)
Payment of lease liabilities	17(b)	(371)	(133)	(228)	(133)
Repayment of loan from immediate holding company		-	(73,461)	-	(73,461)
Net cash used in financing activities		(45,380)	(230,459)	(37,069)	(155,378)
Net increase/(decrease) in cash and cash equivalents		114,095	28,819	63,099	(9,524)
Effect of changes in foreign exchange rates		(1,094)	(174)	(1,094)	(175)
Cash and cash equivalents as at 1 January		151,221	122,576	57,664	67,363
Cash and cash equivalents as at 31 December	28	264,222	151,221	119,669	57,664

Reconciliation of liabilities arising from financing activities:

Group

2023	Carrying amount as at 1 January 2023 RM'000	Cash flows RM'000	Non-cash changes: Additions RM'000	Non-cash changes: Remeasure-ment RM'000	Non-cash changes: Foreign exchange movement RM'000	Carrying amount as at 31 December 2023 RM'000
Lease liabilities	4,914	(371)	601	(542)	-	4,602
Short term trade borrowings	257,865	33,070	-	-	(59)	290,876
Term loans	80,000	(11,111)	-	-	-	68,889
Total liabilities from financing activities	**342,779**	**21,588**	**601**	**(542)**	**(59)**	**364,367**

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

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

Group

2022	Carrying amount as at 1 January 2022 RM'000	Cash flows RM'000	Accrued interest RM'000 (Non-cash changes)	Additions RM'000 (Non-cash changes)	Foreign exchange movement RM'000 (Non-cash changes)	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**

Company

2023	Carrying amount as at 1 January 2023 RM'000	Cash flows RM'000	Non-cash changes: Foreign exchange movement RM'000	Carrying amount as at 31 December 2023 RM'000
Lease liabilities	709	(228)	-	481
Short term trade borrowings	257,865	33,070	(59)	290,876
Term loan	80,000	(11,111)	-	68,889
Total liabilities from financing activities	**338,574**	**21,731**	**(59)**	**360,246**

2022	Carrying amount as at 1 January 2022 RM'000	Cash flows RM'000	Additions RM'000 (Non-cash changes)	Foreign exchange movement RM'000 (Non-cash changes)	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**

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 2023

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 accounting policies

2.1 Basis of preparation

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

The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in Ringgit Malaysia ("RM") and all values are rounded to the nearest thousand ("RM'000") except when otherwise indicated.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

2. Summary of 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 2023, the Group and the Company have adopted the following new standards and amendments to MFRS mandatory for annual financial periods beginning on or after 1 January 2023.

Description
MFRS 17 Insurance Contracts
Amendments to MFRS 17 Insurance Contracts *(Initial Application of MFRS 17 and MFRS 9 – Comparative Information)*
Amendments to MFRS 101 Presentation of Financial Statements and MFRS Practice Statement 2 *(Disclosure of Accounting policies)*
Amendments to MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors *(Definition of Accounting Estimates)*
Amendments to MFRS 112 Income Taxes *(Deferred Tax related to Assets and Liabilities arising from a Single Transaction)*
Amendments to MFRS 112 Income Taxes *(International Tax Reform – Pillar Two Model Rules)*

The adoption of the above standards did not have material impact on the financial statements of the Group and of the Company, except for:

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

The Amendments to MFRS 101 require 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.

The amendments have had an impact on the Group's and the Company's disclosures of accounting policies, but not on the measurement, recognition or presentation of any items in the Group's and the Company's financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

2. Summary of accounting policies (cont'd)

2.2 Changes in accounting policies (cont'd)

Amendments to MFRS 112 Income Taxes *(International Tax Reform – Pillar Two Model Rules)*

The Amendments clarify that MFRS 112 applies to income taxes arising from tax law enacted or substantially enacted to implement the Pillar Two model rules published by the Organisation for Economic Co-operation and Development ("OECD"), including tax law that implements Qualified Domestic Minimum Top-up Taxes. Such tax legislation, and the income taxes arising from it, are referred to as 'Pillar Two legislation' and 'Pillar Two income taxes', respectively.

The Amendments introduce:

- A mandatory temporary exception to the requirements of MFRS 112 under which a company does not recognise or disclose information about deferred tax assets and liabilities related to the proposed OECD Pillar Two model rules.

- Disclosure requirements for affected entities to help users of the financial statements better understand an entity's exposure to Pillar Two income taxes arising from that legislation, particularly before its effective date.

The Group is yet to apply the temporary exception during the current financial period because the Group's entities are operating in jurisdictions which the Pillar Two legislation has not yet been enacted or substantially enacted.

The Group will disclose known or reasonably estimate information that helps users of financial statements to understand the Group's exposure to Pillar Two income taxes in the Group's annual financial statements when it is in effect.

2.3 Standards issued but not yet effective

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

Description	*Effective for annual periods beginning on or after*
Amendments to MFRS 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 107 Statement of Cash Flows and MFRS 7 Financial Instruments: Disclosures *(Supplier Finance Arrangements)*	1 January 2024
Amendments to MFRS 121 The Effects of Changes in Foreign Exchange Rates *(Lack of Exchangeability)*	1 January 2025
Amendments to MFRS 10 and MFRS 128 Consolidated Financial Statements: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

2. Summary of accounting policies (cont'd)

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

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 statements of the Group and of the Company except for the significant new standards summarised below:

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

The Amendments to MFRS 101 require 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 are currently assessing the impact of the new standard and will revise the disclosure when the above significant new standard comes into effect.

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.

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 2023

2. Summary of accounting policies (cont'd)

2.4 Basis of consolidation (cont'd)

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.

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

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

2.5 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.

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.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

2. Summary of 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.

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

2.7 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any.

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

The Group's intangible assets are mining rights and corporate club memberships.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

2. Summary of accounting policies (cont'd)

2.7 Intangible assets (cont'd)

Mining rights (cont'd)

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.

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

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

2.8 Mine exploration, evaluation expenditures, mine properties and mine restoration assets

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 exploration and evaluation expenditure is charged to profit or loss when the

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

2. Summary of accounting policies (cont'd)

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

a) Deferred mine exploration and evaluation expenditures (cont'd)

Group concludes that the economically mineable resource for an area of interest is less likely to be realised.

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

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.

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.

c) Mine restoration assets

In the tin mining subsidiaries, the initial cost of mine restoration assets is based on the initial estimate of the rehabilitation obligation. The mine restoration assets 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 the mine restoration assets are accounted for on a prospective basis.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

2. Summary of 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

2. Summary of 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 reporting period 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 freehold 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

2. Summary of 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

2. Summary of accounting policies (cont'd)

2.13 Financial assets (cont'd)

Subsequent measurement

Debt instruments

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

- Amortised cost

  Financial assets that are held for the collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets are measured at amortised cost using the effective interest rate method, less impairment. Gains and losses are recognised in profit or loss when the assets are derecognised or impaired, and through amortisation process.

  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 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

2. Summary of accounting policies (cont'd)

2.13 Financial assets (cont'd)

Subsequent measurement (cont'd)

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 have 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 include investment securities.

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.

2. Summary of 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:

- 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.

- 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

2. Summary of 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.

2.17 Lease

The Group and the Company as lessee

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

The Group and the Company recognise right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group and the Company are reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term of the assets, as follows:

Leasehold land	28 to 93 years
Buildings	3 years

Right-of-use assets are subject to impairment.

<u>Lease liabilities</u>

At the commencement date of the lease, the Group and the Company recognise lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivables, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees.

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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

2. Summary of 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.

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.

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.

2.19 Financial liabilities

Initial recognition and measurement

Financial liabilities are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or payables. 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, lease liabilities and derivative financial instruments.

Subsequent measurement

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

2. Summary of accounting policies (cont'd)

2.19 Financial liabilities (cont'd)

Subsequent measurement (cont'd)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

2. Summary of accounting policies (cont'd)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

2. Summary of accounting policies (cont'd)

2.21 Fair value measurement (cont'd)

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.

2.22 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

2. Summary of accounting policies (cont'd)

2.22 Foreign currencies (cont'd)

Transactions and balances (cont'd)

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items is treated in line with the recognition of gain or loss on change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

2.23 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

2. Summary of accounting policies (cont'd)

2.23 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.

2.24 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

2. Summary of accounting policies (cont'd)

2.25 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

2. Summary of accounting policies (cont'd)

2.25 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.

2.26 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").

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

2. Summary of accounting policies (cont'd)

2.26 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.

2.27 Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Group and the Company have received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group and the Company transfer goods or services to the customer, contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group and the Company perform under the contract.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

2. Summary of accounting policies (cont'd)

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.

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 RM129,537;
- Average inflation rate of 2.2%;
- Discount rate of 3.73%, based on the year with the most significant cash outflow; and
- Timing of the restoration which would spread over 24 years.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

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

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

The following demonstrates the sensitivity of the estimates to a reasonably possible change in the respective key assumptions, with all other variables held constant:

(i) 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 RM2,695,000 higher or lower.

(ii) If the discount rate used in the calculation had been 100 basis points higher or lower than management's estimate, the carrying amount of the provision would have been RM5,102,000 lower or higher.

(iii) If the inflation rate used in the calculation had been 20 basis points higher or lower than management's estimate, the carrying amount of the provision would have been RM1,110,000 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.

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 RM582,000 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

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 2 years' 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

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 2023 was RM52.3 million (2022: RM40.1 million). The Group estimated the remaining economic life of lease would be 9 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 RM5,230,000.

(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.

4. Revenue

	Group and Company	
	2023	2022
	RM'000	RM'000
Sale of tin	1,388,226	1,468,349
Smelting revenue	33,419	26,352
Sale of by-products	12,344	7,689
Others	1,736	1,201
	1,435,725	1,503,591

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

4. Revenue (cont'd)

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 Group's timing of revenue recognition is at a point in time.

	Tin smelting RM'000	Tin mining RM'000	Sub-total RM'000	Eliminations RM'000	Total RM'000
2023					
Major products or services:					
Sale of tin	1,388,226	284,903	1,673,129	(284,903)	1,388,226
Smelting revenue	33,419	-	33,419	-	33,419
Sale of by-products	12,344	-	12,344	-	12,344
Others	1,736	-	1,736	-	1,736
	1,435,725	284,903	1,720,628	(284,903)	1,435,725
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

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.

5. Dividend income

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Dividend income from:				
Investments in subsidiaries				
- Unquoted in Malaysia	-	-	32,670	72,963
Investments in associate and joint venture				
- Unquoted in Malaysia	-	-	75	28
Investment securities at FVOCI	2,303	3,071	2,303	3,071
	2,303	3,071	35,048	76,062

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

6. Interest income

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Interest income from:				
- Subsidiaries	-	-	3,505	1,720
- Deposits placed with licensed banks	5,526	2,191	2,770	675
- Others	86	7	86	7
	5,612	2,198	6,361	2,402

7. Other income

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Management fee	-	-	3,000	3,000
Scrap sales	1,469	967	1,469	663
Miscellaneous income	522	124	509	55
Gain on disposal of property, plant and equipment	-	35	-	35
Net foreign exchange gain:				
- Realised	4,447	-	4,447	-
- Unrealised	-	1,122	-	1,122
Net fair value changes in derivative financial instruments:				
- Forward currency contracts	153	157	153	-
- Forward tin contracts	-	1,115	-	1,115
Net gain from settlement of forward tin contracts	13,943	11,549	13,943	11,549
Others	84	-	6	-
	20,618	15,069	23,527	17,539

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

8. Profit before tax

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

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
After charging/(crediting):				
Auditors' remuneration:				
- statutory audits	1,012	974	497	442
- under provision in prior year	-	67	-	67
- other services	13	12	13	12
Cost of tin mining and smelting*	1,214,171	1,270,393	1,348,115	1,467,529
Directors' fees (Note 35(b))	1,034	805	936	780

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

9. Depreciation and amortisation expenses

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Amortisation of mining rights (Note 18)	146	154	-	-
Amortisation of corporate club memberships (Note 18)	8	8	3	3
Amortisation of mine properties (Note 22)	870	867	-	-
Amortisation expenses	1,024	1,029	3	3
Depreciation of property, plant and equipment (Note 16)	11,537	9,372	6,401	5,784
Depreciation of right-of-use assets (Note 17(a))	342	313	233	147
Depreciation expenses	11,879	9,685	6,634	5,931

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

10. Employee benefits expense

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Wages and salaries	66,904	56,806	35,248	34,837
Social security contribution	901	774	425	368
Contribution to defined contribution plan	6,883	6,205	3,810	3,955
Provision for retrenchment compensation	1,680	1,067	1,680	1,067
Other benefits	2,344	2,255	1,759	1,682
	78,712	67,107	42,922	41,909

11. Finance costs

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Interest expense on bank borrowings	15,186	15,369	15,186	13,732
Interest expense on amount due to a subsidiary	-	-	-	513
Interest expense on lease liabilities (Note 17(b))	261	203	29	24
Interest expense on loan from immediate holding company	-	1,640	-	1,640
Commitment fees	15	15	15	15
Unwinding of discount on provision	2,472	1,764	428	254
	17,934	18,991	15,658	16,178

12. Other expenses

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Administrative expenses	8,787	10,321	4,273	1,738
Marketing and distribution expenses	1,095	952	1,095	952
Net foreign exchange loss:				
- Realised	-	1,367	-	429
- Unrealised	1,519	-	1,519	-
Property, plant and equipment written off	61	12	61	-
Net fair value changes in derivative financial instruments:				
- Forward currency contracts	-	-	-	153
- Forward tin contracts	1,115	-	1,115	-
	12,577	12,652	8,063	3,272

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

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	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Statements of profit or loss				
Malaysian income tax:				
Current income tax	29,455	38,772	7,634	384
(Over)/Under provision in prior years	(450)	3,888	(43)	3,960
	29,005	42,660	7,591	4,344
Deferred tax (Note 23):				
Relating to origination and reversal of temporary differences	2,714	4,318	2,171	(1,668)
Over provision in prior years	(302)	(4,806)	(427)	(4,667)
	2,412	(488)	1,744	(6,335)
Income tax expense/(credit) recognised in profit or loss	31,417	42,172	9,335	(1,991)
Statements of comprehensive income				
Deferred tax related to other comprehensive income (Note 23):				
Net surplus on revaluation of properties	1,634	432	181	261

Current income tax is calculated at the statutory tax rate of 24% (2022: 24% and 33%) of the estimated assessable profit for the year. In the previous financial year, 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 was taxed at the current tax rate of 24% and amounts in excess of RM100 million were taxed at 33% ("Cukai Makmur").

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

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

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	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Profit before tax	128,633	143,616	79,266	64,772
Taxation at Malaysian statutory tax rate of 24% (2022: 24%)	30,872	34,468	19,024	15,545
Effects of decrease in statutory tax rate of 3%	-	57	-	57
Effects of Cukai Makmur	-	3,786	-	-
Income not subject to tax	(1,212)	(462)	(9,052)	(17,980)
Expenses not deductible for tax purpose	2,904	4,826	384	1,094
Share of results of associate and joint venture	(161)	109	-	-
Reinvestment allowance claimed	(551)	-	(551)	-
Deferred tax assets not recognised	317	306	-	-
(Over)/Under provision of income tax in prior years	(450)	3,888	(43)	3,960
Over provision of deferred tax in prior years	(302)	(4,806)	(427)	(4,667)
Income tax expense/(credit) recognised in profit or loss	31,417	42,172	9,335	(1,991)

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	
	2023	2022
Profit net of tax attributable to owners of the Company (RM'000)	85,051	98,307
Weighted average number of ordinary shares in issue ('000)	420,000	420,000
Basic and diluted earnings per share (sen)	20.3	23.4

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

15. Dividends

			Net dividend per ordinary share	
	2023 RM'000	**2022 RM'000**	**2023 sen**	**2022 sen**
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
First and final single-tier dividend of RM0.07 per share on 420,000,000 ordinary shares, for the year ended 31 December 2022, declared on 26 May 2023 and paid on 27 June 2023	29,400	-	7	-
A single-tier interim dividend of RM0.07 per share on 420,000,000 ordinary shares, for the year ended 31 December 2023, declared on 28 August 2023 and paid on 29 September 2023	29,400	-	7	-
	58,800	29,400	14	7

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

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 2023							
- At cost	-	-	-	159,220	40,095	23,822	223,137
- At valuation	327	33,100	26,659	-	-	-	60,086
	327	33,100	26,659	159,220	40,095	23,822	283,223
Additions	-	-	55	1,398	5,014	13,848	20,315
Disposals	-	-	-	(358)	-	-	(358)
Written off	-	-	-	(2,477)	-	-	(2,477)
Transfer in/(out)	-	-	475	19,797	-	(20,272)	-
Revaluation surplus	-	5,614	1,196	-	-	-	6,810
Elimination of accumulated depreciation on revaluation	-	(414)	(1,104)	-	-	-	(1,518)
At 31 December 2023	327	38,300	27,281	177,580	45,109	17,398	305,995
Representing:							
- At cost	-	-	-	177,580	45,109	17,398	240,087
- At valuation	327	38,300	27,281	-	-	-	65,908
At 31 December 2023	327	38,300	27,281	177,580	45,109	17,398	305,995
Accumulated depreciation							
At 1 January 2023	-	-	-	110,164	17,171	-	127,335
Depreciation charge for the year (Note 9)	-	414	1,104	8,190	1,829	-	11,537
Disposals	-	-	-	(358)	-	-	(358)
Written off	-	-	-	(2,416)	-	-	(2,416)
Elimination of accumulated depreciation on revaluation	-	(414)	(1,104)	-	-	-	(1,518)
At 31 December 2023	-	-	-	115,580	19,000	-	134,580
Net carrying amount							
Representing:							
- At cost	-	-	-	62,000	26,109	17,398	105,507
- At valuation	327	38,300	27,281	-	-	-	65,908
At 31 December 2023	327	38,300	27,281	62,000	26,109	17,398	171,415

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

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 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 9)	-	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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

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 2023				
- At cost	-	103,591	10,726	114,317
- At valuation	18,968	-	-	18,968
	18,968	103,591	10,726	133,285
Additions	-	-	5,780	5,780
Disposals	-	(358)	-	(358)
Written off	-	(2,218)	-	(2,218)
Transfer in/(out)	475	9,235	(9,710)	-
Revaluation surplus	753	-	-	753
Elimination of accumulated depreciation on revaluation	(686)	-	-	(686)
At 31 December 2023	19,510	110,250	6,796	136,556
Representing:				
- At cost	-	110,250	6,796	117,046
- At valuation	19,510	-	-	19,510
At 31 December 2023	19,510	110,250	6,796	136,556
Accumulated depreciation				
At 1 January 2023	-	63,551	-	63,551
Depreciation charge for the year (Note 9)	686	5,715	-	6,401
Disposals	-	(358)	-	(358)
Written off	-	(2,157)	-	(2,157)
Elimination of accumulated depreciation on revaluation	(686)	-	-	(686)
At 31 December 2023	-	66,751	-	66,751
Net carrying amount				
Representing:				
- At cost	-	43,499	6,796	50,295
- At valuation	19,510	-	-	19,510
At 31 December 2023	19,510	43,499	6,796	69,805

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

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 9)	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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

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

Land and buildings owned by the Group and Company were revalued on 31 December 2023 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	57,790
(ii)	80 units of flats in Bukit Mertajam	5,440
(iii)	Land and buildings in Daerah Hulu Perak	2,678
		65,908

Company

	Description of Property	**Valuation RM'000**
(i)	Buildings in Pulau Indah Industrial Park	14,070
(ii)	80 units of flats in Bukit Mertajam	5,440
		19,510

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**	
	2023 RM'000	**2022 RM'000**	**2023 RM'000**	**2022 RM'000**
Freehold land	105	105	-	-
Leasehold land	23,657	23,965	-	-
Buildings	17,510	17,958	13,699	13,920

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

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 2023	5,206	443	596	6,245
Remeasurement	(542)	-	-	(542)
At 31 December 2023	4,664	443	596	5,703
At 1 January 2022	5,206	-	596	5,802
Additions	-	443	-	443
At 31 December 2022	5,206	443	596	6,245
Accumulated depreciation				
At 1 January 2023	505	62	248	815
Depreciation charge for the year (Note 9)	109	148	85	342
At 31 December 2023	614	210	333	1,157
At 1 January 2022	339	-	163	502
Depreciation charge for the year (Note 9)	166	62	85	313
At 31 December 2022	505	62	248	815
Net carrying amount				
At 31 December 2023	4,050	233	263	4,546
At 31 December 2022	4,701	381	348	5,430

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

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 2023/ 31 December 2023	443	596	1,039
At 1 January 2022	-	596	596
Additions	443	-	443
At 31 December 2022	443	596	1,039
Accumulated depreciation			
At 1 January 2023	62	248	310
Depreciation charge for the year (Note 9)	148	85	233
At 31 December 2023	210	333	543
At 1 January 2022	-	163	163
Depreciation charge for the year (Note 9)	62	85	147
At 31 December 2022	62	248	310
Net carrying amount			
At 31 December 2023	233	263	496
At 31 December 2022	381	348	729

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

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

(b) Lease liabilities

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Non-current				
Lease liabilities	4,283	4,137	266	496
Current				
Lease liabilities	319	777	215	213
Total lease liabilities	4,602	4,914	481	709

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

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
At 1 January	4,914	4,425	709	399
Additions	601	443	-	443
Remeasurement	(542)	-	-	-
Interest charged (Note 11)	261	203	29	24
Payments of:				
- Principal	(371)	(133)	(228)	(133)
- Interest	(261)	(24)	(29)	(24)
At 31 December	4,602	4,914	481	709

The following are the amounts recognised in profit or loss:

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Expense relating to short-term leases	3,236	6,297	2,512	2,210
Expense relating to leases of low-value assets	154	178	142	128

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

18. Intangible assets

Group	**Mining rights RM'000**	**Corporate club memberships RM'000**	**Total RM'000**
Cost			
At 1 January 2023	160,434	566	161,000
Additions	534	-	534
At 31 December 2023	160,968	566	161,534
At 1 January 2022	21,817	566	22,383
Additions	67	-	67
Acquisition of subsidiaries	138,550	-	138,550
At 31 December 2022	160,434	566	161,000
Accumulated amortisation and impairment losses			
At 1 January 2023	18,817	133	18,950
Amortisation for the year (Note 9)	146	8	154
At 31 December 2023	18,963	141	19,104
At 1 January 2022	18,663	125	18,788
Amortisation for the year (Note 9)	154	8	162
At 31 December 2022	18,817	133	18,950
Net carrying amount			
At 31 December 2023	142,005	425	142,430
At 31 December 2022	141,617	433	142,050

Company	**Corporate club membership RM'000**
Cost	
At 1 January 2022/ 31 December 2022/ 1 January 2023/ 31 December 2023	215
Accumulated amortisation and impairment losses	
At 1 January 2023	75
Amortisation for the year (Note 9)	3
At 31 December 2023	78
At 1 January 2022	72
Amortisation for the year (Note 9)	3
At 31 December 2022	75
Net carrying amount	
At 31 December 2023	137
At 31 December 2022	140

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

18. Intangible assets (cont'd)

Mining rights

The mining rights are located in Hulu Perak, Perak and Sungai Lembing, Pahang. The mining rights as at 31 December 2023 amounting to RM139,151,000 (2022: RM138,617,000), located in Hulu Perak was tested for impairment annually but yet to be amortised as the Group has not commenced the operation.

19. Investments in subsidiaries

Company	**2023 RM'000**	**2022 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^**	
			2023 %	**2022** %	**2023** %	**2022** %
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	80	20	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	-	-

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

19. Investments in subsidiaries (cont'd)

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^	
			2023 %	2022 %	2023 %	2022 %
Held through subsidiaries:						
Held by RHT						
SL Tin Sdn. Bhd. ("SL Tin")*	Malaysia	Tin mining	64#	64#	36	36
Asas Baiduri Sdn. Bhd. ("ABSB")*	Malaysia	Tin mining and investment holding	80#	80#	20	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#	80#	20	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

<u>Interest in a subsidiary with material non-controlling interest ("NCI")</u>

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

31 December 2023

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%	13,008	35,545

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

19. Investments in subsidiaries (cont'd)

Summarised financial information about RHT with material NCI

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

Summarised statement of financial position

	2023 RM'000	2022 RM'000
Current		
Assets	232,715	187,550
Liabilities	(64,688)	(43,640)
Net current assets	168,027	143,910
Non-current		
Assets	67,674	59,369
Liabilities	(57,973)	(49,755)
Net non-current assets	9,701	9,614
Net assets	177,728	153,524
Attributable to:		
- Owners of the Company	142,183	122,819
- Non-controlling interests	35,545	30,705
	177,728	153,524

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

19. Investments in subsidiaries (cont'd)

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

Summarised statement of profit or loss and statement of comprehensive income

	2023 RM'000	2022 RM'000 (Note a)
Revenue	284,148	118,173
Profit before tax	87,756	24,794
Income tax expense	(22,782)	(6,986)
Profit after tax	64,974	17,808
Other comprehensive income	68	122
Total comprehensive income	65,042	17,930
Attributable to:		
- Owners of the Company	52,034	14,344
- Non-controlling interests	13,008	3,586
	65,042	17,930
Dividend paid to NCI	8,168	10,073
Dividend payable to NCI (Note 31)	8,168	8,168

Note a:

On 4 July 2022, Rahman Hydraulic Tin Sdn. Bhd. ("RHT"), a wholly-owned subsidiary of the Company, acquired 100% equity interest in Asas Baiduri Sdn. Bhd. and its subsidiary by way of issuance of 272,250 new ordinary shares in RHT. Subsequent to the completion of the acquisition, RHT ceased to be a wholly-owned subsidiary of the Company and became an 80% owned subsidiary of the Company. Accordingly, the information relating to RHT with material NCI is only for the period from from 4 July 2022 to 31 December 2022.

Summarised cash flow information

	2023 RM'000	2022 RM'000
Operating	78,377	71,930
Investing	(8,025)	37,634
Financing	(19,719)	(71,550)
Net increase in cash and cash equivalents	50,633	38,014

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

20. Investments in associate and joint venture

	Group 2023 RM'000	Group 2022 RM'000	Company 2023 RM'000	Company 2022 RM'000
Investment in associate				
In Malaysia:				
Unquoted shares, at cost	10,473	10,473	10,473	10,473
Share of post-acquisition reserves	20,283	19,501	-	-
	30,756	29,974	10,473	10,473
Investment in joint venture				
In Malaysia:				
Unquoted shares, at cost	8,193	8,193	8,193	8,193
Share of post-acquisition reserves	(1,154)	(1,154)	-	-
	7,039	7,039	8,193	8,193
Accumulated impairment losses	(7,039)	(7,039)	(8,193)	(8,193)
	-	-	-	-
Total investments in associate and joint venture	30,756	29,974	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* 2023 %	Proportion of ownership interest* 2022 %	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

Investment in Redring, a solder manufacturer, was part of the Group's efforts to diversify the business to include downstream products.

The associate has the same reporting period as the Group.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

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:

	2023 RM'000	2022 RM'000
Non-current assets	16,706	17,091
Current assets	68,648	69,019
Total assets	85,354	86,110
Non-current liabilities	-	189
Current liabilities	8,464	10,986
Total liabilities	8,464	11,175
Net assets	76,890	74,935

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

	2023 RM'000	2022 RM'000
Revenue	82,524	117,870
Profit/(Loss) before tax	2,480	(1,152)
Profit/(Loss) for the year	1,680	(1,140)
Other comprehensive income/(loss)	463	(48)
Total comprehensive income/(loss)	2,143	(1,188)

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

	2023 RM'000	2022 RM'000
Net assets at 31 December	76,890	74,935
Interest in associate	40%	40%
Carrying value of Group's interest in associate	30,756	29,974

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

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* 2023 %	2022 %	Nature of relationship	Accounting model applied
Held by the Company:					
KM Resources, Inc. ("KMR")	Labuan, Malaysia	30	30	Note (a)	Equity method

* equals to the proportion of voting rights held

Note (a)

KMR is an investment holding company with subsidiaries in the Philippines involved in the mining and processing of copper, gold, zinc and silver. The subsidiaries of KMR in the Philippines have ceased the mining and processing operations due to depletion of mineral resources.

KMR has the same reporting period as the Group.

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	2023 RM'000	2022 RM'000
Equity securities		
Quoted investments	36,243	32,885

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	2023 RM'000	2022 RM'000
At FVOCI:		
- Equity securities (quoted)		
- Decklar Resources Inc. ("Decklar")	41	102
- Alphamin Resources Corp. ("Alphamin")	36,202	32,783
	36,243	32,885

Decklar and Alphamin are both incorporated in Canada and listed on the Toronto Venture Exchange.

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

22. Mining assets

Group	Deferred mine exploration and evaluation expenditures RM'000	Mine properties RM'000	Total RM'000
At 1 January 2023	1,326	12,185	13,511
Additions	506	538	1,044
Transfer (out)/in	(295)	295	-
Amortisation for the year (Note 9)	-	(870)	(870)
At 31 December 2023	1,537	12,148	13,685
At 1 January 2022	1,056	12,678	13,734
Additions	162	374	536
Acquisition of subsidiaries	108	-	108
Amortisation for the year (Note 9)	-	(867)	(867)
At 31 December 2022	1,326	12,185	13,511

23. Deferred tax

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Deferred tax (assets)/ liabilities				
At 1 January	(3,443)	(3,387)	(5,859)	215
Recognised in profit or loss (Note 13)	2,412	(488)	1,744	(6,335)
Recognised in other comprehensive income (Note 13)	1,634	432	181	261
At 31 December	603	(3,443)	(3,934)	(5,859)
Presented after appropriate offsetting as follows:				
Deferred tax assets	(5,349)	(6,541)	(3,934)	(5,859)
Deferred tax liabilities	5,952	3,098	-	-
	603	(3,443)	(3,934)	(5,859)
Presented prior to offsetting as follows:				
Deferred tax assets	(15,718)	(16,122)	(13,037)	(14,565)
Deferred tax liabilities	16,321	12,679	9,103	8,706
	603	(3,443)	(3,934)	(5,859)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

23. Deferred tax (cont'd)

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 2023	12,448	231	12,679
Recognised in profit or loss	2,239	(231)	2,008
Recognised in other comprehensive income	1,634	-	1,634
At 31 December 2023	16,321	-	16,321
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
Company			
At 1 January 2023	8,475	231	8,706
Recognised in profit or loss	447	(231)	216
Recognised in other comprehensive income	181	-	181
At 31 December 2023	9,103	-	9,103
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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

23. Deferred tax (cont'd)

Deferred tax assets

	Unutilised tax losses and unabsorbed capital allowances RM'000	Unutilised reinvestment allowance RM'000	Receivables RM'000	Other provisions RM'000	Others RM'000	Total RM'000
Group						
At 1 January 2023	(1,937)	-	(177)	(14,008)	-	(16,122)
Recognised in profit or loss	1,937	-	2	(1,535)	-	404
At 31 December 2023	-	-	(175)	(15,543)	-	(15,718)
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)
Company						
At 1 January 2023	(1,937)	-	(177)	(12,451)	-	(14,565)
Recognised in profit or loss	1,937	-	2	(411)	-	1,528
At 31 December 2023	-	-	(175)	(12,862)	-	(13,037)
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)

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

	Group 2023 RM'000	Group 2022 RM'000
Unutilised business losses	6,918	4,915
Unabsorbed capital allowances	620	505
Other temporary difference	(3,430)	(2,634)
	4,108	2,786

NOTES TO THE FINANCIAL STATEMENTS

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23. Deferred tax (cont'd)

Deferred tax assets (cont'd)

The availability of unutilised business 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.

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

	Group	
	2023 RM'000	2022 RM'000
Expire in:		
YA 2029	747	747
YA 2030	1,004	1,004
YA 2031	1,376	1,376
YA 2032	1,788	1,788
YA 2033	2,003	-
	6,918	4,915

24. Inventories

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Tin inventories	572,066	549,596	577,622	550,761
Other inventories (stores, spares, fuels, coals and consumables)	23,174	21,113	16,774	15,925
	595,240	570,709	594,396	566,686

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 includes allowance for tin loss of RM4,071,000 (2022: RM4,770,000).

The cost of inventories recognised as an expense in profit or loss is RM1,214,171,000 (2022: RM1,270,393,000) for the Group and RM1,348,115,000 (2022: RM1,467,529,000) for the Company.

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25. Trade receivables

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Current				
Third parties	7,608	32,259	7,607	32,258
Allowance for impairment				
- Third parties	(723)	(736)	(723)	(736)
Trade receivable, net	6,885	31,523	6,884	31,522
Add: **Other receivables** (Note 26)	2,965	705	130,186	106,334
Add: **Cash, bank balances and deposits** (Note 28)	264,222	151,221	119,669	57,664
Total financial assets carried at amortised cost	274,072	183,449	256,739	195,520

Credit risk

The Group's and the Company's normal trade credit terms range from cash term to 90 days (2022: 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 2023			
Not past due	6,875	-	6,875
Past due:			
30 to 60 days	9	-	9
61 to 90 days	1	-	1
More than 120 days	723	723	-
	733	723	10
Total	7,608	723	6,885
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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

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 2023			
Not past due	6,874	-	6,874
Past due:			
30 to 60 days	9	-	9
61 to 90 days	1	-	1
More than 120 days	723	723	-
	733	723	10
Total	7,607	723	6,884
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

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 RM3,373,000 (2022: RM2,604,000) which are to be settled via letters of credit issued by reputable banks in the countries where the customers are based.

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 and Company Individually impaired 2023 RM'000	2022 RM'000
Trade receivables-nominal amounts	723	736
Less: Allowance for impairment	(723)	(736)
	-	-

Movement in the allowance accounts:

	Group and Company 2023 RM'000	2022 RM'000
At 1 January	736	736
Reversal of impairment for the year	(13)	-
At 31 December	723	736

26. Other receivables

	Group 2023 RM'000	2022 RM'000	Company 2023 RM'000	2022 RM'000
Current				
Third parties	1,381	184	1,171	135
Subsidiaries	-	-	95,424	93,782
Joint venture	1	1	1	1
	1,382	185	96,596	93,918
Allowance for impairment				
- Third parties	(7)	-	(7)	-
	1,375	185	96,589	93,918
Deposits	1,590	520	927	929
Dividend receivable from a subsidiary	-	-	32,670	11,487
Total other receivables	2,965	705	130,186	106,334

Amounts due from subsidiaries

These are unsecured and repayable on demand and include amount totalling RM93,704,000 (2022: RM91,808,000) where interest rates ranging from 3.0% to 4.0% (2022: 3.0% to 4.0%) per annum are charged.

NOTES TO THE FINANCIAL STATEMENTS

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26. Other receivables (cont'd)

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

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

27. Trade prepayments

	2023 RM'000	2022 RM'000
Group and Company		
Trade prepayments	31,659	66,503

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

28. Cash, bank balances and deposits

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Cash on hand and at banks	68,709	57,027	58,918	48,251
Deposits of up to three months maturity with licensed banks	195,513	94,194	60,751	9,413
Cash, bank balances and deposits, representing cash and cash equivalents	264,222	151,221	119,669	57,664

Deposits are made for varying periods of between 1 day and 1 month (2022: 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 2023 for the Group and the Company were 3.1% (2022: 2.4%) and 4.0% (2022: 2.3%) per annum, respectively.

NOTES TO THE FINANCIAL STATEMENTS

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29. Provisions

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Provision for mine restoration				
- RHT	53,897	47,270	-	-
- SL Tin	2,663	2,232	-	-
	56,560	49,502	-	-
Provision for retrenchment compensation	15,246	13,138	15,246	13,138
	71,806	62,640	15,246	13,138
Analysed as:				
Current	1,641	14,294	759	13,138
Non-current	70,165	48,346	14,487	-
Total	71,806	62,640	15,246	13,138

Provision for mine restoration

	Group	
	2023 RM'000	2022 RM'000
At 1 January	49,502	40,644
Addition during the year	5,014	7,348
Unwinding of discount on provision	2,044	1,510
At 31 December	56,560	49,502
Current	882	1,156
Non-current:		
Later than 1 year but not later than 2 years	877	1,247
Later than 2 years but not later than 5 years	4,376	2,451
Later than 5 years	50,425	44,648
	55,678	48,346
	56,560	49,502

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29. Provisions (cont'd)

Provision for retrenchment compensation

	Group and Company	
	2023	**2022**
	RM'000	**RM'000**
At 1 January	13,138	11,817
Addition during the year	1,680	1,067
Unwinding of discount on provision	428	254
At 31 December	15,246	13,138
Current	759	13,138
Non-current:		
Later than 1 year but not later than 2 years	14,487	-
	15,246	13,138

(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, approval was obtained in January 2024.

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 RM62.7 million (net present value: RM53.9 million) will be submitted to the relevant authorities once complete. The increase in the cost of the mine restoration plan is due to the enlarged mine area and higher material cost.

(b) Provision for retrenchment compensation

The provision amounting to RM15.2 million as at 31 December 2023 (2022: RM13.1 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

30. Borrowings

	Group and Company 2023 RM'000	2022 RM'000
Short term borrowings		
Unsecured:		
Short term trade financing	1,476	30,144
Bankers' acceptances/ Trust receipts	279,400	197,721
Revolving credit	10,000	30,000
Secured:		
Term loan	26,667	11,111
	317,543	268,976
Long term borrowings		
Secured:		
Term loan	42,222	68,889
Total borrowings	359,765	337,865

Short term trade financing

Short term trade financing bears interest rate of 6.0% (2022: 4.0% to 5.8%) per annum.

Bankers' acceptances/ Trust receipts

Bankers' acceptances/ Trust receipts bear interest rates which range from 3.7% to 4.4% (2022: 3.3% to 4.4%) per annum.

Revolving credit

Revolving credit bears interest rates which range from 5.7% to 5.8% (2022: 5.5% to 5.7%) per annum.

Term loan

The term loan is denominated in Ringgit Malaysia. The term loan bears interest rate of 5.2% (2022: 4.8%) per annum and is collaterised by land held for development of a subsidiary.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

30. Borrowings (cont'd)

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

	Group and Company 2023 RM'000	2022 RM'000
On demand or within one year	317,543	268,976
More than 1 year and less than 2 years	42,222	26,667
More than 2 years and less than 5 years	-	42,222
	359,765	337,865

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

31. Trade and other payables

	Note	Group 2023 RM'000	2022 RM'000	Company 2023 RM'000	2022 RM'000
Current					
Trade payables					
Third parties	a	52,476	44,478	46,388	38,346
Subsidiaries	a	-	-	67,592	81,862
		52,476	44,478	113,980	120,208
Other payables					
Third parties	b	19,640	20,660	13,185	16,393
Immediate holding company		59	55	58	55
Subsidiaries		-	-	22	41
		19,699	20,715	13,265	16,489
Advance from an associate		3,200	2,683	3,200	2,683
Contract liabilities		24,968	19,152	24,968	19,152
Accruals		19,181	16,040	11,923	9,873
Dividend payable to a non-controlling shareholder of a subsidiary		8,168	8,168	-	-
		75,216	66,758	53,356	48,197

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

31. Trade and other payables (cont'd)

	Group 2023 RM'000	Group 2022 RM'000	Company 2023 RM'000	Company 2022 RM'000
Total trade and other payables	127,692	111,236	167,336	168,405
Add: **Borrowings** (Note 30)	359,765	337,865	359,765	337,865
Total financial liabilities carried at amortised cost	487,457	449,101	527,101	506,270

(a) Trade payables - third parties and subsidiaries

These are unsecured and non-interest bearing. The normal credit terms granted to the Group and the Company range from 14 to 60 days (2022: from 14 to 60 days).

(b) Other payables - third parties

These are unsecured and non-interest bearing. The normal credit terms granted to the Group and the Company range from 4 to 90 days (2022: from 4 to 90 days).

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.

32. Share capital

	Number of ordinary shares '000	Amount RM'000
Issued and fully paid		
Company		
At 1 January 2022/ 31 December 2022/ 1 January 2023/ 31 December 2023	420,000	237,194

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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

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 2023	14,264	1,042	20,847	1,706	37,859
Other comprehensive income:					
Revaluation reserves on properties, net	5,162	-	-	-	5,162
Net fair value changes in quoted investments at FVOCI	-	-	3,358	-	3,358
Foreign currency translation	-	(6)	-	-	(6)
Share of foreign currency translation of associate and joint venture	-	185	-	-	185
	5,162	179	3,358	-	8,699
At 31 December 2023	19,426	1,221	24,205	1,706	46,558
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 2023

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

	Revaluation reserves RM'000	FVOCI reserves RM'000	Total RM'000
Company			
At 1 January 2023	3,258	20,847	24,105
Other comprehensive income:			
Revaluation reserves on properties, net	572	-	572
Net fair value changes in quoted investments at FVOCI	-	3,358	3,358
	572	3,358	3,930
At 31 December 2023	3,830	24,205	28,035
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

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

34. Commitments and contingency

(a) Capital commitments

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Capital expenditure:				
Approved and contracted for:				
- Property, plant and equipment	7,680	14,751	4,953	6,422
Approved but not contracted for:				
- Property, plant and equipment	7,061	4,923	-	-
- Deferred mine exploration and evaluation expenditures	-	80	-	-
	7,061	5,003	-	-

(b) Legal claims

In respect of the suit against the Company with claim amount of RM2,152,533 for the purported breach of a sale and purchase agreement to supply 60,000 MT of tin slag, pre-trial matters are on-going. Trial dates are fixed on 11-12 September and 17-19 September 2024 respectively.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

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	2023 RM'000	2022 RM'000
Group			
Associate:			
- Sales of products	(i)	39,709	9,519
Immediate holding company:			
- Interest expense	(ii)	-	1,640
Director:			
- Legal/Professional fee charges	(iii)	-	135
Company			
Subsidiaries:			
- Purchases of products	(iv)	284,903	324,026
- Interest income	(v)	3,505	1,720
- Management fee income	(vi)	3,000	3,000
- Advances given	(vii)	2,564	55,088
- Advances received	(ii)	-	15,000
- Rental and service charges (including security services)	(viii)	4,746	4,746
- Interest expense	(ii)	-	513
Associate:			
- Sales of products	(i)	39,709	9,519
Immediate holding company:			
- Interest expense	(ii)	-	1,640
Director:			
- Legal/Professional fee charges	(iii)	-	135

(i) The sales of products to an associate have been made according to the agreed 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. These loans/advances had been fully repaid in financial year 2022.

(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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

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. The normal credit terms granted to the subsidiaries on trade transactions range from 30 to 60 days (2022: from 30 to 60 days).

(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 subsidiaries are subject to interest as disclosed in Note 26.

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

Information regarding outstanding balances arising from related party transactions as at 31 December 2023 and 2022 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	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Short term employee benefits	6,126	6,033	5,076	5,019
Post-employment benefits:				
- Defined contribution plan	659	693	523	553
	6,785	6,726	5,599	5,572

Included in the total compensation of key management personnel was:

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Directors' fees (Note 8)	1,034	805	936	780

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

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 and equity 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 and equity RM'000	Company (Decrease)/ Increase in profit net of tax and equity RM'000
At 31 December 2023			
- Malaysian Ringgit	+25	(373)	(629)
	-25	373	629
At 31 December 2022			
- Malaysian Ringgit	+25	(416)	(577)
	-25	416	577

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

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

(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) 70% (2022: 98%) of the Group's and 5% (2022: 23%) of the Company's trade and other receivables as well as 37% (2022: 23%) of the Group's and 28% (2022: 15%) of the Company's trade and other payables are denominated in foreign currencies, mainly in United States Dollar.

(ii) 34% (2022: 30%) of the Group's and 75% (2022: 79%) of the Company's cash and bank deposits are denominated in foreign currencies, mainly in United States Dollar.

(iii) 0.4% (2022: 7%) of the Group's and the Company's borrowings are denominated in United States Dollar.

Forward currency contracts not designated as hedges

In the previous financial year, a net gain of RM157,000 for the Group and a net loss of RM153,000 for the Company with deferred tax expense of RM37,680 in the Group and deferred tax benefit of RM36,720 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") 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 and equity at the reporting date:

Group and Company		**2023 Increase/ (Decrease) in profit net of tax and equity RM'000**	**2022 Increase/ (Decrease) in profit net of tax and equity RM'000**
USD/RM	strengthened by 5%	1,854	1,110
	weakened by 5%	(1,854)	(1,110)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

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 2023					
Financial liabilities:					
Non-derivative					
Borrowings:					
- Principal	30	317,543	42,222	-	359,765
- Interest		3,718	30	-	3,748
Trade and other payables		102,724	-	-	102,724
Lease liabilities					
- Principal	17(b)	319	734	3,549	4,602
- Interest		224	779	2,336	3,339
Total undiscounted financial liabilities		**424,528**	**43,765**	**5,885**	**474,178**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

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 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**

Company	Note	Within 1 year RM'000	1 to 5 years RM'000	Over 5 years RM'000	Total RM'000
At 31 December 2023					
Financial liabilities:					
Non-derivative					
Borrowings:					
- Principal	30	317,543	42,222	-	359,765
- Interest		3,718	30	-	3,748
Trade and other payables		142,368	-	-	142,368
Lease liabilities					
- Principal	17(b)	215	266	-	481
- Interest		20	15	-	35
Total undiscounted financial liabilities		**463,864**	**42,533**	**-**	**506,397**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

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 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**

(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's management reporting procedures. The Group and the Company place the cash deposits with reputable banks and financial institutions.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

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

(d) Credit risk (cont'd)

Exposure to credit risk

At the reporting date, the Group's and the Company's maximum exposures to credit risk are represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

The Group and the Company have a concentration of credit risk that may arise from exposure to a single debtor which constitutes approximately 33.0% (2022: 35.8%) 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:

	2023		2022	
Group	**RM'000**	**% of total**	**RM'000**	**% of total**
By country:				
United Kingdom	3,435	35	13,045	41
Malaysia	2,972	30	710	2
Japan	2,274	23	13,190	41
Hong Kong and Taiwan	1,110	11	4,316	13
Korea	-	-	693	2
Others	59	1	274	1
	9,850	100	32,228	100

	2023		2022	
Company	**RM'000**	**% of total**	**RM'000**	**% of total**
By country:				
Malaysia	130,192	95	106,338	77
United Kingdom	3,435	2	13,045	9
Japan	2,274	2	13,190	10
Hong Kong and Taiwan	1,110	1	4,316	3
Korea	-	-	693	1
Others	59	-	274	-
	137,070	100	137,856	100

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

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

(d) Credit risk (cont'd)

Exposure to credit risk (cont'd)

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 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.

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		**2023 Increase/ (Decrease) in equity RM'000**	**2022 Increase/ (Decrease) in equity RM'000**
Share price	increased by 5%	1,812	1,644
	decreased by 5%	(1,812)	(1,644)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

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

(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 characteristics 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.

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Share capital	237,194	237,194	237,194	237,194
Other reserves	46,558	37,859	28,035	24,105
Retained earnings	470,378	444,127	342,782	331,651
Total shareholders' equity	754,130	719,180	608,011	592,950
Non-controlling interests	62,327	58,316	-	-
Total equity	816,457	777,496	608,011	592,950
Total borrowings/ Bank borrowings (Note 30)	359,765	337,865	359,765	337,865
Gearing ratio (total borrowings/ bank borrowings over total equity)	0.4	0.4	0.6	0.6

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

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:

	Date of valuation	Quoted prices in active markets for identical instruments (Level 1) RM'000	Significant other observable inputs (Level 2) RM'000	Significant unobservable inputs (Level 3) RM'000	Total RM'000
Group					
At 31 December 2023					
Assets measured at fair value:					
Investment securities (Note 21)					
- Equity instruments (quoted)	31.12.2023	36,243	-	-	36,243
Revalued land and buildings (Note 16)					
- Land and buildings in Pulau Indah Industrial Park	31.12.2023	-	-	57,790	57,790
- 80 units flats in Bukit Mertajam	31.12.2023	-	-	5,440	5,440
- Land and buildings in Daerah Hulu Perak	31.12.2023	-	-	2,678	2,678
		36,243	-	65,908	102,151

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

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 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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

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 2023					
Assets measured at fair value:					
Investment securities (Note 21)					
- Equity instruments (quoted)	31.12.2023	36,243	-	-	36,243
Revalued buildings (Note 16)					
- Buildings in Pulau Indah Industrial Park	31.12.2023	-	-	14,070	14,070
- 80 units flats in Bukit Mertajam	31.12.2023	-	-	5,440	5,440
		36,243	-	19,510	55,753

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

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

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

	Date of valuation	Quoted prices in active markets for identical instruments (Level 1) RM'000	Significant other observable inputs (Level 2) RM'000	Significant unobservable inputs (Level 3) RM'000	Total RM'000
Company					
At 31 December 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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

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

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

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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

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	Adjusting factor	Sensitivity of the input to fair value
Group					
At 31 December 2023					
Revalued land and buildings (Note 16)	65,908	Market comparable approach/ Depreciated replacement cost	Difference in location, zoning, size and scheme	-15.0% to 25.0%	Every 1% increase or (decrease) in the adjustments would result in (decrease) or increase in fair value by RM448,000.
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.

Description	Fair value RM'000	Valuation techniques
Company		
At 31 December 2023		
Revalued buildings (Note 16)	19,510	Market comparable approach/ Depreciated replacement cost
At 31 December 2022		
Revalued buildings (Note 16)	18,968	Market comparable approach/ Depreciated replacement cost

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 2023.

(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:

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

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
2023						
Revenue						
Sales to external customers		1,435,725	-	-	-	1,435,725
Inter-segment sales		-	284,903	-	(284,903)	-
Total revenue		1,435,725	284,903	-	(284,903)	1,435,725

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

38. Segmental information (cont'd)

Business segments (cont'd)

2023 (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		60,506	89,504	(19)	(4,096)	145,895
Finance costs		(14,940)	(2,276)	(718)	-	(17,934)
Share of results of associate and joint venture		-	-	672	-	672
Profit/(Loss) before tax		45,566	87,228	(65)	(4,096)	128,633
Income tax (expense)/credit		(9,525)	(22,782)	-	890	(31,417)
Profit/(Loss) net of tax		36,041	64,446	(65)	(3,206)	97,216
Assets						
Segment assets		956,073	373,070	36,252	(4,527)	1,360,868
Investments in associate and joint venture		-	-	30,756	-	30,756
Total assets		956,073	373,070	67,008	(4,527)	1,391,624
Liabilities						
Segment liabilities		483,219	91,784	164	-	575,167
Other segment information						
Additions of non-current assets						
- Property, plant and equipment	16	6,577	13,738	-	-	20,315
- Intangible assets	18	-	534	-	-	534
- Mining assets	22	-	1,044	-	-	1,044
Provision for retrenchment compensation	10	1,680	-	-	-	1,680
Depreciation expenses	9	7,324	4,555	-	-	11,879
Amortisation of mining rights	9	-	146	-	-	146
Amortisation of corporate club memberships	9	3	5	-	-	8
Amortisation of mine properties	9	-	870	-	-	870
Interest income	6	(2,856)	(2,756)	-	-	(5,612)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

38. Segmental information (cont'd)

Business segments (cont'd)

	Note	Tin smelting RM'000	Tin mining RM'000	Others RM'000	(Eliminations)/ Adjustments RM'000	Total RM'000
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
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
- Mining assets	22	-	536	-	-	536
Provision for retrenchment compensation	10	1,067	-	-	-	1,067
Depreciation expenses	9	6,624	3,061	-	-	9,685
Amortisation of mining rights	9	-	154	-	-	154
Amortisation of corporate club memberships	9	3	5	-	-	8
Amortisation of mine properties	9	-	867	-	-	867
Interest income	6	(686)	(1,512)	-	-	(2,198)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

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 2023 RM'000	Group 2022 RM'000
Realised profit arising from inter-segment sales	1,861	18,866
Unrealised profit arising from inter-segment sales	(5,957)	(1,861)
	(4,096)	17,005

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

	Group 2023 RM'000	Group 2022 RM'000
Unrealised profit arising from inter-segment sales	(4,527)	(1,322)

Geographical information

The primary segment reporting format is determined to be business segments as the Group's risks and rates of return are affected predominantly by differences in the products and services. The activities of the Group are carried out mainly in Malaysia and as such, segmental reporting by geographical locations is not presented.

Information about major customers

Revenue from three major customers amounted to RM207,182,000, RM206,856,000 and RM191,424,000 (2022: two major customers amounted to RM389,008,000 and RM260,968,000), respectively arising from sales by the tin smelting segment.

39. Authorisation of financial statements for issue

The financial statements for the year ended 31 December 2023 were authorised for issue in accordance with a resolution of the directors on 15 April 2024.

LIST OF PROPERTIES OF THE GROUP

31 DECEMBER 2023

Location	Description	Approximate area	Tenure	Year of expiry	Approximate age of buildings	Net carrying amount at 31.12.2023 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	22 years	57,790	31.12.2023
2. Taman Desa Palma, Alma, 14000 Bukit Mertajam	80 units of flats	52,000 sq. ft.	Freehold	–	23 years	5,440	31.12.2023
3. Mukim Pengkalan Hulu Daerah Hulu Perak							
(a) Lot 344 & 348	Land with buildings	3.78 hectares	Freehold	–	over 50 years	355	31.12.2023
(b) Lot 2163, 56711, 56740 & 56741 (formerly PT 3934, 4338, 4522 & 4523) and Lot 2071	Land with buildings	6.94 hectares	Leasehold	2068-2111	42 to over 50 years	1,084	31.12.2023
(c) PT 1705, 1706 & 1707	3 units of terrace houses	417 sq. m	Leasehold	2108	13 years	600	31.12.2023
(d) Lot 55671 & 55675	2 units of semi-detached houses	526 sq. m	Freehold	–	10 years	610	31.12.2023
4. Mukim Belukar Semang Daerah Hulu Perak							
(a) Lot 1886	Vacant land	0.4 hectares	Freehold	–	–	25	31.12.2023
(b) Lot 2546, 2547 & 2548 (formerly PT 725, 726 & 727)	Land with buildings	7.01 hectares	Leasehold	2050	–	4	31.12.2023
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)

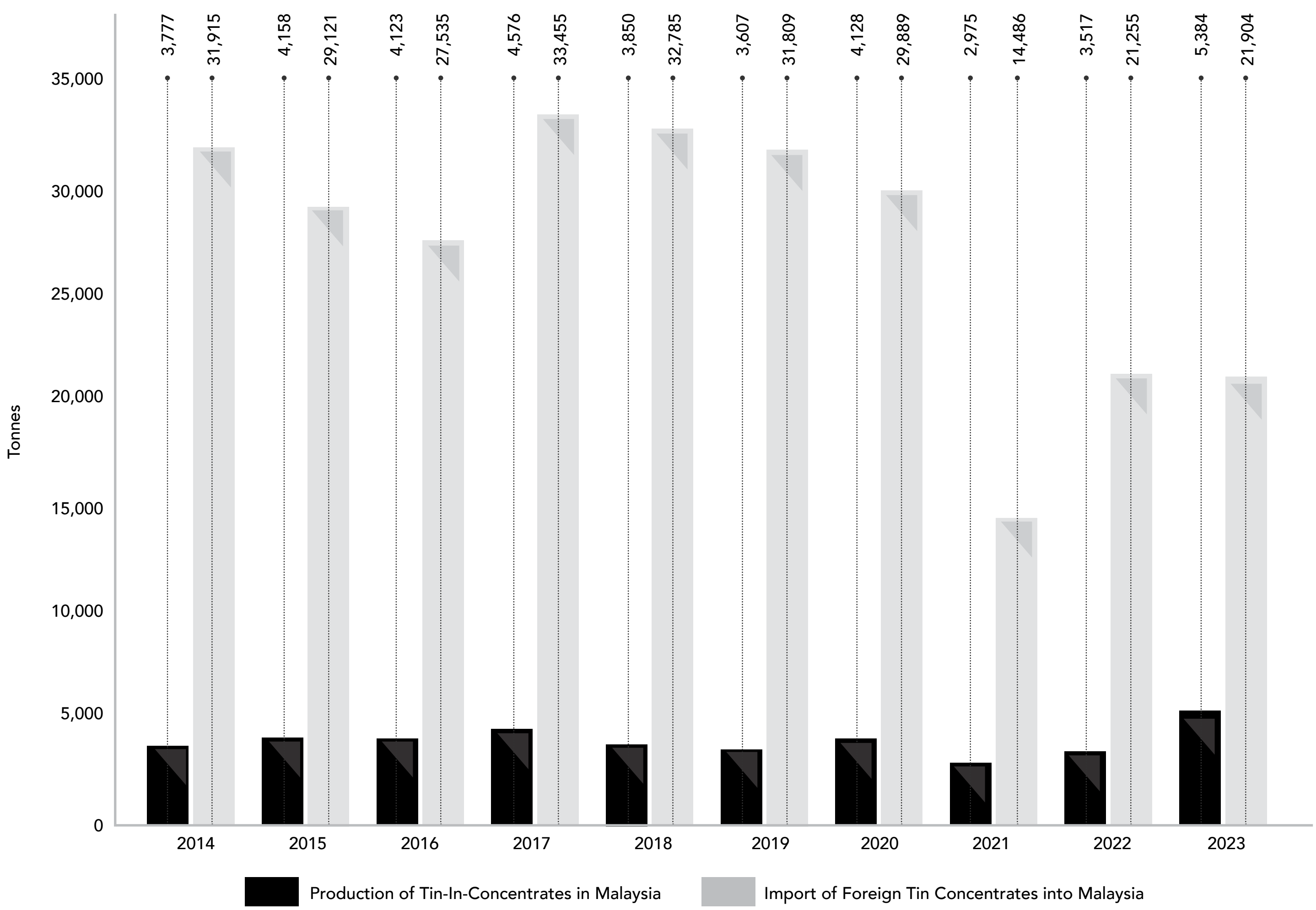
Destination	2019	2020	2021	2022	2023
Africa	375	450	100	75	40
Australia & New Zealand	50	50	–	–	–
China	400	1,281	120	1,859	2,276
EEC	2,954	1,244	891	800	1,104
India, Pakistan & Bangladesh	462	625	308	285	
Japan	3,812	3,612	4,197	4,587	3,454
Korea	1,695	1,205	1,825	680	1,311
Middle East	717	933	425	329	380
Taiwan	1,239	1,717	774	581	423
Rest of Asia Pacific	1,684	2,421	480	1,103	1,240
USA, Canada & Central America	5,195	1,960	1,195	270	904
	18,583	**15,498**	**10,315**	**10,569**	**11,132**
Malaysia For domestic consumption*	7,090	7,100	5,818	8,148	9,912
	25,673	**22,598**	**16,133**	**18,717**	**21,044**

* *Include tin deliveries to LME warehouses in Port Klang*

TIN STATISTICS

YEAR	PRODUCTION OF TIN-IN-CONCENTRATES IN MALAYSIA (TONNES)	IMPORT OF FOREIGN TIN CONCENTRATES INTO MALAYSIA (TONNES)
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
2023	5,384	21,904

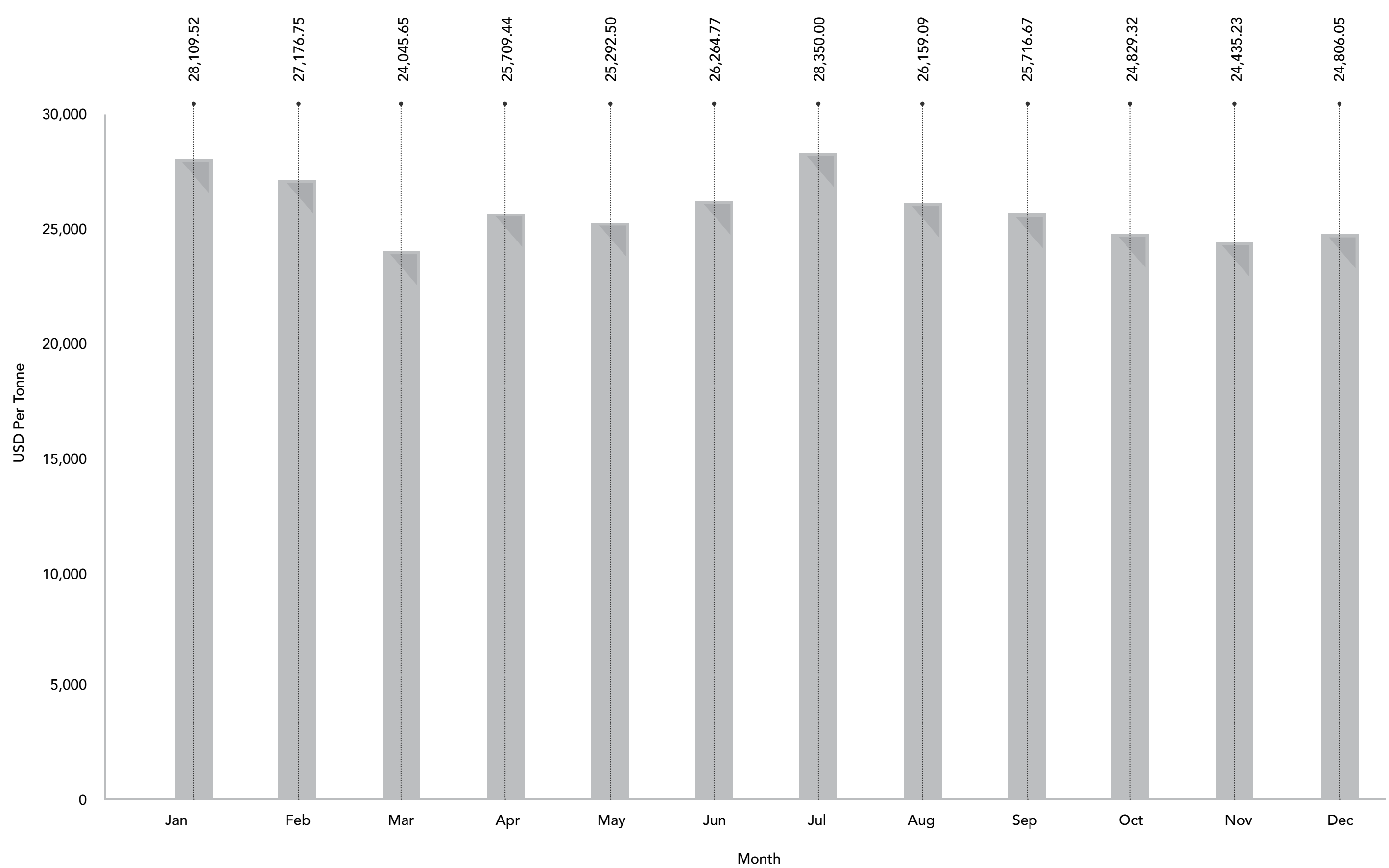
PRODUCTION OF TIN-IN-CONCENTRATES IN MALAYSIA AND IMPORT OF FOREIGN TIN CONCENTRATES INTO MALAYSIA



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)
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
2023	–	–	–	–	25,907.92

2023 LME PRICES AVERAGE (USD PER TONNE)



ANALYSIS OF SHAREHOLDINGS
AS AT 1 APRIL 2024

No. of Issued Shares : 420,000,000 Ordinary Shares
Class of Shares : Ordinary Shares
Voting Rights : One (1) Vote per Ordinary Shares

ANALYSIS BY SIZE OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	Percentage (%)	No. of Shares Held	Percentage (%)
Less than 100	29	0.54	440	0.00
100 to 1,000	1,019	19.04	739,201	0.18
1,001 to 10,000	2,781	51.96	13,164,936	3.13
10,001 to 100,000	1,227	22.93	39,386,700	9.38
100,001 to less than 5% of issued shares	293	5.47	163,265,523	38.87
5% and above of issued shares	3	0.06	203,443,200	48.44
TOTAL	**5,352**	**100.00**	**420,000,000**	**100.00**

DIRECTORS' SHAREHOLDINGS

Directors	Direct Interest		Deemed Interest	
	No. of Shares Held	Percentage (%)	No. of Shares Held	Percentage (%)
Ms. Chew Gek Khim PJG	1,670,000	0.40	–	–
Dato' Dr. (Ir.) Patrick Yong Mian Thong	466,500	0.11	–	–
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 1 APRIL 2024

THE 30 LARGEST SHAREHOLDERS

No.	Shareholders	No. of Shares Held	Percentage (%)
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	5,464,000	1.30
6.	DB (Malaysia) Nominee (Tempatan) Sendirian Berhad Deutsche Trustees Malaysia Berhad for Eastspring Investments Small-Cap Fund	4,955,200	1.18
7.	Lim Khoon	3,538,400	0.84
8.	Lee Pin	3,366,100	0.80
9.	Olive Lim Swee Lian	3,210,500	0.76
10.	Citigroup Nominees (Tempatan) Sdn. Bhd. Employees Provident Fund Board (Eastspring ESG)	3,137,000	0.75
11.	Maybank Nominees (Tempatan) Sdn. Bhd. National Trust Fund (IFM Eastspring) (410140)	2,724,000	0.65
12.	Gan Yoon Soon	2,376,000	0.57
13.	Public Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Ng Faai @ Ng Yoke Pei (SRB/PMS)	2,337,200	0.56
14.	UOB Kay Hian Nominees (Asing) Sdn. Bhd. Exempt AN for UOB Kay Hian Pte. Ltd. (A/C Clients)	2,097,100	0.50
15.	CIMSEC Nominees (Tempatan) Sdn. Bhd. CIMB for Mettiz Capital Sdn. Bhd. (PB)	2,000,000	0.48
16.	Affin Hwang Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Mettiz Capital Sdn. Bhd.	1,889,800	0.45
17.	Chua Ah Moi @ Chua Sai Peng	1,729,900	0.41
18.	CIMB Group Nominees (Tempatan) Sdn. Bhd. CIMB Commerce Trustee Berhad for Kenanga Growth Opportunities Fund (50154 TR01)	1,711,500	0.41
19.	2G Capital Pte. Ltd.	1,600,000	0.38
20.	Chew Gek Khim	1,600,000	0.38
21.	Kuek Siaw Kia @ Quek Shiew Poh	1,576,000	0.38
22.	Maybank Nominees (Tempatan) Sdn. Bhd. Maybank Private Wealth Management for Ong Tee Thong (PW-M00374) (952041)	1,573,800	0.37
23.	Au Yong Mun Yue	1,560,000	0.37
24.	Toh Yew Keong	1,554,200	0.37
25.	AMSEC Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Gan Yoon Soon	1,500,000	0.36
26.	Lim Boon Tat (Lin Wenda)	1,493,500	0.36

ANALYSIS OF SHAREHOLDINGS
AS AT 1 APRIL 2024

THE 30 LARGEST SHAREHOLDERS (CONT'D)

No.	Shareholders	No. of Shares Held	Percentage (%)
27.	Teck Trading Company Sendirian Berhad	1,452,000	0.35
28.	Chu Fong Hee	1,419,000	0.34
29.	Low Tiong Lek	1,392,700	0.33
30.	Cartaban Nominees (Tempatan) Sdn. Bhd. PAMB for Participating Fund	1,377,300	0.33

LIST OF SUBSTANTIAL SHAREHOLDERS

	Direct Interest		Deemed Interest	
Substantial Shareholders	No. of Shares Held	Percentage (%)	No. of Shares Held	Percentage (%)
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-Fifth ("45th") Annual General Meeting ("AGM") of MALAYSIA SMELTING CORPORATION BERHAD (the "Company") will be held at Parry, Level 6, Le Meridian Kuala Lumpur, 2 Jalan Stesen Sentral, 50470 Kuala Lumpur, Malaysia on Wednesday, 29 May 2024 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 2023 together with the Directors' and Auditors' Reports thereon. **{Please refer to Note B(1)}**

2. To approve the payment of a Final Single-Tier Dividend of RM0.07 per share in respect of the financial year ended 31 December 2023. **Resolution 1**

3. To approve the payment of additional Directors' Fees and Benefits of RM151,732.87 to Non-Executive Directors from 27 May 2023 until the AGM of the Company held in year 2024. **Resolution 2** **{Please refer to Note B(2)}**

4. To approve the payment of Directors' Fees and Benefits of up to RM885,000.00 from 30 May 2024 until the next AGM of the Company to be held in year 2025. **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: **Resolution 4**
   (i) Dato' Roslina Binti Zainal **Resolution 5**
   (ii) Mr. Yap Seng Chong **Resolution 6**

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

AS SPECIAL BUSINESS:

To consider and, if thought fit, to pass the following resolutions with or without modification:

7. **ORDINARY RESOLUTION -** **Resolution 7**

   AUTHORITY TO ALLOT AND ISSUE SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT 2016 **{Please refer to Note C}**

   "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."

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 45th AGM, a Final Single-Tier Dividend of RM0.07 per share in respect of the financial year ended 31 December 2023 will be paid to shareholders on 28 June 2024. The entitlement date for the said Dividend shall be on 14 June 2024.

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 2024 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: 30 April 2024

Explanatory Notes:

A) Appointment of Proxy

1. *In respect of deposited securities, only members whose names appear on the Record of Depositors on 21 May 2024 (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.*

NOTICE OF ANNUAL GENERAL MEETING

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.*

B) *Ordinary Business*

1. Aud*ited Financial Statements for the financial year ended 31 December 2023*

   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 44th AGM of the Company held on 26 May 2023, the shareholders had approved RM855,000.00 as total Directors' Fees and Benefits payable to the Directors of the Company for the period commencing from 27 May 2023 until the next AGM of the Company to be held in year 2024.

   The Nominating & Remuneration Committee ("NRC") of the Company had conducted periodic reviews of the Board remuneration to ensure that the Non-Executive Directors ("NEDs") are remunerated at an appropriate level for their commitment to the Company and to attract and retain high calibre and experienced individuals to oversee the Company's business and development. In fulfilling its duties as required under its Terms of Reference, the NRC reviewed the remuneration of the NEDs in November 2023 and recommended the proposed revisions to the Board for approval.

   The Board is of the view that it is fair and equitable to pay the fees to the Executive Committee and Environmental, Social and Governance Committee from the date of establishment. Additionally, the Board of Directors had approved the re-designation of Mr. John Mathew A/L Mathai as Senior Independent Director ("SID") with effect from 17 November 2023, and agreed to revise the annual fee to be paid to SID, for his extra duties and responsibilities.

   The Board opined that it is just and equitable for the Non-Executive Directors to be paid such payment on such a basis upon them discharging their responsibilities and rendering their services to the Company.

   An additional amount of RM151,732.87 in excess of RM855,000.00 is required in line with 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 26 May 2023, 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 45th AGM to be held on 29 May 2024.

   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 44th AGM as the need does not arise for any fund raising activity for the purpose of investment, acquisition or working capital.

STATEMENT ACCOMPANYING THE NOTICE OF ANNUAL GENERAL MEETING

1. *The Directors who are standing for re-election at the Forty-Fifth ("45th") Annual General Meeting of the Company pursuant to Clause 102 of the Company's Constitution are Dato' Roslina Binti Zainal and Mr. Yap Seng Chong.*

2. *The details of the above Directors seeking re-election is set out in the Profile of Directors as disclosed on pages 8 and 9 of this Annual Report.*

3. *The details of attendance of the Directors of the Company at Board of Directors' Meetings held during the financial year ended 31 December 2023 are disclosed in the Corporate Governance Overview Statement set out on page 59 of this Annual Report.*

4. *The details of the interest of the Directors in the securities of the Company are stated on page 197 of the Company's Annual Report 2023.*

5. *Details of the general mandate for issue of securities in the Company pursuant to Sections 75 and 76 of the Companies Act 2016 are set out in the Explanatory Note C of the Notice of AGM.*

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