

CIRCULAR DATED 30 JULY 2021

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

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

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

This Circular is issued by Southern Alliance Mining Ltd. (the “**Company**”). The purpose of the Circular is to provide Shareholders with the rationale for and information relating to, and to seek Shareholders’ approval for the Proposed Resolutions to be tabled at the EGM. The Notice of EGM and Proxy Form are published on (i) the SGX-ST’s website at <https://www.sgx.com/securities/company-announcements>; and (ii) the Company’s corporate website at www.southernallianceminig.com.

If you have sold or transferred all your ordinary shares in the capital of the Company, you should immediately forward this Circular together with the Notice of EGM and the accompanying Proxy Form immediately to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or the transferee.

*The Company was listed on Catalist of the SGX-ST on 26 June 2020. The initial public offering of the Company was sponsored by PrimePartners Corporate Finance Pte. Ltd. (the “**Sponsor**”).*

*This Circular has been reviewed by the Company’s Sponsor. It has not been examined or approved by the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) and the SGX-ST assumes no responsibility for the contents of this document, including the correctness of any of the statements or opinions made or reports contained in this document. The Sponsor has also not drawn on any specific technical expertise in its review of this document.*

The contact person for the Sponsor is Ms. Ng Shi Qing, 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318, sponsorship@ppcf.com.sg.



SOUTHERN ALLIANCE MINING LTD.
(Company Registration Number. 201931423D)
(Incorporated in the Republic of Singapore)

CIRCULAR TO SHAREHOLDERS

IN RELATION TO

- (I) THE PROPOSED ADOPTION OF THE SHARE PURCHASE MANDATE;**
- (II) THE PROPOSED JOINT VENTURE AND GOLD MINING OPERATION; AND**
- (III) THE PROPOSED DIVERSIFICATION.**

IMPORTANT DATES AND TIMES

Due to the current COVID-19 situation, Shareholders will not be allowed to attend the EGM in person. The EGM will be convened and held by electronic means. Shareholders must appoint the Chairman of the EGM as their proxy to attend, speak and vote on their behalf at the EGM.

Last date and time for lodgement of Proxy Form	:	17 August 2021 at 10.00 am
Date and time of Extraordinary General Meeting	:	20 August 2021 at 10.00 am
Place of Extraordinary General Meeting	:	The EGM will be held by electronic means

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DEFINITIONS

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

- "ACRA"** : The Accounting and Corporate Regulatory Authority of Singapore
- "Adjacent Areas"** : Has the meaning ascribed to it in Section 3.7.8(a) of this Circular
- "Aggregated Transactions"** : Has the meaning ascribed to it in Section 4.4 of this Circular
- "AGM"** : An annual general meeting of the Company
- "Appropriate Approvals"** : All such approvals and consents (other than the PML) from and notifications to all Authorities required for the JV Company to commence, carry out and continue Mining Operations, including without limitation, the Operational Mining Schemes, Environmental Impact Assessment (if applicable) and all such other approvals as may be required under any applicable laws, regulations, policies and guidelines for Mining Operations to be lawfully carried out pursuant to the terms of the Mining Operator Agreement
- "Approval Date"** : Has the meaning ascribed to it in Section 2.3.1 of this Circular
- "Approved Areas"** : All of the said Lands or any part or parts thereof over which a PML has been granted by the State Authority pursuant to a PML Application or PML Applications
- "associate"** : In relation to any director, chief executive officer, substantial shareholder or controlling shareholder means:–
- (i) his immediate family (that is, his spouse, child, adopted child, step-child, sibling or parent);
 - (ii) the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; and
 - (iii) any company in which he and his immediate family together (directly or indirectly) have an interest of 30% or more,
- and, in relation to a substantial shareholder or a controlling shareholder which is a company, means its subsidiary or holding company or a subsidiary of such holding company or a company in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30% or more
- "Average Closing Price"** : The average of the closing market prices of a Share over the last five (5) Market Days on which the Shares are transacted on Catalist immediately preceding the date of the Market Purchase by the Company or, as the case may be, the date of the making of the

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	offer pursuant to the Off-Market Purchase, and deemed to be adjusted, in accordance with the Catalist Rules, for any corporate action that occurs during the relevant five (5)-day period and the day on which the purchases are made
"Authorities"	: The Mineral and Geosciences Department of Malaysia, Johor State Department of Land and Mines, the Johor State Authority, the Johor Forestry Department and any such other relevant state and federal government authority having the necessary jurisdiction over the subject-matter for the time being
"Board" or "Board of Directors"	: The board of directors of the Company for the time being or from time to time, as the case may be
"Catalist"	: The Catalist board of the SGX-ST
"Catalist Rules"	: The SGX-ST Listing Manual Section B: Rules of Catalist, as may be amended, modified or supplemented from time to time
"CDP"	: The Central Depository (Pte) Limited
"Circular"	: This circular to Shareholders dated 30 July 2021
"Commencement Date"	: The date of commencement of Mining Operations with respect to each Approved Area and which shall be no later than six (6) months from the date all Appropriate Approvals are obtained from the Authorities and the PML is granted by the State Authority
"Companies Act"	: The Companies Act (Chapter 50) of Singapore, as may be amended, modified or supplemented from time to time
"Company"	: Southern Alliance Mining Ltd.
"Constitution"	: The constitution of the Company
"date of the making of the offer"	: The date on which the Company makes an offer for the purchase or acquisition of Shares from Shareholders, stating therein the relevant terms of the equal access scheme for effecting the Off-Market Purchase
"Effective Date"	: Has the meaning ascribed to it in Section 3.7.3(b) of this Circular
"EGM"	: The extraordinary general meeting of the Company to be held by way of electronic means on 20 August 2021 at 10.00 am (or any adjournment thereof), notice of which is set out on pages N-1 to N-4 of this Circular
"EPS"	: Earnings per Share
"Excess Payment"	: Has the meaning ascribed to it in Section 3.7.6(d)(ii) of this Circular
"Existing Business"	: Has the meaning ascribed to it in Section 4.1 of this Circular

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“Exploration Approvals”	:	Includes, without limitation, all approvals, consents, permits and/or licences necessary for the JV Company to undertake and carry out the Exploration Works
“Exploration Period”	:	Has the meaning ascribed to it in Section 3.7.4 of this Circular
“Exploration Works”	:	Exploration activities, prospecting, bulk sampling, trial sampling, plant trial, surveying, drilling works and the activities described in Section 3.7.3(b) of this Circular
“Financial Year”	:	Has the meaning ascribed to it in Section 3.7.6(a) of this Circular
“First Major Transaction”	:	Has the meaning ascribed to it in Section 4.4 of this Circular
“First Payment”	:	Has the meaning ascribed to it in Section 3.7.6(c)(i) of this Circular
“FY2020”	:	Has the meaning ascribed to it in Section 2.7.4 of this Circular
“Group”	:	The Company and its subsidiaries
“Joint Venture Agreement”	:	Has the meaning ascribed to it in Section 3.1 of this Circular
“JV Company”	:	Has the meaning ascribed to it in Section 3.1 of this Circular
“JV Partner”	:	Has the meaning ascribed to it in Section 3.1 of this Circular
“Latest Practicable Date”	:	23 July 2021, being the latest practicable date prior to the date of this Circular
“Market Day”	:	A day on which the SGX-ST is open for trading in securities
“Market Purchase”	:	Has the meaning ascribed to it in Section 2.3.3(a) of this Circular
“Maximum Number of Shares”	:	Has the meaning ascribed to it in Section 2.7.2 of this Circular
“Maximum Price”	:	Has the meaning ascribed to it in Section 2.3.4 of this Circular
“Mineral Ores”	:	The Mineral Resources that have undergone the Processing Activities and are ready for sales
“Mineral Resources”	:	Gold and any other mineral or deposits from which any of its constituents may be profitably recovered and are economically and technical feasible for exploitation and extraction in the JV Company’s opinion
“Mining Operations”	:	The act of undertaking and conducting mining, excavation and all other form of work concerned with the extraction of Mineral Ores including Processing Activities and removal and selling the Mineral Ores for commercial value and undertaking and conducting all

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	incidental and ancillary activities related thereto in accordance with all applicable licenses, permits and other approval(s) granted or to be granted by the Authorities (other than the Exploration Works)
“Mining Operations Period”	: The period commencing from the date of the issuance of the first Operational Mining Scheme by the Mineral and Geosciences Department of Malaysia for an Approved Area until the expiry of all PML for all Approved Areas or any renewal thereof (including, for the avoidance of doubt, any periods in which the mine(s) is/are place under care and maintenance or when the Mining Operations are suspended in accordance with the provisions of the Mining Operator Agreement)
“Mining Operator Agreement”	: Has the meaning ascribed to it in Section 3.1 of this Circular
“Notice of EGM”	: The notice of EGM accompanying this Circular
“NTA”	: Net tangible assets
“Off-Market Purchase”	: Has the meaning ascribed to it in Section 2.3.3(b) of this Circular
“Ordinary Resolution”	: An ordinary resolution proposed for approval in this Circular
“Ordinary Resolution 1”	: The ordinary resolution to approve the Proposed Adoption of the Share Purchase Mandate
“Ordinary Resolution 2”	: The ordinary resolution to approve the Proposed Joint Venture and Gold Mining Operation
“Ordinary Resolution 3”	: The ordinary resolution to approve the Proposed Diversification
“Other Minerals”	: Has the meaning ascribed to it in Section 3.7.9 of this Circular
“PBT”	: Has the meaning ascribed to it in Section 3.7.6(a) of this Circular
“Personal Particulars”	: Has the meaning ascribed to it in Section 8.1 of this Circular
“Pilot Plants”	: The pilot plants which the JV Company is entitled to construct on the said Lands for the purpose of the Exploration Works
“PML” or “PMLs”	: The proprietary mining licence or licences, as the case maybe, (and renewals thereof) issued or to be issued by the State Authority over and for the Approved Areas
“Processing Activities”	: The act of processing, extracting or concentrating the run-of-mine or raw materials using various techniques and skills into concentrates or final saleable products that meet market specifications

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“Proposed Adoption of the Share Purchase Mandate”	:	Has the meaning ascribed to it in Section 2.1 of this Circular
“Proposed Diversification”	:	Has the meaning ascribed to it in Section 4.2 of this Circular
“Proposed Joint Venture and Gold Mining Operation”	:	Has the meaning ascribed to it in Section 3.1 of this Circular
“Proposed New Business”	:	Has the meaning ascribed to it in Section 4.2 of this Circular
“Proposed Resolutions”	:	Has the meaning ascribed to it in Section 1.1 of this Circular
“Proxy Form”	:	The proxy form in respect of the EGM as attached to this Circular
“Registration Deadline”	:	Has the meaning ascribed to it in Section 8.1 of this Circular
“Relevant Laws”	:	Has the meaning ascribed to it in Section 2.1 of this Circular
“said Lands”	:	<p>The pieces of land held under:</p> <ul style="list-style-type: none">(a) H.S.(D) 6881, PT 216 measuring 2,223.724 hectares (5,494.933 acres);(b) H.S.(D) 6882, PT 217 measuring 2,126.17 hectares (5,253.872 acres);(c) H.S.(D) 6883, PTD 218 measuring 2,245.36 hectares (5,548.406 acres);(d) H.S.(D) 6874, PTD 1815 measuring 2,060.384 hectares (5,091.31 acres);(e) H.S.(D) 6875, PTD 1816 measuring 2,066.996 hectares (5,107.65 acres); and(f) Part of Hutan Gunung Arong measuring 7,045.18 hectares (17,409 acres) (“Gunung Arong Land”), <p>which are all located in Mukim Tenggara, Daerah Mersing, State of Johor Darul Takzim (save for Gunung Arong Land which is located in Mukim Tenglu, Padang Endau dan Penyabong, Daerah Mersing)</p>
“Second Payment”	:	Has the meaning ascribed to it in Section 3.7.6(c)(ii) of this Circular
“Securities Account”	:	The securities accounts maintained by a Depositor with CDP, but does not include a securities sub-account maintained with a Depository Agent
“Securities and Futures Act”	:	Securities and Futures Act, Chapter 289 of Singapore, as may be amended, modified or supplemented from time to time
“SGX-ST”	:	Singapore Exchange Securities Trading Limited

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"Share Purchase(s)"	:	The purchase or acquisition by the Company of its own Shares pursuant to the Share Purchase Mandate
"Share Purchase Mandate"	:	The general mandate to enable the Company to purchase or otherwise acquire its issued Shares
"Share Registrar"	:	Tricor Barbinder Share Registration Services
"Share(s)"	:	Ordinary share(s) in the capital of the Company
"Shareholders"	:	Registered holders of Shares in the Register of Members of the Company, except that where the registered holder is the CDP, the term "Shareholders" shall, in relation to such Shares and where the context admits, mean the persons named as Depositors in the Depository Register maintained by CDP whose securities accounts are credited with those Shares. Any reference to Shares held by or shareholdings of Shareholders shall include Shares standing to the credit of their respective securities accounts in the Depository Register maintained by CDP
"SIC"	:	The Securities Industry Council of Singapore
"Southern Alliance Mining PSP"	:	The Southern Alliance Mining Performance Share Plan, the terms of which are set out in Appendix I of the offer document dated 16 June 2020 issued by the Company
"SRS"	:	Supplementary Retirement Scheme
"SRS Investors"	:	Investors who bought Shares under the SRS
"SRS Operators"	:	Approved banks in which members under the SRS hold their accounts under the SRS
"State Authority"	:	The State Authority defined in the Mineral (Johor) Enactment 2003 (including all the subsidiary legislation and rules made thereunder and any statutory re-enactment or re-certification thereof or any statute amending or replacing the same)
"subsidiaries"	:	Has the meaning ascribed to it in Section 5 of the Companies Act
"Substantial Shareholder"	:	A person who has an interest (directly or indirectly) in one (1) or more voting Shares and the total votes attaching to that Share, or those Shares, is not less than 5% of the total votes attached to all the voting Shares in the Company
"Take-over Code"	:	The Singapore Code on Take-overs and Mergers, as may be amended, modified or supplemented from time to time
"Targeted Area"	:	Has the meaning ascribed to it in Section 3.1 of this Circular
"Tribute"	:	Has the meaning ascribed to it in Section 3.7.6(a)3.1 of this Circular

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Currencies and Units

- "RM" and "sen" : Malaysian ringgit and sen respectively, the lawful currency of Malaysia
- "S\$" : Singapore dollars, the lawful currency of Singapore
- "%" : percentage or per centum

The terms "**Depositor**", "**Depository**", "**Depository Agent**" and "**Depository Register**" shall have the meanings ascribed to them respectively in Section 81SF of the Securities and Futures Act. The terms "**treasury shares**" and "**subsidiary holdings**" shall have the meanings ascribed to them respectively in the Companies Act.

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

Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any term defined under the Companies Act, the Catalist Rules, the Take-over Code or any statutory modification thereof and used in this Circular shall, where applicable, have the meaning assigned to it under the Companies Act, the Catalist Rules, the Take-over Code or any statutory modification thereof, as the case may be, unless otherwise provided.

Any reference to a time of day and dates in this Circular is made by reference to Singapore time and dates, unless otherwise stated.

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

Unless otherwise stated, the exchange rate of S\$1.00 : RM3.1066 obtained from the website of the Monetary Authority of Singapore as at the Latest Practicable Date shall be applied throughout this Circular.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

All statements contained in this Circular, statements made in press releases and oral statements that may be made by the Group, its directors, executive officers, employees or authorised persons acting on the Group's behalf that are not statements of historical fact, constitute "forward-looking statements". Some of these forward-looking statements can be identified by terms such as "expects", "believes", "plans", "intends", "estimates", "anticipates", "may", "will", "would" and "could" or similar words and phrases. However, it should be noted that these words are not the exclusive means of identifying forward-looking statements. All statements regarding the Group's expected financial position, business strategies, plans and prospects are forward-looking statements.

These forward-looking statements and other matters discussed in this Circular regarding matters that are not historical facts, are only predictions. These forward-looking statements reflect the Group's current views with respect to future events and are not guarantees of future performance. These statements are based on the Group's beliefs and assumptions, which in turn are based on currently available information. Although the Group believes the assumptions upon which these forward-looking statements are based are reasonable, any of these assumptions could prove to be inaccurate, and the forward-looking statements based on these assumptions could be inaccurate. These forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the Group's actual results, performance or achievements to be materially different from any future results, performance or achievements expected, expressed or implied by these forward-looking statements.

Given the risks and uncertainties that may cause the Group's actual future results, performance or achievements to be materially different from those expected, expressed or implied by the forward-looking statements in this Circular, Shareholders are cautioned to not place undue reliance on those statements which apply only as at the date of this Circular. Neither the Group nor any other person represents or warrants to you that the Group's actual future results, performance or achievements will be as discussed in those statements. These forward-looking statements are applicable only as at the date of this Circular. All forward-looking statements contained in this Circular are expressly qualified in their entirety by such factors. The Group's actual results may differ materially from those anticipated in these forward-looking statements as a result of the risks faced by the Group. Further, the Group disclaims any responsibility to update any of those forward-looking statements or publicly announce any revisions to those forward-looking statements to reflect future developments, events or circumstances for any reason, even if new information becomes available or other events occur in the future.

LETTER TO SHAREHOLDERS

SOUTHERN ALLIANCE MINING LTD.

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

Directors:

Dato' Teh Teck Tee (Non-Executive Non-Independent Chairman)
Dato' Sri Pek Kok Sam (CEO and Executive Director)
Dato' Sri Mohd Jamidan Abdullah (Lead Independent Director)
Mr Chin Chee Choon (Independent Director)
Mr Sim Chin Hoe (Independent Director)
Dato' Gainneos Jacob Goldie (Independent Director)

Registered Office:

80 Robinson Road
#02-00
Singapore 068898

30 July 2021

To: The Shareholders of Southern Alliance Mining Ltd.

Dear Sir/Madam

1. INTRODUCTION

- 1.1 The Directors are convening the EGM to seek the approval of Shareholders in relation to the Proposed Adoption of the Share Purchase Mandate, the Proposed Joint Venture and Gold Mining Operation, and the Proposed Diversification (collectively, the "**Proposed Resolutions**"). Notice of the EGM dated 30 July 2021 to Shareholders ("**Notice of EGM**") is set out on pages N-1 to N-4 of this Circular.
- 1.2 The purpose of this Circular is to provide Shareholders with the rationale for and information relating to, and to seek the approval of the Shareholders for the Proposed Resolutions to be tabled at the EGM. Shareholders should note that Ordinary Resolution 2 is conditional on Ordinary Resolution 3, as both the Joint Venture Agreement and Mining Operator Agreement in relation to the Proposed Joint Venture and Gold Mining Operation contain a condition precedent that the Proposed Diversification is approved by Shareholders. This means that if Ordinary Resolution 3 is not approved, Ordinary Resolution 2 will not be deemed to be duly passed. The passing of Ordinary Resolutions 1 and 3 are not conditional on any of the other Ordinary Resolutions.
- 1.3 The SGX-ST assumes no responsibility for the correctness of any of the statements made, opinions expressed or reports contained in this Circular. If a Shareholder is in any doubt as to the action he/she should take, he/she should consult his/her stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

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2. THE PROPOSED ADOPTION OF THE SHARE PURCHASE MANDATE

2.1 Background

Any purchase or acquisition of Shares by the Company would have to be made in accordance with, and in the manner prescribed by its Constitution, the Companies Act, the Catalyst Rules and such other laws and regulations as may, for the time being, be applicable.

It is a requirement of the Companies Act that before a company purchases or acquires its own shares, its constitution must expressly permit the company to purchase or otherwise acquire the shares issued by it. Regulation 51(3) of the Constitution expressly permits the Company to purchase or otherwise acquire its issued Shares subject to and in accordance with the provisions of the Companies Act and any other relevant rule, law or regulation enacted or promulgated by any relevant competent authority from time to time ("**Relevant Laws**"), on such terms and subject to such conditions as the Company may in general meeting prescribe in accordance with the Relevant Laws.

The Company is also required to obtain approval of its Shareholders at a general meeting if it wishes to purchase or acquire its own Shares. Accordingly, the Board is proposing to seek Shareholders' approval at the EGM for the proposed adoption of the Share Purchase Mandate ("**Proposed Adoption of the Share Purchase Mandate**"). The Share Purchase Mandate is a general mandate to be given by the Shareholders that allows the Company to purchase or acquire its issued Shares at any time during the duration and on the terms of the Share Purchase Mandate.

If approved by Shareholders at the EGM, the authority conferred by the Share Purchase Mandate will continue in force until the next AGM (whereupon it will lapse, unless renewed at such meeting), or the date on which the authority conferred by the Share Purchase Mandate is revoked or varied by the Company at a general meeting (if so varied or revoked prior to the next AGM), or the date on which purchases and acquisitions of Shares pursuant to the Share Purchase Mandate are carried out to the full extent mandated (if so varied or revoked prior to the next AGM), whichever is the earliest.

2.2 Rationale for the Share Purchase Mandate

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

- (i) in line with international practice, the Share Purchase Mandate will provide the Company with greater flexibility in managing its capital and maximising return to its Shareholders. To the extent that the Company has capital and surplus funds which are in excess of its financial needs, taking into account its growth and expansion plans, the Share Purchase Mandate will facilitate the return of excess cash and surplus funds to Shareholders in an expedient, effective and cost-efficient manner;
- (ii) in managing its business, the Group strives to increase Shareholders' value by improving, *inter alia*, the return on equity and a Share Purchase is one way by which the return on equity may be enhanced;

LETTER TO SHAREHOLDERS

- (iii) Share Purchases may help mitigate short-term market volatility in the Company's share price, offset the effects of short-term speculation and bolster Shareholders' confidence;
- (iv) insofar as it is permitted by law, the Share Purchase Mandate will permit the Directors to undertake Share Purchases which will enable the Directors to utilise the Shares which are purchased or acquired and held as treasury shares to satisfy the Company's obligation to furnish Shares to participants under the Southern Alliance Mining PSP, thus giving the Company greater flexibility to select the method of providing Shares to its employees which would be most beneficial to the Company and its Shareholders;
- (v) all things being equal, purchases or acquisitions of Shares pursuant to the Share Purchase Mandate will result in a lower number of issued Shares being used for the purpose of computing EPS, if the purchased Shares are subsequently cancelled or during the period such Shares are held as treasury shares. Therefore, Share Purchases under the Share Purchase Mandate will improve the Company's EPS, which in turn is expected to have a positive impact on the fundamental value of the Shares;
- (vi) Shares purchased under the Share Purchase Mandate will enable the Directors to utilise the Shares which are purchased or acquired and held as treasury shares to be sold for cash or transferred as consideration for the acquisition of shares in or assets of another company or assets of a person, which may be less dilutive than if new Shares were issued for this purpose; and
- (vii) the Share Purchase Mandate will provide the Company the flexibility to undertake share repurchases at any time, subject to market conditions, during the period when the Share Purchase Mandate is in force.

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

2.3 Authority and Limits of the Share Purchase Mandate

The authority and limitations placed on purchases or acquisitions of Shares by the Company under the Share Purchase Mandate, if approved at the EGM, are summarised below:

2.3.1 Maximum Number of Shares

Only Shares which are issued and fully paid-up may be purchased or acquired by the Company.

The total number of Shares which may be purchased or acquired by the Company pursuant to the Share Purchase Mandate shall not exceed 10% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) of the Company as at the date of the forthcoming EGM at which approval for the Proposed Adoption of the Share Purchase Mandate is being sought (the "**Approval Date**"). Treasury shares and subsidiary holdings will be disregarded for purposes of computing the 10% limit.

LETTER TO SHAREHOLDERS

Purely for illustration purposes, on the basis of 489,000,000 Shares in issue (excluding treasury shares and subsidiary holdings) as at the Latest Practicable Date and assuming no further Shares are issued on or prior to the Approval Date, not more than 48,900,000 Shares (representing 10% of the number of issued Shares as at that date) may be purchased by the Company pursuant to the Share Purchase Mandate.

2.3.2 Duration of Authority of the Share Purchase Mandate

Purchases or acquisitions of Shares may be made, at any time and from time to time, on and from the date of the Approval Date up to the earliest of:

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

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

2.3.3 Manner of Purchases or Acquisitions of Shares

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

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

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

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

- (i) offers for the purchase or acquisition of Shares shall be made to every person who holds Shares to purchase or acquire the same percentage of their Shares;
- (ii) all of the abovementioned persons shall be given a reasonable opportunity to accept the offers made; and

LETTER TO SHAREHOLDERS

- (iii) the terms of all the offers shall be the same, except that there shall be disregarded:
 - (aa) differences in consideration attributable to the fact that offers may relate to Shares with different accrued dividend entitlements;
 - (bb) differences in consideration attributable to the fact that the offers relate to Shares with different amounts remaining unpaid (if applicable); and
 - (cc) differences in the offers introduced solely to ensure that each person is left with a whole number of Shares.

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

- (1) the terms and conditions of the offer;
- (2) the period and procedures for acceptances;
- (3) the reasons for the proposed Share Purchases;
- (4) the consequences, if any, of Share Purchases by the Company that will arise under the Take-over Code or other applicable take-over rules;
- (5) whether the Share Purchases, if made, could affect the listing of the Company's equity securities on the SGX-ST;
- (6) details of any Share Purchases made by the Company in the previous 12 months (whether by way of Market Purchase or Off-Market Purchase), setting out the total number of Shares purchased, the purchase price per Share or the highest and lowest prices paid for the Share Purchases, where relevant, and the total consideration paid for the Share Purchases; and
- (7) whether the Shares purchased or acquired by the Company will be cancelled or kept as treasury shares.

2.3.4 Maximum Purchase Price

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

- (a) in the case of a Market Purchase, 105% of the Average Closing Price of the Shares; and

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

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

2.4 Status of Purchased Shares

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

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

2.5 Treasury Shares

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

2.5.1 Maximum Holdings

The number of Shares held as treasury shares cannot at any time exceed 10% of the total number of issued Shares. Any Shares in excess of this limit shall be disposed of or cancelled in accordance with Section 76K of the Companies Act within six (6) months or such further periods as ACRA may allow.

2.5.2 Voting and Other Rights

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

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

2.5.3 Disposal and Cancellation

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

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

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

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

2.6 Source of Funds

In purchasing or acquiring Shares pursuant to the Share Purchase Mandate, the Company may only apply funds legally available for such purchases or acquisitions as is provided in the Constitution and in accordance with the applicable laws in Singapore. The Company may not buy Shares for a consideration other than cash or, in the case of a Market Purchase, for settlement otherwise than in accordance with the trading rules of the SGX-ST.

The Companies Act permits the Company to purchase or acquire its Shares out of capital, as well as from its distributable profits, so long as the Company is solvent. Pursuant to Section 76F(4) of the Companies Act, a Company is solvent if at the date of the payment made by the Company in consideration of acquiring any right with respect to the purchase or acquisition of its own Shares:

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

The Company intends to use internal sources of funds and/or external borrowings to finance its Share Purchases. In purchasing or acquiring Shares pursuant to the Share Purchase Mandate, the Directors will consider the availability of internal resources and thereafter consider the availability of external financing. To effect the purchase of Shares pursuant to the Share Purchase Mandate, the Directors will consider, *inter alia*, the working capital requirements of the Company, the expansion and investment plans of the Company, the availability of internal resources, the rationale for the Share Purchase and the prevailing market conditions.

The Directors do not propose to exercise the Share Purchase Mandate to such an extent that it would have a material adverse effect on the financial position of the Group. The purchase or acquisition of Shares pursuant to the Share Purchase Mandate will only be undertaken if, in the reasonable opinion of the Directors, it can benefit the Group and Shareholders.

2.7 Financial Effects

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

2.7.1 Purchase or Acquisition Out of Profits and/or Capital

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

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

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Where the consideration paid by the Company for the Share Purchase is made out of capital, the amount available for the distribution of cash dividends by the Company will not be reduced.

2.7.2 Number of Shares Acquired or Purchased

Based on 489,000,000 issued Shares (excluding treasury shares and subsidiary holdings) as at the Latest Practicable Date and assuming no further Shares are issued on or prior to the Approval Date, the exercise in full of the Share Purchase Mandate, on the Latest Practicable Date would result in the purchase or acquisition of 48,900,000 Shares, representing 10% of the number of issued Shares as at that date (the "**Maximum Number of Shares**"). As at the Latest Practicable Date, the Company does not hold any treasury shares and does not have any subsidiary holdings.

2.7.3 Maximum Price Paid for Shares Acquired or Purchased

In the case of Market Purchases by the Company and assuming that the Company purchases the Maximum Number of Shares at the Maximum Price of S\$1.1403 per Share (being the price equivalent to 5% above the Average Closing Price of the Shares for the five (5) consecutive Market Days on which the Shares were traded on Catalist immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase is S\$55,760,670 (excluding brokerage, commission, applicable goods and services tax and other related expenses).

In the case of Off-Market Purchases by the Company and assuming that the Company purchases the Maximum Number of Shares at the Maximum Price of S\$1.3032 per Share (being the price equivalent to 20% above the Average Closing Price of the Shares for the five (5) consecutive Market Days on which the Shares were traded on Catalist immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase is S\$63,726,480 (excluding brokerage, commission, applicable goods and services tax and other related expenses).

2.7.4 Illustrative Financial Effects

For illustrative purposes only, assuming that the Company had purchased the Maximum Number of Shares pursuant to the Share Purchase Mandate in a Market Purchase or Off-Market Purchase, the financial effects of:

- (a) the purchase of the Maximum Number of Shares by the Company at the Maximum Price pursuant to the Share Purchase Mandate by way of purchases made out of capital and profits and held as treasury shares; and
- (b) the purchase of the Maximum Number of Shares by the Company at the Maximum Price pursuant to the Share Purchase Mandate by way of purchases made out of capital and profits and cancelled,

on the audited financial statements of the Group for year ended 31 July 2020 ("**FY2020**") are set out below.

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The financial effects are prepared on the following assumptions:

- (i) the Company has 489,000,000 issued and paid-up Shares (excluding treasury shares and subsidiary holdings) as at the Latest Practicable Date, and no additional Shares were issued on or prior to the EGM;
- (ii) the purchase of the Maximum Number of Shares pursuant to the Share Purchase Mandate had taken place on 1 August 2019 for the purpose of computing the financial effects on the EPS of the Group;
- (iii) 50% of such purchase or acquisition of Shares is financed by the internal resources of the Group available as at 1 August 2019 and the balance via short term borrowing. The rationale for not fully utilising the internal funding is due to the need to provide sufficient internal resources to ensure smooth operations of the Group;
- (iv) part of the internal resources utilised for the purchase or acquisition of the Shares would be disbursed from the Company's subsidiaries to the Company;
- (v) the Company will be able to fulfil the "public float" requirement pursuant to Rule 723 of the Catalist Rules following the purchase of the Maximum Number of Shares pursuant to the Share Purchase Mandate;
- (vi) the consideration for the purchase or acquisition of the Shares (excluding brokerage, stamp duties, commission, applicable goods and services tax, clearance fees and other related expenses) is financed by internal sources of funds and external borrowings;
- (vii) transaction costs incurred for the purchase or acquisition of the Shares are assumed to be insignificant and have been disregarded; and
- (viii) based on the exchange rate of S\$1.00 : RM3.1066 as at the Latest Practicable Date, obtained from the website of the Monetary Authority of Singapore.

The illustrations set out below are based on the audited financial statements of the Company and the Group for FY2020 and are purely for illustrative purposes only. Accordingly, such illustrations are not representative or otherwise indicative of future financial performance of the Company and/or the Group.

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(A) Purchases made entirely out of profits and held as treasury shares

Market/Off-Market Purchases

	GROUP			COMPANY		
	Before Share Purchase (RM'000)	After Share Purchase Shares assuming Market Purchase (RM'000)	After Share Purchase Shares assuming Off-Market Purchase (RM'000)	Before Share Purchase (RM'000)	After Share Purchase Shares assuming Market Purchase (RM'000)	After Share Purchase Shares assuming Off-Market Purchase (RM'000)
As at 31 July 2020						
Share capital	218,154	218,154	218,154	218,154	218,154	218,154
Shareholders' funds ⁽¹⁾	226,780	53,556	28,810	208,986	35,762	11,016
NTA ⁽²⁾	226,780	53,556	28,810	208,986	35,762	11,016
Current assets	188,001	101,389	89,016	37,165	37,165	37,165
Current liabilities	23,706	110,318	122,691	1,559	174,783	199,529
Working capital	164,295	-8,929	-33,675	35,606	-137,618	-162,364
Total borrowings	7,229	93,841	106,214	-	173,224	-197,970
Cash and cash equivalents	149,866	63,254	50,881	37,072	37,072	37,072
Profit after tax and minority interest	62,087	62,087	62,087	-9,168	-9,168	-9,168
Number of Shares (excluding treasury shares)	489,000	440,100	440,100	489,000	440,100	440,100
Treasury shares	-	48,900	48,900	-	48,900	48,900
Financial Ratios						
NTA per Share (sen) ⁽³⁾	46.38	12.17	6.55	42.74	8.13	2.50
Weighted average number of Shares	486,375	437,475	437,475	486,375	437,475	437,475
Gearing ratio (times) ⁽⁴⁾	0.03	1.75	3.69	-	4.84	17.97
Current ratio (times) ⁽⁵⁾	7.93	0.92	0.73	23.84	0.21	0.19
EPS (sen)	12.77	14.19	14.19	-1.88	-2.10	-2.10

Notes:

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

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(B) Purchases made entirely out of capital and cancelled

Market/Off-Market Purchases

	GROUP			COMPANY		
	Before Share Purchase (RM'000)	After Share Purchase Shares assuming Market Purchase (RM'000)	After Share Purchase Shares assuming Off-Market Purchase (RM'000)	Before Share Purchase (RM'000)	After Share Purchase Shares assuming Market Purchase (RM'000)	After Share Purchase Shares assuming Off-Market Purchase (RM'000)
As at 31 July 2020						
Share capital	218,154	44,930	20,184	218,154	44,930	20,184
Shareholders' funds ⁽¹⁾	226,780	53,556	28,810	208,986	35,762	11,016
NTA ⁽²⁾	226,780	53,556	28,810	208,986	35,762	11,016
Current assets	188,001	101,389	89,016	37,165	37,165	37,165
Current liabilities	23,706	110,318	122,691	1,559	174,783	199,529
Working capital	164,295	-8,929	-33,675	35,606	-137,618	-162,364
Total borrowings	7,229	93,841	106,214	-	173,224	197,970
Cash and cash equivalents	149,866	63,254	50,881	37,072	37,072	37,072
Profit after tax and minority interest	62,087	62,087	62,087	-9,168	-9,168	-9,168
Number of Shares (excluding treasury shares)	489,000	440,100	440,100	489,000	440,100	440,100
Treasury shares	-	-	-	-	-	-
Financial Ratios						
NTA per Share (sen) ⁽³⁾	46.38	12.17	6.55	42.74	8.13	2.50
Weighted average number of Shares	486,375	437,475	437,475	486,375	437,475	437,475
Gearing ratio (times) ⁽⁴⁾	0.03	1.75	3.69	-	4.84	17.97
Current ratio (times) ⁽⁵⁾	7.93	0.92	0.73	23.84	0.21	0.19
EPS (sen)	12.77	14.19	14.19	-1.88	-2.10	-2.10

Notes:

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

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Shareholders should note that the financial effects, based on the respective aforementioned assumptions, are for illustrative purposes only. In particular, it is important to note that it is not possible for the Company to realistically calculate or quantify the impact of purchases or acquisitions that may be made pursuant to the Share Purchase Mandate on the NTA per Share and EPS as the resultant effect would depend on the factors such as the aggregate number of Shares purchased, the purchase price paid at the relevant time, and the amount (if any) borrowed by the Company to fund the purchases or acquisitions. The above analysis is based on historical numbers as at 31 July 2020, and is not necessarily representative of future financial performance.

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

2.8 Tax Implications

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

2.9 Catalist Rules

The Catalist Rules specify that a listed company shall announce all purchases or acquisitions of its shares on the SGXNet not later than 9.00 a.m.:

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

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

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

In particular, the Company will not purchase or acquire any Shares through Market Purchases or Off-Market Purchases during the period of one (1) month immediately preceding the announcement of the Company's half-year and full-year results of the financial year and ending on the date of announcement of the relevant financial results.

Rule 723 of the Catalist Rules requires a listed company to ensure that at least 10% of any class of its listed securities (excluding treasury shares, preference shares and convertible equity securities) must be held by public shareholders. The term "public", as defined under the Catalist Rules, means persons other than the directors, substantial shareholders, chief executive officers or controlling shareholders of a company and its subsidiaries, as well as associates of such persons.

As at the Latest Practicable Date, there were approximately 79,000,000 issued Shares held by public shareholders, representing approximately 16.16% of the total number of issued Shares of the Company. Assuming that the Company purchases its Shares through Market Purchases up to the full 10% limit pursuant to the Share Purchase Mandate from the public, the number of issued Shares held by public shareholders would be reduced to 30,100,000 Shares, representing approximately 6.16% of the total number of issued Shares of the Company.

As there is an insufficient number of Shares held by public shareholders, the Company is unable to undertake Share Purchases up to the full 10% limit pursuant to the Share Purchase Mandate without affecting the listing status of the Shares on the SGX-ST. **Accordingly, the Company shall ensure that the number of Shares it purchases or acquires pursuant to the Share Purchase Mandate will not result in the number of Shares remaining in the hands of the public to fall below 10% of the total number of issued shares of the Company (excluding treasury shares, preference shares and convertible equity securities) or to such a level as to cause trading illiquidity or to affect orderly trading of its Shares.**

Notwithstanding the above, the Company anticipates that the public float percentage of the issued Shares will change from time to time consequent upon the dynamic changing profile of public shareholders of the Company. For this reason, the Company is therefore seeking Shareholders' approval to enable the Company to purchase or acquire Shares up to a maximum of 10% of the issued Shares (excluding treasury shares and subsidiary holdings) for flexibility to prospectively cater to any future increase in the number of issued Shares held in public hands.

2.10 Take-over Implications

Appendix 2 of the Take-over Code contains the Share Buy-Back Guidance Note. The take-over implications arising from any Share Purchase are set out below.

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2.10.1 Obligation to make a take-over offer

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

2.10.2 Persons Acting in Concert

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

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

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

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of the foregoing persons, and any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the foregoing persons and/or entities for the purchase of voting rights.

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

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

2.10.3 Effect of Rule 14 and Appendix 2 of the Take-over Code

In general terms, the effect of Rule 14 and Appendix 2 of the Take-over Code is that, unless exempted, Directors and persons acting in concert with them will incur an obligation to make a take-over offer under Rule 14 if, as a result of the Company purchasing or acquiring its issued Shares, the voting rights of such Directors and the persons acting in concert with them would increase to 30% or more, or in the event that such Directors and the persons acting in concert with them hold between 30% and 50% of the Company's voting rights, if the voting rights of such Directors and the persons acting in concert with them would increase by more than 1% in any period of six (6) months.

Under Appendix 2 of the Take-over Code, a Shareholder who is not acting in concert with the Directors will not be required to make a take-over offer under Rule 14 if, as a result of the Company purchasing or acquiring its Shares, the voting rights of such Shareholder in the Company would increase to 30% or more, or, if such Shareholders holds between 30% and 50% of the Company's voting rights, the voting rights of such Shareholders would increase by more than 1% in any period of six (6) months. Such a Shareholder need not abstain from voting in respect of the ordinary resolution approving the renewal of the Share Purchase Mandate.

The statements in this Circular do not purport to be a comprehensive or exhaustive description of all implications that may arise under the Take-over Code. Shareholders who are in doubt are advised to consult their professional advisers and/or the SIC and/or the relevant authorities at the earliest opportunity as to whether an obligation to make a take-over offer would arise by reason of any share purchases or acquisitions by the Company pursuant to the Share Purchase Mandate.

2.10.4 Application of the Take-over Code

The interests of the Directors and Substantial Shareholders of the Company in the Shares as at the Latest Practicable Date are disclosed in Section 5 below.

As at the Latest Practicable Date, as far as the Company is aware, none of the Directors or Substantial Shareholders of the Company would become obliged to make a take-over offer for the Company under Rule 14 of the Take-over Code as a result of the

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Share Purchases by the Company of the maximum limit of 10% of the total number of issued Shares as at the Latest Practicable Date.

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

2.11 Shares Purchases in the Previous 12 Months

The Company had not made any Share Purchases in the last 12 months immediately preceding the Latest Practicable Date.

2.12 Limits on Shareholdings

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

2.13 Reporting Requirements under the Companies Act

Within 30 days of the passing of the Shareholders' resolution to approve the Proposed Adoption of the Share Purchase Mandate, the Company shall lodge a copy of the resolution with ACRA.

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

3. THE PROPOSED JOINT VENTURE AND GOLD MINING OPERATION

3.1 Background

On 16 July 2021, the Company announced that it had entered into a joint venture agreement ("**Joint Venture Agreement**") with Duli Yang Maha Mulia Sultan Ibrahim Ibni Almarhum Sultan Iskandar ("**JV Partner**") to establish a joint venture company, SAM Mineral Trade Sdn Bhd ("**JV Company**"). As at the date of this Circular, the JV Company has a share capital of RM1.00 comprising of one (1) ordinary share held by the Company. In connection with the joint venture, the Company had entered into a mining operator agreement on 16 July 2021 with the JV Partner ("**Mining Operator Agreement**"), pursuant to which the JV Company shall carry out exploration work for gold and any other mineral or deposits and/or mining activities, amongst others, at the Tenggaroh mine Johor ("**Targeted Area**") (the Joint Venture Agreement and the Mining Operator Agreement, collectively, the "**Proposed Joint Venture and Gold Mining Operation**").

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3.2 Rationale of the Proposed Joint Venture and Gold Mining Operation

The Malaysian government announced the National Mineral Industry Transformation Plan 2021-2030 (MIT 2021-2030 Plan) earlier this year, which aims to grow the Malaysian mineral industry into a complete value chain for the next 10 years. The Group intends to capitalise on the initiatives under such MIT 2021-2030 Plan, to diversify the Group's source of revenue and boost the financial condition of the Group.

In addition, the Proposed Joint Venture and Gold Mining Operation is in line with the Company's intention to diversify from the Existing Business and expand into the Proposed New Business, as elaborated on in Section 4 of this Circular below. The Proposed Joint Venture and Gold Mining Operation will enable the Group to leverage on the resources of the JV Partner, as well as to reduce risks and burden of the Proposed New Business on the Group.

As such, the Board is of the view that the Proposed Joint Venture and Gold Mining Operation is in the best interests of the Company.

3.3 Outline of the Exploration and Mining Process

The Company's main purpose and objective for entering into the Proposed Joint Venture and Gold Mining Operation is for the exploration of the Targeted Area which may present opportunities for gold mining. As is typical of such projects, the contractual arrangement for the works to be carried out at the Targeted Area is divided into two parts. The first part will enable to Group to carry out the exploration activities to determine the feasibility of the proposed mining project. If the results of the exploration works are satisfactory, the Group will decide to proceed with the second part, which is to carry out mining activities, based on the exploration works done pursuant to the first part as aforesaid.

The current intention of the parties is on the exploration and (if feasible) the mining of the Targeted Area only. Nonetheless, it is also a general practice during the exploration stage and to a certain extent, during the mining stage (when more geological information is available), to also evaluate the surrounding area for the potential of the same mineralisation. On that basis, the Mining Operator Agreement also provides for exploration and/or mining works to be carried out on other lands owned by the JV Partner or in respect of which the JV Partner will be able to apply for exploration and/or mining approvals. Nevertheless, there are no such other lands envisaged as at the Latest Practicable Date.

Any mining on the Targeted Area is subject to the favourable results of the exploration and approval process, which salient steps are set out below.

- (a) **Gathering and review of information.** In order to gain a better understanding of the area, the JV Company will perform a desktop review of the Targeted Area, which comprises obtaining data from various methods such as satellite imagery and digital terrain model (DTM)-based analysis. The data would provide geo-technical information on the local area and allow the JV Company to ascertain the areas of priority for undertaking the exploration works.
- (b) **Obtaining of exploration approval and commencement of exploration works.** The JV Partner will, in consultation with the JV Company, apply for the requisite exploration approvals from the relevant authorities. Once the exploration approvals have been

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granted, the JV Company will carry out reconnaissance geological mapping, sampling and data collection on various sections of the Targeted Area. Such works provide the necessary information to the geologist who would then narrow down the area of interest for further exploration works to be carried out. Once the area of interest has been identified with assistance from the geologist, the JV Company will commence the drilling process to extract samples of the soil in the said area. The collected samples will then be logged, analysed and sent to independent laboratories for testing.

- (c) **Review of laboratory testing results and decision on whether to proceed with mining.** The results of the laboratory testing will be reviewed by the geologist. In the event that the geologist ascertains from the results that mining is not economically feasible, the explored area will not be considered for mining activities. However, should the results suggest that mining is economically feasible, i.e. mineral resources and/or reserves have been identified or can be established by an independent competent person and an Independent Qualified Person Report is produced, the JV Partner will, with the assistance of the JV Company, proceed to apply for the appropriate mining lease for such areas.
- (d) **Approval of licence by authorities.** The application for the mining lease is subject to the approval by the State Authority. In addition, an Environmental Impact Assessment (EIA) Report may be required to be submitted to the Department of Environment. Following the approval of the mining lease and the EIA Report (if applicable), the JV Company will then proceed to apply to the Department of Minerals and Geoscience for approval of an Operational Mining Scheme for development work and mining on the applicable land which is the subject of the mining lease.

Mining activities on the Targeted Area can only be commenced and carried out upon completion of the above processes and after all relevant approvals have been obtained. Shareholders should note that the Proposed Joint Venture and Gold Mining Operation involves the exploration of a greenfield (an area with minimal to no previous exploration). Please also refer to Section 4.8 of this Circular for other risks relating to the exploration and mining of mineral ores.

3.4 Application of the Catalist Rules

The Proposed Joint Venture and Gold Mining Operation does not fall within the definition of a “transaction” under Rule 1002(1) of the Catalist Rules, given that there is no acquisition or disposal of assets, or provision of financial assistance by the Company. Further, as the JV Partner is an unrelated third party to the Group, the Proposed Joint Venture and Gold Mining Operation does not constitute an interested person transaction.

The Proposed Joint Venture and Gold Mining Operation will not result in a change to the Group’s general risk profile given that gold mining presents similar risks to the Existing Business. Further, the price of iron ore is highly volatile, as witnessed by the fluctuation of iron ore prices between 2014 and 2018 which hit a low of approximately US\$40 per tonne at the end of 2015. In contrast, the price of gold is comparatively more stable and would present less of a risk to the Group’s revenue and earnings. Notwithstanding that the Group does not have a track record in gold exploration and mining, key members of the Group’s management team have prior experience in a gold mining project in the State of Kelantan, Malaysia. Based on the

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foregoing, the Board is of the view that the Proposed Joint Venture and Gold Mining Operation will not result in a change to the Group's risk profile.

In view of the foregoing, the Proposed Joint Venture and Gold Mining Operation does not strictly require Shareholders' approval under the Catalyst Rules.

Notwithstanding the above, as the Proposed Joint Venture and Gold Mining Operation amounts to a new business undertaken by the Group that is different from its Existing Business, for good governance, the Directors propose to seek Shareholders' approval for the Proposed Joint Venture and Gold Mining Operation at the EGM.

3.5 Information on the JV Partner and the Targeted Area

The JV Partner is the sovereign ruler of the State of Johor, Malaysia. The JV Partner is an independent third party and is not related to any of the Directors or controlling shareholders of the Company and their respective associates. As at the Latest Practicable Date, the JV Partner does not have any interest in the shares of the Company.

The Targeted Area is located on lands of interest measuring approximately 17,767.814 hectares in total in Tenggaraoh, the district of Mersing which is situated on the east coast of Johor, Malaysia. The JV Partner is the registered owner of the said Lands on which the Targeted Area is situated, except for the Gunung Arong Land which is state land. As at the Latest Practicable Date, the Group has not carried out any independent valuation of the Targeted Area and has only conducted a preliminary desktop study of the Targeted Area.

Based on the aforesaid desktop study, the Company has noted east Johor as an important gold producing geographical area, which was characterised by the onset of the gold rush by illegal miners in the Mersing area in 1985. In 1987, the Geological Survey Department (GSD), a former body of Minerals and Geoscience Department (JMG), delineated a 45 km² area with good gold potential in the vicinity of Mersing. Subsequently, GSD carried out a more comprehensive and systematic regional reconnaissance geochemical sampling program for gold over the eastern area of Johor State during the Sixth Malaysian Plan. Geochemical sampling covering an area of about 4,900 km² was initiated in early 1992, and was completed in late 1994. An evaluation of the acquired geochemical data from the aforesaid program was carried out together with supporting information obtained from aerial photography, satellite images, geophysics, airborne magnetometric results and the findings of previous prospecting activities. Following this, 19 prospective gold sectors were identified covering a total approximate area of 531.5 km². These sectors have been grouped into three zones; Zone 1 covering the coastal regions, Zone 2 covering the central regions and Zone 3 covering the interior regions. The data showed that prospective gold sectors in Zone 1 was the most significant. The Targeted Area is located in Zone 1.

3.6 Principal Terms of the Joint Venture Agreement

A summary of the principal terms of the Joint Venture Agreement is as follows.

3.6.1 Business of the JV Company

The JV Company shall carry on the business of exploration, mining and processing of gold ore for subsequent sale on the said Lands and other lands owned by the JV

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Partner or in respect of which the JV Partner will be able to apply for exploration and/or mining approvals, and such other businesses as may from time to time be decided by the board of the JV Company.

3.6.2 Share capital of the JV Company

Within 14 days from the date of fulfilment of the condition precedent, each party shall subscribe for the following number of shares at the price of RM1.00 per share as fully paid shares, representing such percentage of the total issued share capital of the JV Company as follows:

Shareholder	Number of Existing Shares	Number of New Shares	Shareholding Proportion	Amount of subscription money (RM)
The Company	1	84,999	85%	84,999
The JV Partner	<i>Nil</i>	15,000	15%	15,000
TOTAL	1	99,000	100%	99,999

3.6.3 Condition precedent

The obligations of the parties under the Joint Venture Agreement are conditional upon the approval of the Shareholders in a general meeting for (a) the Proposed Joint Venture and Gold Mining Operation, (b) the Proposed Diversification; and (c) the JV Company to enter into the transaction contemplated in the Mining Operator Agreement, within six (6) months from the date of the Joint Venture Agreement.

In the event that the above condition precedent is not fulfilled within six (6) months from the date of the Joint Venture Agreement, the Joint Venture Agreement shall automatically cease and terminate.

3.6.4 Directors of the JV Company

Each of the parties shall be entitled to appoint such number of directors to the board as set out in the following paragraph or such other number as the parties may mutually agree, provided always that the composition of the board of the JV Company shall at all times proportionately reflect (as nearly as possible) the respective proportionate shareholdings of the parties in the capital of the JV Company.

At the initial stage, the board of the JV Company shall consist of:

- (e) two (2) persons to be appointed by the Company as directors; and
- (f) one (1) person to be appointed by the JV Partner to act as a director.

3.6.5 Management of the JV Company

The JV Company shall be managed by its board, but the day-to-day administration and/or management of the JV Company may be vested in a chief executive

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officer/managing director appointed by the board of the JV Company, which shall at all times be responsible and subject to the control of the board of the JV Company.

3.6.6 Sale of shares to third party

Provided that none of the parties shall sell, transfer, pledge, mortgage, charge, or otherwise dispose of the legal or beneficial interests in any of their shares in the JV Company within the Moratorium Period, where a shareholder of the JV Company desires to sell all (and not some) of its shares, it shall first make an offer to sell its shares to the other shareholder(s) of the JV Company in proportion to their respective shareholding for the time being in the JV Company. In the event any of the other shareholder(s) decline the offer whether in whole or in part, the shares so declined shall then be offered to the other shareholder(s) in proportion to the respective shareholding proportion for the time being in the JV Company between those other shareholder(s). If the offer lapses or is not accepted by the other shareholder(s) within the stipulated period, the selling shareholder shall be at liberty to sell its shares at a price which equals or exceeds the price that it offered to the other shareholder(s).

For the purposes of this section, “**Moratorium Period**” means the period commencing from the date of the Joint Venture Agreement and expiring on the date the JV Company commences the mining operations on the said Lands being the “Commencement Date” as defined in the Mining Operator Agreement.

3.6.7 Pre-emptive rights

In the event the board proposes to increase the share capital of the JV Company, all shareholders of the JV Company shall have a right of first refusal on any issuance of further shares, securities or other instruments convertible into shares or debt instruments in proportion to their respective shareholding proportion at the time of such offer of further shares and on same terms and conditions.

3.6.8 Finance

If additional funds in the form of loans or credit facilities from third parties are required from time to time by the JV Company as determined by the board of the JV Company, the Company agrees to guarantee such loans without recourse to the JV Partner to guarantee such loans.

3.7 **Principal Terms of the Mining Operator Agreement**

A summary of the principal terms of the Mining Operator Agreement is as follows.

3.7.1 Commitment fee

Upon the execution of the Mining Operator Agreement, the JV Company shall, in consideration of the rights and privileges granted by the JV Partner to the JV Company under the Mining Operator Agreement, pay to the JV Partner a one-off non-refundable fee of Ringgit Malaysia Three Million (RM3,000,000.00) and free of all deductions subject to the terms and conditions thereunder.

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3.7.2 Conditions precedent

The obligations of the parties under the Mining Operator Agreement are conditional upon:

- (a) the passing of a resolution by the directors and the shareholders of the JV Company, if required by any law or regulation applicable to the JV Company, to, *inter alia*, approve the transaction contemplated by the Mining Operator Agreement; and
- (b) the approval of the Shareholders in a general meeting for the Proposed Joint Venture and Gold Mining Operation and the Proposed Diversification.

3.7.3 Exploration works

- (a) The JV Partner shall apply to the State Authority for the Exploration Approvals with respect to the said Lands.
- (b) With effect from the date that the JV Partner has been granted the said Exploration Approvals above ("**Effective Date**"), the JV Partner grants to the JV Company the full and exclusive right to (a) conduct all exploration, prospecting, sampling, surveying and drilling activities, including the construction of Pilot Plants, on the said Lands (or the relevant parts thereof as may be approved under the Exploration Approvals, if applicable); and (b) sell the Mineral Ores processed from the said Pilot Plants, to the extent permitted in the Exploration Approvals and applicable laws, ("**Exploration Works**") to ascertain the suitability and viability of the said Lands for the purpose of carrying out Mining Operations in the JV Company's opinion.

3.7.4 Exploration period

The JV Company shall be entitled to undertake Exploration Works on the said Lands for a period of 24 months from the Effective Date, which shall be subject to an extension of a further 24 months at the option of the JV Company, ("**Exploration Period**") provided that:

- (a) the Mining Operator Agreement is not terminated by the JV Company earlier in accordance with the provisions thereunder; or
- (b) the exploration period approved under the Exploration Approvals (including any renewals thereof) has not expired.

3.7.5 Notice to cease or proceed

- (a) In the event that the JV Company does not wish to proceed with Mining Operations, the JV Company shall notify the JV Partner of the same on or before the expiry of the Exploration Period.

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- (b) In the event the JV Company decides to undertake Mining Operations on the said Lands (or any part or parts thereof) during or upon completion of the Exploration Works (subject to a more comprehensive drilling program on the said Lands or any part thereof), the JV Company shall notify the JV Partner of such intention, and the JV Partner shall (with the assistance of the JV Company) apply for a PML in the JV Partner's name for the sole and exclusive benefit of the JV Company.
- (c) Immediately upon the approval and the issuance of the said PML, the JV Partner shall irrevocably appoint the JV Company on a sole and exclusive basis and the JV Company shall accept the appointment as the mining operator with sole and exclusive rights, interest, title, benefit and privileges to undertake and conduct Mining Operations in accordance with the terms of the PML.

3.7.6 Tribute

- (a) The JV Company shall pay a tribute to the JV Partner equal to 30% of the JV Company's annual profit before tax attributable to the Mining Operations ("**PBT**") as determined by the JV Company upon the issue of its annual audited accounts for each financial year during the Mining Operations Period ("**Financial Year**"), commencing from the Commencement Date ("**Tribute**").
- (b) The JV Company's PBT shall be determined in accordance with the Company's group accounting policy and in compliance with International Financial Reporting Standards and the JV Company's determination of the JV Company's PBT in this manner shall be binding on the parties save for manifest error.
- (c) The Tribute shall be paid by the JV Company to the JV Partner with reference to the JV Company's PBT in each Financial Year at the following times:
 - (i) a first payment shall be made within two (2) weeks from the date of the Company's public announcement of the JV Company's half yearly financial results for that then current Financial Year (based on the JV Company's PBT for the first half of that Financial Year) with respect to which that Tribute is payable ("**First Payment**"); and
 - (ii) a second payment shall be made within two (2) weeks from the date of the Company's public announcement of the JV Company's audited results for that Financial Year with respect to which that Tribute is payable ("**Second Payment**").
- (d) With respect to the calculation of Tribute in respect of any Financial Year, the First Payment shall be equal to 30% of the JV Company's PBT for the six (6) month period of the relevant Financial Year (which is reflected in the half yearly financial results for that Financial Year announced by the Company) and the Second Payment shall be equal to 30% of the JV Company's PBT for that entire Financial Year announced by the Company less the First Payment, provided that:

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- (i) the total Tribute received by the JV Partner in respect of any Financial Year shall not exceed 30% of the JV Company's PBT in that Financial Year; and
 - (ii) in the event that the JV Partner has received the First Payment with respect to any Financial Year which exceeds 30% of the JV Company's PBT for that entire Financial Year due to losses incurred by the JV Company in the second half of that Financial Year ("**Excess Payment**"), the JV Partner shall forthwith refund such Excess Payment to the JV Company. Further, the JV Company shall be entitled to set off any Excess Payment which has yet to be refunded to the JV Company against any future Tribute payable to the JV Partner.
- (e) Other than the Tribute, the JV Company shall not be obliged to pay nor reimburse the JV Partner or any third party(s) for the Mineral Resources and/or Mineral Ores removed and sold from the Approved Areas.
 - (f) The JV Partner will not be entitled to any Tribute and the JV Company shall not be required to pay such Tribute in respect of any Financial Year in which the JV Company has not made any profit or has made a loss from the Mining Operations.

3.7.7 Mining Operations

The JV Company shall carry on such Mining Operations unless prevented from doing so for any reason beyond its control, and shall take all precaution and measures to prevent pilferage of the Mineral Ores, whether by its own personnel or third parties, and it shall in any event during the term of the Mining Operator Agreement be solely responsible for any pilferage thereto.

3.7.8 Future mining on the sites adjoining, adjacent or nearby the said Lands

- (a) In the event the JV Partner applies for and obtains other lands which are adjoining, adjacent or nearby, and within a radius of twenty kilometres (20km) from the border of, the said Lands ("**Adjacent Areas**") from the State Authority, the JV Partner shall:
 - (i) apply for exploration or prospecting rights over the Adjacent Areas;
 - (ii) upon obtaining the exploration or prospecting rights, grant a first right of refusal to the JV Company to carry out exploration or prospecting activities over the Adjacent Areas;
 - (iii) if the results of such exploration or prospecting are in the JV Company's opinion positive, apply for a proprietary mining licence with respect to the Adjacent Areas;
 - (iv) upon obtaining the proprietary mining licence with respect to the Adjacent Areas, grant the JV Company the right to carry out Mining

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Operations in such Adjacent Areas based on the same terms and conditions of the Mining Operator Agreement.

- (b) During the course of the Mining Operations, the JV Company may acquire a better understanding of the local or surrounding geological information and in the event the JV Company is of the view that the Adjacent Areas are suitable for further exploration, the JV Company shall notify the JV Partner and request him to apply for exploration or prospecting rights over the Adjacent Areas. Upon receipt of such notice from the JV Company, the JV Partner shall, with respect to the Adjacent Areas:
- (i) apply for exploration or prospecting rights within thirty (30) days;
 - (ii) upon obtaining the exploration or prospecting rights, grant a first right of refusal to the JV Company to carry out exploration or prospecting activities;
 - (iii) if the results of such exploration or prospecting are in the JV Company's opinion positive, apply for a proprietary mining licence or mining lease (as the case maybe); and
 - (iv) upon obtaining the proprietary mining licence or mining lease (as the case maybe), grant the JV Company the right to carry out Mining Operations in the Adjacent Areas based on the same terms and conditions of the Mining Operator Agreement.
- (c) The arrangements for exploration rights and Mining Operations within the Adjacent Areas shall be subject to the same terms of payment as set out in the Mining Operator Agreement.

The Company would like to highlight that this term relating to potential future exploration and mining of Adjacent Areas is not the main focus of the Mining Operator Agreement, and such term is a standard term that the Company has always included in all its mining agreements with third party land owners. Further, any exploration and/or mining activities that may be carried out on any Adjacent Areas would be subject to the same process as set out in Section 3.3 above.

3.7.9 Discovery of other mineral resources

In the event minerals or prospects other than the Mineral Resources and/or Mineral Ores which are permitted under the relevant PML are discovered or obtained in or under the said Lands or any part or parts thereof over which a PML has been granted ("**Other Minerals**") in the course of the Mining Operations, the JV Company shall inform the JV Partner of the same and may request the JV Partner to apply for a PML to mine for the Other Minerals. Thereafter, the Mining Operations shall at the request of the JV Company be extended to include the Other Minerals subject to payment of tribute to be mutually agreed between the parties with reference to the then prevailing market rate and practice for similar mining projects.

3.7.10 Indemnity and specific performance

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- (a) Parties shall be entitled to seek specific performance of the Mining Operator Agreement if any of the warranties or undertakings on the part of the other parties have not in all material respects been carried out or complied with or are otherwise untrue or incorrect in any material respect.
- (b) The JV Company covenants to indemnify and hold harmless the JV Partner against any claims that may be made against him by third parties for damage to life and/or property that may be attributed to the gross negligence of the JV Company, its servants and/or agents in the course of carrying out the Exploration Works and/or Mining Operations (as the case may be).

3.8 Source of Funds and Financial Effects of the Proposed Joint Venture and Gold Mining Operation

The Proposed Joint Venture and Gold Mining Operation will be funded primarily through internal funds and/or borrowings from financial institutions. Depending on the outcome of the Exploration Works, additional funding may be required and the Company may, as and when necessary and deemed appropriate, explore secondary fund-raising exercises by tapping the capital markets including but not limited to rights issues, share placements and/or issuance of debt instruments.

As at the Latest Practicable Date, the Proposed Joint Venture and Gold Mining Operation is not expected to have any material impact on the net tangible assets or earnings per share of the Group for the current financial year ending 31 July 2021.

4. THE PROPOSED DIVERSIFICATION

4.1 Existing Business of the Group

The Group is an established high-grade iron ore producer with a 13-year track record in the exploration, mining, and processing of high-grade iron ore in Malaysia. The Group primarily sells (i) iron ore concentrate of low level of impurities with total Fe grade of between 62% to 65% to steel mills and trading companies mainly located in Malaysia and China; and (ii) pipe coating materials that are crushed iron ore with a natural characteristic of a higher density for subsea pipes (collectively, the “Existing Business”).

The Group’s primary mining asset, the Chaah Mine located at Johor, Malaysia, is an open mine pit consisting of two (2) mining leases and covering an aggregate area of 225.7 hectares. The Chaah Mine is strategically located near existing road networks to ports. The Group’s established supporting infrastructure and facilities consist of four (4) fixed crushing plants, two (2) lines of mobile crushers and two (2) beneficiation plants both capable of operating on a 24-hour shift. As at the Latest Practicable Date, the Group has an approximate monthly production capacity of 60,000 tonnes of iron ore concentrates (not including pipe coating materials). In addition to the Chaah Mine, the Group has also been granted the right to carry out exploration and mining operations at three (4) potential iron ore mines located in Johor, Malaysia. The Group has also commenced mine development works at the Ma’okil Mine, notwithstanding that mine exploration work for the Ma’okil Mine is still ongoing to establish mineral resources and reserves, as the mine development works based on the logging results of the core samples of

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the Ma'okil Mine indicated a positive assessment, which is further supported by the present iron ore price.

The Group will continue with its Existing Business and remains committed in the continuance of the Existing Business for so long as it remains viable.

4.2 Proposed Diversification

In view of the current opportunity presented by the Proposed Joint Venture and Gold Mining Operation (as disclosed in Section 3 of this Circular above) and with the overall goal of enhancing shareholder value and providing Shareholders with diversified returns and long-term growth, subject to Shareholders' approval being obtained at the EGM, the Group intends to extend its core business to include the mining of gold and other precious metals, base metals and minerals ("**Proposed New Business**"). Precious metals include, among others, gold and silver, and base metals and minerals include, among others, copper, cobalt, zinc, nickel and ferroalloys. The extension of the Group's existing business will change the existing business scope and risk profile of the Company and/or the Group. Accordingly, the Company is seeking Shareholders' approval for the proposed diversification of the Existing Business to include the Proposed New Business ("**Proposed Diversification**").

The Group does not plan to restrict the Proposed New Business to any specific geographical market as each investment will be evaluated and assessed by the Board on its merits. Nevertheless, as at the Latest Practicable Date, the Group's plans in relation to the Proposed New Business are primarily within Malaysia. The Group may, as part of the Proposed New Business, invest in or dispose of shares or interests in any entity that is in the Proposed New Business. The Group may also explore joint ventures, partnerships, cooperation and/or strategic alliances with third parties who have the relevant expertise and resources to carry out the Proposed New Business as and when the opportunity arises.

The decision on whether an investment should be undertaken by the Group on its own or in collaboration with third parties will be made by the Board after taking into consideration various factors, such as the nature and scale of the respective business, amount of investment required and risks associated with such an investment, nature of expertise required and economic conditions, taking into account the opportunities available.

As at the Latest Practicable Date, save in respect of the Proposed Joint Venture and Gold Mining Operation, the Group has not identified or committed to any specific business opportunity or investment under the Proposed New Business.

4.3 Rationale for the Proposed Diversification

4.3.1 Additional and recurrent revenue streams

The Directors believe that the Proposed Diversification will allow the Group to have better prospects of achieving profitability and ensure longer-term growth. Key members of the Company's senior management and in-house technical team have the relevant experience, and the Company aims to leverage on the knowledge and capabilities of its key management team to diversify and expand its product suite, allowing the Group access to cash flow streams from more business opportunities.

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4.3.2 Reduce reliance on the Existing Business

The Proposed Diversification would facilitate the Company's aim to reduce its reliance on the Existing Business and achieve the right commodity mix to enhance its overall asset portfolio and meet the needs of the key demand markets. As noted in Section 3.4 above, the price of iron ore is highly volatile and subject to rapid fluctuations. The Proposed New Business would allow the Group to diversify into the mining and exploration of other commodities which may present a more stable growth prospect.

4.3.3 Enhance Shareholders' value

The Proposed Diversification is part of the corporate strategy of the Group to provide Shareholders with diversified returns and long-term growth. It may provide the Group with additional funds, which can be channelled towards the enhancement of shareholder value over the long-term. Additionally, the Board believes that the Proposed Diversification can offer new business opportunities, provide the Group with new revenue streams and improve its prospects, so as to enhance Shareholders' value for the Company.

4.4 **Application of Chapter 10 of the Catalist Rules**

Upon the approval by Shareholders of the Proposed Diversification, any acquisition or disposal which is in or in connection with, the Proposed New Business, may be deemed to be in the Group's ordinary course of business and therefore not fall under the definition of a "transaction" under Chapter 10 of the Catalist Rules.

Accordingly, the Group may possibly, in its ordinary course of business, enter into transactions relating to the Proposed New Business which do not change the risk profile of the Group, in an efficient and timely manner without the need to convene separate general meetings from time to time to seek for Shareholders' approval as and when such potential transactions arise. This will reduce substantially the administrative time and expenses in convening such meetings, without compromising the corporate objectives and adversely affecting the business opportunities available to the Group.

As set out in Practice Note 10A of the Catalist Rules, an acquisition that is regarded to be in, or in connection with, the ordinary course of an issuer's business, is not subject to the requirements under Chapter 10 of the Catalist Rules (except for Part VIII on very substantial acquisitions or reverse takeovers). An acquisition can be regarded to be in, or in connection with, the ordinary course of an issuer's business, if: (a) the asset to be acquired is part of the issuer's existing principal business; and (b) the acquisition does not change the issuer's risk profile.

Pursuant to Rule 1014 of the Catalist Rules, a major transaction is a transaction (as defined in Rule 1002(1) of the Catalist Rules) where any of the relative figures as computed on the bases set out in Rule 1006 of the Catalist Rules (a) exceeds 75% but is less than 100% (for an acquisition) or (b) exceeds 50% (for a disposal or the provision of financial assistance), and must be made conditional upon approval by shareholders in a general meeting.

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In accordance with the SGX-ST's recommended practice in relation to diversification of business, if an issuer has not operated in the new business space and did not provide sufficient information about the new business at the time when it is seeking shareholders' approval for the diversification mandate, where the issuer enters into the first major transaction involving the new business (the "**First Major Transaction**"), or where any of the figures computed based on Rule 1006 of the Catalist Rules in respect of several transactions involving the new business aggregated (the "**Aggregated Transactions**") over the course of a financial year exceeds 75%, such First Major Transaction or the last of the Aggregated Transactions will be made conditional upon shareholders' approval at a general meeting. For the avoidance of doubt, notwithstanding that Shareholders' approval of the Proposed Diversification has been obtained:-

- (a) where an acquisition of assets (whether or not the acquisition is deemed in the ordinary course of business of the Company) is one where any of the relative figures as computed on the bases set out in Rule 1006 of the Catalist Rules is 100% or more, or is one which will result in the change of control of the Company whether or not in the Company's ordinary course of business (which will include the Proposed New Business), the transaction is classified as a very substantial acquisition or reverse takeover and would be subject to Rule 1015 of the Catalist Rules and would be subject to approval of Shareholders at a general meeting;
- (b) Practice Note 10A of the Catalist Rules will apply and Shareholders' approval would be required for any transaction (which falls within the definition as set out in Rule 1002(1) of the Catalist Rules) which changes the risk profile of the Company;
- (c) the First Major Transaction or the last of the Aggregated Transactions will be made conditional upon Shareholders' approval at a general meeting, if applicable; and
- (d) where any transaction constitutes an "interested person transaction" as defined under Chapter 9 of the Catalist Rules, Chapter 9 of the Catalist Rules will apply to such a transaction and the Company will comply with the provisions of Chapter 9 of the Catalist Rules.

Pursuant to Rule 1005 of the Catalist Rules, separate transactions completed within the last 12 months may also be aggregated and treated as if they were one transaction in determining whether a transaction falls into category (a), (b), (c) or (d) of Rule 1004 of the Catalist Rules.

The Company will also be required to comply with any applicable and prevailing Catalist Rules as amended or modified from time to time.

4.5 Management of the Proposed New Business

It is currently envisaged that the Proposed New Business will be initially spearheaded by the CEO and Executive Director of the Company, who will be supported by the Non-Executive Chairman of the Company and senior management of the Group, and that they will be responsible for overseeing the entire operations of the Proposed New Business.

Dato' Sri Pek Kok Sam is the CEO and Executive Director of the Company and one of the founders of the Group. He has over 18 years' experience in the mining and exploration of iron ore, tin and limestone. Prior to establishing the Group, Dato' Sri Pek conducted limestone quarrying activities in Malaysia from 1993 to 2005. Dato' Sri Pek will continue with his current

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responsibilities which include overseeing the quality analysis and control, safety and environmental aspects of the Group's operations, and further exercise oversight over the new strategic direction of the Group for the Proposed New Business.

Dato' Teh Teck Tee is the Non-Executive Non-Independent Chairman of the Company and one of the founders of the Group. He has more than 13 years of experience in the iron ore exploration and mining industry. Dato' Teh is responsible for maintaining relationships with the Group's customers and suppliers. Dato' Teh will continue with his current responsibility which includes maintaining relationships with the Group's customers and suppliers, and further contribute valuable insight with regard to the new strategic direction of the Group for the Proposed New Business.

Mr. Lim Wei Hung is the Chief Financial Officer of the Group. He joined the Group in 2013 and is responsible for the management of the administrative and financial matters of the Group. In 2016 and 2017, prior to the listing of the Company, he was involved in the negotiation and execution of an exploration arrangement for a gold mine exploration project undertaken by a company related to the Group prior to the restructuring exercise undertaken for the listing. Mr. Lim was also involved in overseeing and monitoring the progress of the exploration works as well as the economic evaluation process of the aforementioned project. Mr. Lim will continue with his current responsibilities and work alongside the CEO and Executive Director and Non-Executive Chairman to execute business plans for the Proposed New Business.

The Group will carefully monitor developments and progress in the Proposed New Business. Where necessary, it will strengthen the management and execution team of the Proposed New Business with additional candidates with the credentials and experience relevant to the Proposed New Business. The Group will also continually evaluate the manpower and expertise required for the Proposed New Business and will, as and when required, engage suitably qualified external personnel, consultants, industry experts and professionals for the Proposed New Business. In making decisions, the Board and senior management will seek the advice of these reputable external consultants and experts where necessary and appropriate. Where necessary, work may be outsourced to these third parties who have expertise in the relevant area.

4.6 Funding for the Proposed New Business

The proposed diversification into the Proposed New Business will be funded primarily through internal funds and/or borrowings from financial institutions. As and when necessary and deemed appropriate, the Company may explore secondary fund-raising exercises by tapping the capital markets including but not limited to rights issues, share placements and/or issuance of debt instruments.

The Company will remain prudent and take into account the financial condition of the Company in deciding the types of projects and related investments it undertakes, and the amounts thereof.

4.7 Risk Management Procedures

The Board does not have a separate Board Risk Committee as the Board is currently assisted by the Audit Committee, internal auditors and external auditors in carrying out its responsibility of overseeing the Group's risk management framework and policies. To address the risks

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presented by the Proposed Diversification, the members of the Audit Committee will be tasked with the responsibility of overseeing the risk management activities of the Company in relation to the Proposed New Business following the Proposed Diversification. The Audit Committee will be required to approve appropriate risk management procedures and measurement methodologies, and be involved in identifying and managing the various business risks for the Proposed New Business.

The Company will endeavour to ensure that the risk management systems implemented commensurate with the risk and business profile, nature, size and complexity of operations and business activities of the Proposed New Business, and will review such risk management systems periodically to assess adequacy.

The Board and the Audit Committee will adopt internal policies and procedures for the management of the Proposed New Business to consider before tabling proposals for any new projects or investments under the Proposed New Business. Further, investments above an internally-determined threshold (which shall initially be approximately 10% of the Group's NTA and may be modified by the Board from time to time) must be specifically approved by the Audit Committee. In addition, the Board and the Audit Committee, who review the risk exposure of the Proposed New Business of the Company at regular intervals, will review the risk exposure of the Proposed New Business at intervals of not less than annually.

The risk management and internal control systems, no matter how sophisticated in design, still contains inherent limitations caused by misjudgement or fault. Accordingly, there is no assurance that the risk management and internal control systems are adequate or effective notwithstanding the Group's efforts, and any failure to address any internal control matters and other deficiencies may result in investigations and/or disciplinary actions, or even prosecution being taken against the Company and/or its employees, disruption to the risk management system, and an adverse effect on the Group's financial condition and results of operations.

4.8 Risk Factors

To the best of the Directors' knowledge and belief, all risk factors which are material in making an informed decision in relation to the Proposed Diversification have been set out below. Shareholders should carefully consider and evaluate the risk factors set out herein and all other information contained in this Circular.

Any of the risks described below could have a material adverse effect on the Company's or the Group's business, results of operations or financial condition. In that event, the market price of the Shares may decline, and Shareholders may lose all or part of their investments in the Shares.

The risks declared below are not intended to be exhaustive. New risk factors may emerge from time to time and it is not possible for the management to predict all risk factors, nor can the Company assess the impact of all factors on the Proposed New Business or the extent to which any factor or combination of factors may affect the Proposed New Business.

Shareholders should evaluate carefully the following considerations and the other information in this Circular before deciding on how to cast their votes at the EGM. The risks set out below are the material risks which the Group faces following the Proposed Diversification. If any of the following considerations, risks or uncertainties develops into actual events, the business,

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results of operations and financial condition of the Group may be materially and adversely affected.

Shareholders should consider the risk factors in light of their own investment objectives and financial circumstances. If a Shareholder is in any doubt as to the action he/she should take, he/she should consult his/her stockbroker, bank manager, solicitor, accountant or other professional adviser immediately

There may be also other risks associated with the Proposed Diversification which are not presently known to the Group, or that the Group may currently deem immaterial and as such, have not been included in the discussion below.

- (a) The Group does not have proven track record and/or business history in the mining of base metals and precious metals

The Group does not have a proven track record in managing and operating the Proposed New Business and as such will face the usual risks, uncertainties and problems associated with the entry into any new business which it has limited prior experience or track record in. For example, mining for precious metals, base metals and/or minerals may involve the use of different types of equipment that the Group has no experience with, and would have to learn and set up new facilities to process the resources extracted from the mine. These risks, uncertainties and problems include the inability to manage the operations and costs, the failure to attract customers, the failure to provide the results, level of revenue and margins the Group is expecting, the failure to identify, attract, retain and motivate qualified personnel, and the inability to find the suitable joint venture, strategic or other business partners. There is no assurance that the management of the Group will be able to ensure success in undertaking the Proposed New Business. If so, the business, results of operations and financial condition of the Group may be materially and adversely affected.

- (b) The Group may face strong competition from existing competitors and new market entrants in the Proposed New Business

The Group may face strong competition from established industry participants who may have larger financial resources, command greater market share and/or stronger track records. There is no assurance that the Group will be able to compete effectively or respond more quickly to market trends than potential or existing competitors. If so, the business, results of operations and financial condition of the Group may be materially and adversely affected.

- (c) The Group's revenue and earnings are susceptible to significant fluctuations in prices of the minerals that are mined

The Group's revenue and earnings under the Proposed New Business will be dependent on the sales of the products mined. The prices agreed between the Group and its customers for such products are dependent on movements in the international benchmark prices of the minerals that we mine. Such benchmark prices may fluctuate significantly on a daily basis, are cyclical, difficult to forecast and affected by numerous factors beyond the Group's control such as global demand and supply situations which are in turn affected by global economic activities, speculative activities and expectations

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of other market participants on the forward direction of such prices. Additionally, any changes in the regulations in countries that produce the products that we mine may affect the prices of such products.

A substantial decline in the international benchmark prices of the minerals that we mine may not only decrease our revenue, but also reduce the economic viability or the production levels of our mine or of projects planned or in development to the extent that production costs exceed anticipated revenue from such production. If the prices of the Group's products are not as favourable as anticipated, the Group may (i) delay the sales of products; (ii) delay exploration and development activities at mine sites; and/or (iii) slow down the production levels and/or place mine sites under care and maintenance.

While the Group studies the historical trends in prices in assessing our business strategy, the Group currently does not have a hedging policy against fluctuations in the prices of its products. Additionally, there can be no assurance that the business strategies based on our predictions of the benchmark prices will be successful. In the event of significant fluctuations in prices of the minerals that we mine, the Group's business, results of operations and financial condition may be materially and adversely affected.

(d) The Group may be unable to identify and secure new projects to grow the Proposed New Business

The performance and success of the Proposed New Business depends on the Group's ability to identify profitable projects and following such identification, to successfully implement and complete such projects. The project may take the form of securing a new site for exploration or investing in or acquiring and operating existing mines, among others. This ability may be negatively affected by various factors, including competition for new sites from other competitors, changes to the general economic conditions in countries where the Group intends to operate its Proposed New Business or the acquisition price of these projects may be very high due to high demand from other investors. There is thus no guarantee that the Group will always be successful in identifying suitable projects or completing such projects profitably. The Group's inability to identify and secure projects at commercially acceptable prices could impair its ability to compete with other competitors and materially and adversely affect the Group's ability to grow the Proposed New Business.

(e) The Group's mining activities under the Proposed New Business are subject to operational risks, hazards and unexpected disruptions

The Group's mining operations are subject to a number of operational risks and hazards which could delay the production and delivery of products, increase the cost of mining or result in accidents at the mine sites. Risks and hazards, some of which are beyond the Group's control, include unexpected maintenance or technical problems, periodic interruptions due to steep topography, inclement or hazardous weather conditions, natural disasters, tropical rainstorms, industrial accidents, power or fuel supply interruptions, critical equipment failure, and unusual or unexpected variations in geological or mining conditions.

These risks and hazards may result in personal injury, damage to or destruction of properties or production facilities, environmental damage, business interruption, possible

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legal liability, damage to the Group's business reputation and corporate image and, in severe cases, casualties. Any disruption for a sustained period to the operations of the Group's mine sites may materially and adversely affect the Group's business, financial condition, results of operations and prospects. In addition, there is also no assurance that any future accidents will not materially and adversely affect the Group's business, results of operations and financial condition.

- (f) The mining of gold and other minerals is a capital-intensive industry and the Group's ability to carry out business activities depends on the availability of funding

The availability of adequate financing is critical to the Group's ability to invest in its processing facilities and mining operations. There is no assurance that the Group will have sufficient internal funds for such investments. The Group's ability to arrange for external financing on terms that will allow the Group a commercially acceptable return and the cost of such financing are dependent on numerous factors that are beyond its control, including general economic and capital market conditions, interest rates, credit availability from banks or other lenders, investor confidence in the Group, success of the Group's businesses, tax and securities laws that may be applicable to our efforts to raise capital, changes in laws and regulations which may affect the terms on which financial institutions are willing to extend credit to the Group, any restrictions imposed by various banking institutions on providing financing to companies operating in the mining sector in the relevant countries and political and economic conditions.

- (g) To finance the Group's extension into the Proposed New Business, the Group may need to obtain additional equity or debt financing

Additional equity fundraising may result in a dilution to our Shareholders. If such additional equity fundraising activities do not generate a commensurate increase in earnings, the Company's EPS may be diluted, and may result in a decline in Share price.

Additional debt financing may limit the Company's ability to pay dividends, increase vulnerability to general adverse economic and industry conditions, require the Company to dedicate a substantial portion of its cash flows to fund capital expenditure, working capital and other requirements, as well as limit its flexibility in planning for or reacting to changes in its business and its industry.

In addition, there is no assurance that the Company will be able to continue to secure financing on commercially viable terms or at all. The cost of external financing is subject to uncertainties beyond the Company's control, including (i) the Group's future results of operations, financial condition and cash flows; (ii) the condition of the international and domestic financial markets and financing availability from the markets; (iii) changes in the monetary policies of the relevant government with respect to bank interest rates and lending practices; and (iv) changes in policies regarding regulation and control of the mining industry. Any inability to secure adequate equity or debt financing may adversely affect the Group's business, results of operations and financial condition.

- (h) The Group's joint ventures could be adversely affected by disputes between the Group and the joint venture partners

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There are risks associated with joint venture arrangements. If there are disagreements between the Group and its joint venture partner regarding the business and operations of the a joint venture company established by the Group with such joint venture partner, there is no assurance that such disagreements will be resolved or that the business relationship with the joint venture partner will be maintained. In addition, joint ventures involve additional risks associated with the possibility that the joint venture partner may (i) have economic or business interests or goals that are inconsistent with the Group's; (ii) take actions or omit to take actions contrary to our instructions, requests or objectives or good corporate governance practices or the law; (iii) be unable or unwilling to fulfil their obligations (iv) have financial difficulties; or (v) have disputes with the Group as to the scope of their responsibilities and obligations. Any of these and other factors may materially and adversely affect the Group's business relationship with the joint venture partner and in turn materially and adversely affect the Group's business, business, results of operations and financial condition.

(i) Future acquisitions, joint ventures or investments may expose the Group to increased risks

Following the Proposed Diversification, the Group may, as a matter of business strategy, undertake larger investments in or acquisitions of other entities in the Proposed New Business, or, as in the case of the Proposed Joint Venture and Gold Mining Operation, enter into joint ventures or other investment structures in connection with the Proposed New Business. Acquisitions that the Group may undertake, along with potential joint ventures and other investments, may expose the Group to additional business and operating risks and uncertainties, including but not limited to the following:

- (i) the direct and indirect costs in connection with such transactions;
- (ii) the inability to effectively integrate and manage the acquired businesses;
- (iii) the inability of the Group to exert control over the actions of its joint venture partners, including any non-performance, default or bankruptcy of the joint venture partners;
- (iv) the inability of the Group to exert control over strategic decisions made by these companies;
- (v) the time and resources expended to coordinate internal systems, controls, procedures and policies;
- (vi) the disruption in ongoing business and diversion of management's time and attention from other business concerns;
- (vii) the risk of entering markets in which the Group may have no or limited prior experience;
- (viii) the potential loss of key employees and customers of the acquired businesses;
- (ix) the risk that an investment or acquisition may reduce the Group's future earnings; and

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- (x) exposure to unknown liabilities.

If the Group is unable to successfully implement its acquisition or extension strategy or address the risks associated with such acquisitions or extensions, or if the Group encounters unforeseen expenses, difficulties, complications or delays frequently encountered in connection with the integration of acquired entities and the extension of operations, the Group's growth and ability to compete may be impaired, the Group may fail to achieve acquisition synergies and be required to focus resources on integration of operations, rather than on its business. This will have a negative impact on the financial performance of the Group.

Activities to extend its operations may also bring the Group into contact, directly or indirectly, with new entities or new markets. These business activities expose the Group to new and enhanced risks including reputation risks arising from dealing with a range of new counterparties, along with these activities bring exposure to the range of risks described in this Circular. If any of the above risks materialise, the Group's business, results of operations and financial condition may be materially and adversely affected.

- (j) The Proposed New Business will be dependent on the recruitment and retention of qualified employees and consultants for its operations and profitability and may be affected by a shortage of skilled resources

In addition to the existing management team, the Company may recruit appropriate management resources for its Proposed New Business to provide guidance, and/or approach investment partners to jointly undertake the projects coming within the Proposed New Business. The Company cannot guarantee that it will not experience initial operational difficulties or disputes with its investment partners or that its operations will achieve the expected level of revenue and profitability. The growth of the Proposed New Business will be dependent on the Group's ability to identify, recruit, train and retain qualified employees to form a relevant and strong management team with the requisite technical expertise to oversee the operations of the Proposed New Business. The competition for qualified personnel in the Proposed New Business may be intense, and the loss of services of one or more of such individuals without adequate replacement, or the inability to attract qualified personnel at a reasonable cost could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

- (k) The Group's evaluation of potential investments in the Proposed New Business involves reserve and resource estimates, which are subject to change

The Group evaluates the viability of a potential investment on several factors, including the mineral reserve and resource estimates. Such estimates are based on certain assumptions and involve expressions of judgment based on various factors such as knowledge, experience and industry practice, and the accuracy of these estimates may be affected by many factors, including quality of the results of exploration drilling and analysis of mineral samples, as well as the procedures adopted by and the experience of the person making the estimates.

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Estimates of the reserves and resources may change significantly when new information becomes available or new factors arise, and interpretations and deductions on which reserves and resources estimates are based may prove to be inaccurate. Following investment into a project, the Group may encounter mineralisation different from that predicted by past drilling, sampling and similar examination, and in such case, mineral resource and/or reserve estimates may have to be adjusted downward. This downward adjustment could materially affect the development and mining plans, which could materially and adversely affect the Group's business, results of operations and financial condition.

(l) The Group is subject to various government regulations in the Proposed New Business

The Proposed New Business is exposed to the risks posed by current and potential future regulations and legislation that apply to the country or industry in which the Group or its joint venture partners operate and the countries or industries its clients operate. The Proposed New Business may require certain statutory and regulatory licences, permits, consents and approvals to operate. These licences, permits, consents and approvals may be granted for fixed periods of time and may need to be renewed after expiry from time to time. The Group may not be able to apply for and obtain the relevant licences, permits, consents and approvals required for its projects or otherwise within the statutory time limits, and there can be no assurance that the relevant authorities will issue any such licences, permits, consents or approvals in time or at all. Failure by the Group to renew, maintain or obtain the required licences, permits, consents or approvals, or cancellation, suspension or revocation of any of its licences, permits, consents or approvals may result in the Group being unable to undertake the relevant segment of the New Business and/or in the interruption of its operations and may have a material adverse effect on its business. The Group must also comply with the applicable laws and regulations in the Proposed New Business, failing which the Group may be subject to penalties, have its licences or approvals revoked, or lose its right to own or manage its properties which may have a material and adverse impact on the Group's business, financial condition, results of operations and prospects. Further, any changes in applicable laws and regulations could result in higher compliance costs and materially and adversely affect the Group's business, results of operations and financial condition.

(m) The Proposed New Business may be affected by outbreaks of communicable diseases and other events beyond the Group's control

The Proposed New Business is susceptible to outbreaks of communicable diseases and other events beyond the Group's control which may lead to many uncertainties and cause disruptions to parts of its business and have an adverse effect on its business operations and financial performance. The Proposed New Business may also be materially and adversely impacted if the key suppliers of the Proposed New Business are affected by such occurrences and are unable to provide the raw materials needed on a timely basis or on terms that the Group finds acceptable.

In the instance of the recent COVID-19 outbreak, there may be significant disruptions in the Proposed New Business. The Group may also be unable to proceed with its usual business operations due to control orders imposed by the government in view of any outbreak of any contagious disease.

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As the COVID-19 situation is still evolving rapidly, there can be no assurance that the spread of COVID-19 will be contained in the near term and the duration of the COVID-19 outbreak and its effects cannot be determined with certainty at present. As such, in the event that the containment of COVID-19 is not improved in the near term resulting in a global economy recession, this may have a protracted negative impact on the Proposed New Business. This may lead to a fall in demand of products under the Proposed New Business and/or an impact on the Group's ability to operate the Proposed New Business, which could in turn have materially and adversely affect the Group's business, results of operations and financial condition.

4.9 Future Plans and Prospects

The Group will continue with its Existing Business and remains committed in the continuance of the Existing Business for so long as it remains viable. The entry into the Proposed New Business is intended to be a diversification of the Group's Existing Business as part of the corporate strategy of the Group to provide Shareholders with diversified returns and long-term growth. The Proposed Diversification will offer new business opportunities and provide the Group with new revenue streams so as to enhance Shareholders' value for the Company.

4.10 Financial Effects of the Proposed Diversification

The Proposed New Business, being at an early stage of development, taking into consideration the Proposed Joint Venture and Gold Mining Operation, is not expected to have a significant impact on the Company's NTA per Share and EPS for the financial year ending 31 July 2021.

The Company will make the necessary announcements as and when appropriate, in the event the Group enters into any affirmative and/or binding transactions or if there are any developments in relation to the Proposed Diversification and/or the Proposed New Business that may have a material impact on the Group.

5. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

Based on the Register of Directors' Shareholdings and the Register of Substantial Shareholders, as at the Latest Practicable Date, the shareholding interests of the Directors and the Substantial Shareholders are set out below:

Directors	Before Share Purchases			After Share Purchases ⁽²⁾	
	Direct Interest (No. of Shares)	Deemed Interest (No. of Shares)	Total Interest ⁽¹⁾ No. of Shares	%	Total Interest ⁽³⁾ %
Dato' Teh Teck Tee	30,100,000	-	30,100,000	6.16	6.84
Dato' Sri Pek Kok Sam	343,845,000	25,000 ⁽⁴⁾	343,870,000	70.33	78.13
Dato' Sri Mohd Jamidan Abdullah	-	-	-	-	-
Mr Chin Chee Choon	-	-	-	-	-
Mr Sim Chin Hoe	-	-	-	-	-

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Dato' Gainneos Jacob Goldie	-	-	-	-	-
Substantial Shareholders					
Lee Tek Mook @ Lee Teh Moh	32,790,700	-	32,790,700	6.71	7.45

Notes:

- (1) As a percentage of the total number of issued Shares (excluding treasury shares and subsidiary holdings) as at the Latest Practicable Date comprising 489,000,000 Shares.
- (2) Assuming that the Company purchases the maximum number of 48,900,000 Shares under the Share Purchase Mandate.
- (3) As a percentage of the total number of issued Shares comprising 440,100,000 Shares.
- (4) On 23 June 2021, Remparan Sdn Bhd acquired 25,000 Shares via a market transaction at an average price of S\$0.974 per Share. Remparan Sdn Bhd is wholly-owned by Multiline Trading Sdn Bhd, which is 70% owned by Dato' Sri Pek Kok Sam and 30% owned by Mr. Pek Kok Hua, the brother of Dato' Sri Pek Kok Sam.

Other than through their respective shareholdings in the Company, none of the Directors or Substantial Shareholders has any interest, direct or indirect, in the Proposed Resolutions.

6. DIRECTORS' RECOMMENDATION

6.1 Proposed Adoption of the Share Purchase Mandate

The Directors having considered, *inter alia*, the terms and rationale of the Proposed Adoption of the Share Purchase Mandate, are of the opinion that Proposed Adoption of the Share Purchase Mandate is in the best interests of the Company and the Shareholders. Accordingly, the Directors recommend that Shareholders vote in favour of Ordinary Resolution 1 relating to the Proposed Adoption of the Share Purchase Mandate to be tabled at the EGM.

6.2 Proposed Joint Venture and Gold Mining Operation

The Directors having considered, *inter alia*, the terms and rationale of the Proposed Joint Venture and Gold Mining Operation, are of the opinion that Proposed Joint Venture and Gold Mining Operation is in the best interests of the Company and the Shareholders. Accordingly, the Directors recommend that Shareholders vote in favour of Ordinary Resolution 2 relating to the Proposed Joint Venture and Gold Mining Operation to be tabled at the EGM.

6.3 Proposed Diversification

The Directors having considered, *inter alia*, the terms and rationale of the Proposed Diversification, are of the opinion that Proposed Diversification is in the best interests of the Company and the Shareholders. Accordingly, the Directors recommend that Shareholders vote in favour of Ordinary Resolution 3 relating to the Proposed Diversification to be tabled at the EGM.

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7. EXTRAORDINARY GENERAL MEETING

The EGM, notice of which is set out on pages N-1 to N-4 of this Circular, will be held on 20 August 2021 at 10.00 am via electronic means for the purpose of considering and, if thought fit, passing, with or without any modification, the Proposed Resolutions set out in the Notice of EGM.

8. ACTION TO BE TAKEN BY SHAREHOLDERS

Due to the current COVID-19 restriction orders in Singapore, Shareholders will not be able to attend the EGM in person. Instead, alternative arrangements have been put in place to allow Shareholders to participate at the EGM by (a) observing and/or listening to the EGM proceedings via live audio-visual webcast or live audio-only stream; (b) submitting questions in advance of the EGM; and/or (c) appointing the Chairman of the EGM as proxy to attend, speak and vote on their behalf at the EGM.

As the COVID-19 situation continues to evolve, the Company is closely monitoring the situation, including any precautionary measures which may be required or recommended by government agencies to minimise the risk of community spread of COVID-19. Shareholders should note that the Company may be required (including at short notice) to make further changes to its EGM arrangements as the situation evolves, and Shareholders are advised to keep abreast of any such changes as may be announced by the Company as may be made from time to time on SGXNET.

8.1 Live Webcast or Live Audio Stream

For Shareholders who would like to attend the EGM by electronic means, Shareholders will need to state the preference of their attendance at the EGM via LIVE WEBCAST or LIVE AUDIO STREAM, and register at <https://conveneagm.com/sg/saminingtld/>, and provide their personal particulars as follows:

- (a) Full name (for individuals)/company name (for corporates) as per CDP Account records;
- (b) National Registration Identity Card Number or Passport Number (for individuals)/ Company Registration Number (for corporates);
- (c) Number of Shares held;
- (d) Contact number; and
- (e) Email address,

(collectively, the “**Personal Particulars**”)

no later than 10.00 am on 17 August 2021 (being no less than seventy-two (72) hours before the time appointed for holding the EGM (the “**Registration Deadline**”) to enable the Company to verify the Shareholders’ status.

Authenticated Shareholders will receive an email confirmation by 10.00 am on 19 August 2021 which contains either (a) a unique link to access the LIVE WEBCAST to view the proceedings

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of the EGM (via smart phones, tablets or laptop/computers); or (b) a dial-in number with a conference code to access the LIVE AUDIO STREAM (via telephone) of the EGM proceedings.

Shareholders MUST NOT forward the abovementioned unique link or dial-in number with the conference code to other persons who are not Shareholders and who are not entitled to attend. This is also to avoid technical disruptions or overload the LIVE WEBCAST and LIVE AUDIO STREAM.

Investors who hold the Company's shares through relevant intermediaries (as defined in Section 181 of the Companies Act), including SRS Investors, and who wish to participate in the EGM by:

- (i) watching or listening to the EGM proceeding via a live webcast;
- (ii) submitting questions in advance of the EGM; and/or
- (iii) appointing the Chairman of the EGM as proxy to attend and vote on their behalf at the EGM,

respectively, should contact the relevant intermediary (which would include, in the case of SRS investors, their respective SRS Operators) through which they hold such shares as soon as possible in order for the necessary arrangements to be made for their participation in the EGM.

Shareholders who do not receive an email by 10.00 am on 19 August 2021, but who have registered by the Registration Deadline should contact the Company for assistance at general@SAMiningLtd.com, with the following details included: (a) the member's full name; and (b) his/her/its identification/registration number.

8.2 Questions from Shareholders

Shareholders will not be able to ask questions during the EGM via electronic means, and therefore it is important for Shareholders to submit their questions in advance of the EGM.

Shareholders may submit any questions they may have in relation to the Proposed Resolutions set out in the Notice of EGM by 10.00 am on 12 August 2021:

- (a) via the registration website at <https://conveneagm.com/sg/saminingltd/>;
- (b) by email to general@SAMiningLtd.com; or
- (c) in hard copy by sending personally or by post to the Company's Share Registrar, Tricor Barbinder Share Registration Services at 80 Robinson Road, #11-02, Singapore 068898.

Shareholders submitting questions are required to provide their Personal Particulars. The Company will endeavour to provide responses from the Board and management of the Company to substantial queries and relevant comments from Shareholders relating to the agenda of the EGM prior to the EGM via SGXNET and the Company's corporate website. The Company shall also publish the minutes of the EGM, within one (1) month after the conclusion

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of the EGM, on SGXNET and the Company's corporate website at www.southernallianceminining.com.

8.3 Proxy Voting

Voting at the EGM is by proxy ONLY. Please note that Shareholders will not be able to vote through the LIVE WEBCAST and LIVE AUDIO STREAM and can any vote with their proxy forms which are required to be submitted in accordance with the following paragraphs.

Shareholders who wish to vote on the resolutions tabled at the EGM must appoint the Chairman of the EGM as their proxy by completing the Proxy Form for the EGM. Shareholders appointing the Chairman of the EGM as proxy must give specific instructions as to his/her/its manner of voting, or abstentions from voting, in the proxy form, failing which the appointment will be treated as invalid.

The instrument appointing the Chairman of the EGM as proxy (the "**Proxy Form**") together with power of attorney of other authority (if any) under which it is signed, or a notarial certified copy, must be submitted to the Company in the following manner:

- (a) if submitted by post, be deposited at the office of the Company's Share Registrar, Tricor Barbinder Share Registration Services at 80 Robinson Road, #11-02, Singapore 068898; or
- (b) if submitted electronically, be submitted via email to the Company's Share Registrar, Tricor Barbinder Share Registration Services at sg.is.proxy@sg.tricorglobal.com,

in any case, not later than 10.00 am on 17 August 2021 (being 72 hours before the time fixed for the EGM), failing which, the Proxy Form for the EGM shall not be treated as valid.

In view of the current COVID-19 situation and the related safe distancing measures which may make it difficult for members to submit completed Proxy Forms by post, members are strongly encouraged to submit completed Proxy Forms electronically via email as early as possible and to follow all government guidance and requirements.

SRS Investors who wish to appoint the Chairman of the EGM as their proxy should approach their respective agent banks to submit their votes no later than 10.00 am on 10 August 2021, being seven (7) working days before the date of the EGM. SRS Investors should not directly appoint the Chairman of the EGM as proxy to direct the vote. The Proxy Form is not valid for use by SRS Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

9. DIRECTORS' RESPONSIBILITY STATEMENT

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

LETTER TO SHAREHOLDERS

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

10. CONSENT

The legal adviser to the Company in relation to this Circular and matters of Singapore laws only is Bird & Bird ATMD LLP. For the avoidance of doubt, Bird & Bird ATMD LLP is not the legal adviser to the Company in respect of the terms of the Proposed Joint Venture and Gold Mining Operation. Bird & Bird ATMD LLP has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of its name, and all references thereto in the form and context in which they appear in this Circular.

11. DOCUMENTS FOR INSPECTION

Copies of the following documents are available for inspection at the office of the Company's registered office at 80 Robinson Road #02-00 Singapore 068898 during normal business hours with prior appointment from the date hereof up to and including the date of the EGM:

- (a) the Joint Venture Agreement;
- (b) the Mining Operator Agreement;
- (c) the Constitution; and
- (d) the annual report of the Company for FY2020.

Due to the mandatory safe distancing measures issued by the Singapore Ministry of Health in relation to the COVID-19 outbreak, please contact the Company at +65 6236 3333 prior to making any visits to arrange for a suitable time slot for the inspection.

Yours faithfully

For and on behalf of the Board of Directors of
SOUTHERN ALLIANCE MINING LTD.

Dato' Sri Pek Kok Sam
Executive Director and Chief Executive Officer

NOTICE OF EXTRAORDINARY GENERAL MEETING

SOUTHERN ALLIANCE MINING LTD.

(Company Registration Number. 201931423D)

(Incorporated in the Republic of Singapore)

All capitalised terms in this Notice of EGM which are not defined herein shall have the same meaning ascribed to them in the circular to Shareholders dated 30 July 2021 (the “Circular”).

Shareholders should note that Ordinary Resolution 2 is conditional on Ordinary Resolution 3, as both the Joint Venture Agreement and Mining Operator Agreement in relation to the Proposed Joint Venture and Gold Mining Operation contain a condition precedent that the Proposed Diversification is approved by Shareholders. This means that if Ordinary Resolution 3 is not approved, Ordinary Resolution 2 will not be deemed to be duly passed. The passing of Ordinary Resolutions 1 and 3 are not conditional on any of the other Ordinary Resolutions.

NOTICE IS HEREBY GIVEN that the Extraordinary General Meeting (“EGM”) of Southern Alliance Mining Ltd. (the “Company”) will be held by way of electronic means on Friday, 20 August 2021 at 10.00 am for the purpose of transacting the following business:

ORDINARY RESOLUTION 1: PROPOSED ADOPTION OF THE SHARE PURCHASE MANDATE

That:

- (a) for the purposes of Sections 76C and 76E of the Companies Act (Chapter 50 of Singapore) (the “Companies Act”), and such other laws and regulations as may for the time being be applicable, approval be and is hereby given for the exercise by the Directors of all the powers of the Company to purchase or otherwise acquire issued ordinary shares in the share capital of the Company (“Shares”) not exceeding in aggregate the Prescribed Limit (as hereafter defined), at such price(s) as may be determined by the Directors from time to time up to the Maximum Price (as hereafter defined), whether by way of:
- (i) on-market share purchases (“Market Purchase”), transacted on the Singapore Exchange Securities Trading Limited (“SGX-ST”) or as the case may be, other stock exchange (“Other Exchange”) for the time being on which the Shares may be listed or quoted, through one or more duly licensed stockbrokers appointed by the Company for the purpose; and/or
 - (ii) off-market share purchases (“Off-Market Purchase”) (if effected otherwise than on the SGX-ST and/or the Other Exchange, as the case may be) in accordance with an equal access scheme(s) as may be determined or formulated by the Directors as they may consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Companies Act and the Catalist Rules;

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

- (b) any Share that is purchased or otherwise acquired by the Company pursuant to the Share Purchase Mandate shall, at the absolute discretion of the Directors, either be cancelled, transferred for the purposes of or pursuant to any share incentive scheme(s) implemented or to be implemented by the Company, or held in treasury and dealt with in accordance with the Companies Act;

NOTICE OF EXTRAORDINARY GENERAL MEETING

- (c) the authority conferred on the Directors pursuant to the Share Purchase Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the passing of this resolution and the expiring on the earlier of:
- (i) the conclusion of the next annual general meeting of the Company or the date on which such annual general meeting of the Company is required by law to be held;
 - (ii) the date on which the purchases or acquisitions of Shares pursuant to the Share Purchase Mandate are carried out to the full extent mandated; or
 - (iii) the date on which the authority contained in the Share Purchase Mandate is varied or revoked by an ordinary resolution of the shareholders of the Company in general meeting;

- (d) for the purposes of this resolution:

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

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

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

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

where:

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

NOTICE OF EXTRAORDINARY GENERAL MEETING

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

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

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

ORDINARY RESOLUTION 2: PROPOSED JOINT VENTURE AND GOLD MINING OPERATION

That:

- (a) the Proposed Joint Venture and Gold Mining Operation be and are hereby approved and confirmed in all respects;
- (b) the entry by the Company into the Joint Venture Agreement and the performance of its obligations thereunder be and is hereby approved, confirmed and ratified;
- (c) the entry by the JV Company into the Mining Operator Agreement and the performance of its obligations thereunder be and is hereby approved, confirmed and ratified;
- (d) the Directors be and are hereby authorised to from time to time amend, modify and/or supplement the terms of the Joint Venture Agreement and/or the Mining Operator Agreement as such Directors or any of them may deem appropriate; and
- (e) the Directors be and are hereby authorised to complete and do all such acts and things (including, without limitation, executing all such documents as may be required) as they may consider expedient or necessary or in the interests of the Company to give effect to the Proposed Joint Venture and Gold Mining Operation and/or this ordinary resolution.

ORDINARY RESOLUTION 3: PROPOSED DIVERSIFICATION

That:

- (a) approval be and is hereby given for the diversification by the Group of its Existing Business to include the mining gold and other precious metals, base metals and minerals (“**Proposed New Business**”) as described in the Circular, and any other activities related to the Proposed New Business;
- (b) subject to compliance with the Catalist Rules, the Company (directly and/or through its subsidiaries) be and is hereby authorised to invest in, purchase or otherwise acquire or dispose of from time to time, any such assets, businesses, investments and shares/interests in any entity that is in the Proposed New Business for the purpose of or in connection with the Proposed Diversification on such terms and conditions as the Directors deem fit, and such Directors be and are hereby authorised to take such steps and exercise such discretion and do

NOTICE OF EXTRAORDINARY GENERAL MEETING

all such acts and things as they deem desirable, necessary or expedient to give effect to any such investment, purchase, acquisition or disposal or to effect the Proposed Diversification; and

- (c) the Directors be and are hereby authorised to complete and do all such acts and things (including, without limitation, executing all such documents as may be required) as they may consider expedient or necessary or in the interests of the Company to give effect to the Proposed Diversification and/or this ordinary resolution.

PROXY FORM

SOUTHERN ALLIANCE MINING LTD.
(Incorporated in the Republic of Singapore)
(Company Registration No.: 201931423D)

PROXY FORM – EXTRAORDINARY GENERAL MEETING

(Please see notes overleaf before completing this Proxy Form)

This Proxy Form has been made available on SGXNET and the Company's corporate website at the URL www.southernallianceminig.com. A printed copy of this Proxy Form will NOT be despatched to members of the Company.

IMPORTANT:

1. Alternative arrangements relating to attendance at the Extraordinary General Meeting ("**EGM**") via electronic means (including arrangements by which the EGM can be electronically accessed via "live" audio-visual webcast ("**LIVE WEBCAST**") or "live" audio only stream ("**AUDIO ONLY MEANS**")), submission of questions in advance of the EGM, addressing of substantial queries and relevant comments, prior to, or at, the EGM and voting by appointing the Chairman of the EGM as proxy at the EGM, are set out in the Company's circular to shareholders dated 30 July 2021.
2. Due to the current COVID-19 restriction orders in Singapore, a member will not be able to attend the EGM in person. A member will also not be able to vote online at the resolutions to be tabled for approval at the EGM. If a member (whether individual or corporate) wishes to exercise his/her/its votes, he/she/it must submit this Proxy Form to appoint the Chairman of the EGM to vote on his/her/its behalf. A member (whether individual or corporate and including a Relevant Intermediary*) appointing the Chairman of the EGM as proxy must give specific instructions as to his/her/its manner of voting, or abstentions from voting, in this Proxy Form, failing which the appointment will be treated as invalid.
3. An investor who holds shares under the Supplementary Retirement Scheme ("**SRS Investor**") who wish to vote at the EGM should approach their respective agent banks to submit their votes at least seven (7) working days before the date of the EGM (i.e. by 10.00 am on 10 August 2021). SRS Investors are requested to contact their respective agent banks for any queries they may have with regard to appointment as to the appointment of the Chairman of the EGM as proxy for the EGM.
4. This Proxy Form is not valid for use by SRS Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
5. Please read the notes to this Proxy Form.

*I/We _____ (Name) NRIC/Passport No. _____ of _____ (Address) being a *member/members of Southern Alliance Mining Ltd. ("**Company**"), hereby appoint the Chairman of the EGM as my/our* proxy to vote for me/us* on my/our* behalf at the EGM to be held by way of electronic means (via LIVE WEBCAST and AUDIO ONLY MEANS) on 20 August 2021 at 10.00 am. *I/We direct *my/our proxy to vote for, against and/or abstain from voting on the resolution to be proposed at the EGM as indicated hereunder. If no specific direction as to voting is given, this Proxy Form shall be disregarded and the proxy shall abstain from voting on any matter arising at the EGM and at any adjournment thereof.

		No. of Votes "For"***	No. of Votes "Against"***	No. of Votes "Abstaining"***
ORDINARY RESOLUTIONS:				
1.	Proposed Adoption of the Share Purchase Mandate			
2.	Proposed Joint Venture and Gold Mining Operation			
3.	Proposed Diversification			

* Delete accordingly.

** Voting will be conducted by poll. If you wish the Chairman of the EGM as your proxy to exercise all your votes for or against or abstain from voting in respect of all your Shares the above Resolution, please tick (✓) within the relevant box provided. Alternatively, if you wish the Chairman of the EGM as your proxy to exercise some and not all of your votes for or against and/or abstain from voting for the Resolution and/or if you wish the Chairman of the EGM as your proxy to abstain from voting in respect of the Resolution, please indicate the number of votes "For", the number "Against" and/or the number "Abstaining" in the boxes provided for the Resolution. In the absence of specific directions, the appointment of the Chairman of the EGM as your proxy will be treated as invalid.

Dated this _____ day of _____ 2021

Total Number of Shares Held In:	
(a) Depository Register	
(b) Register of Members	

Signature of Shareholder(s), or Common Seal of Corporate Shareholder

IMPORTANT: PLEASE READ THE NOTES BELOW CAREFULLY BEFORE COMPLETING THIS FORM

Notes

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (maintained by CDP), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members (maintained by or on behalf of the Company), you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing the Chairman of the EGM as proxy shall be deemed to relate to all the Shares held by you (in both the Depository Register and the Register of Members).
2. A member will not be able to attend the EGM in person and must appoint the Chairman of the EGM as proxy to attend, speak and vote on the member's behalf at the EGM and at any adjournment thereof. A member will also not be able to vote online on the resolutions to be tabled for approval at the EGM. If a member (whether individual or corporate and including a Relevant Intermediary*) wishes to exercise his/her/its votes, he/she/it must submit this Proxy Form to appoint the Chairman of the EGM to vote on his/her/its behalf. A member (whether individual or corporate including a Relevant Intermediary*) appointing the Chairman of the EGM as proxy must give specific instructions as to his/her/its manner of voting, or abstentions from voting, in this Proxy Form, failing which the appointment will be treated as invalid. This Proxy Form may be accessed via SGXNET and the Company's website at www.southernallianceminig.com.

In view of the current COVID-19 situation and the related safe distancing measures which may make it difficult for members to submit completed Proxy Forms by post, members are strongly encouraged to submit completed Proxy Forms electronically via email.

3. The Chairman of the EGM, as proxy, need not be a member of the Company.
4. SRS Investors who wish to vote at the EGM should approach their respective agent banks to submit their votes at least seven (7) working days before the date of the EGM (i.e. by 10.00 am on 10 August 2021). SRS Investors should not directly appoint the Chairman as proxy to direct the vote.
5. Relevant Intermediaries shall also appoint the Chairman of the EGM to act as proxy and direct the vote at the EGM. Together with the instrument appointing a proxy, the Relevant Intermediaries shall provide to the Company a list of attendees who would like to attend the EGM by way of a "live" webcast and/or audio only means with such information that may be requested by the Company.

* A Relevant Intermediary is:

- (a) a banking corporation licensed under the Banking Act, Chapter 19 of Singapore, or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;
 - (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act, Chapter 289 of Singapore, and who holds shares in that capacity; or
 - (c) the Central Provident Fund Board established by the Central Provident Fund Act, Chapter 36 of Singapore, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Central Provident Fund Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.
6. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative to attend the EGM, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore ("**Companies Act**").
 7. The instrument appointing the Chairman of the EGM as proxy must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing the Chairman of the EGM as proxy is executed by a corporation, it must be executed either under its seal, executed as a deed in accordance with the Companies Act or under the hand of an attorney or an officer duly authorised, or in some other manner approved by the Directors. Where the instrument appointing the Chairman of the EGM as proxy is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged at the Company's Share Registrar, Tricor Barbinder Share Registration Services, at 80 Robinson Road, #11-02, Singapore 068898.
 8. The instrument appointing the Chairman of the EGM as proxy (the "**Proxy Form**") must be submitted to the Company in the following manner:
 - (a) if submitted by post, be deposited at the office of the Company's Share Registrar, Tricor Barbinder Share Registration Services at 80 Robinson Road, #11-02, Singapore 068898; or
 - (b) if submitted electronically, be submitted via email to the to the Company's Share Registrar, Tricor Barbinder Share Registration Services at sg.is.proxy@sg.tricorglobal.com,

in any case, not later than 10.00 am on 17 August 2021 (being 72 hours before the time fixed for the EGM) and in default the Proxy Form for the EGM shall not be treated as valid.

General:

The Company shall be entitled to reject the instrument appointing the Chairman of the EGM as proxy if it is incomplete, improperly completed or illegible, or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing the Chairman of the EGM as proxy. In addition, in the case of Shares entered in the Depository Register, the Company may reject any instrument appointing the Chairman of the EGM as proxy lodged if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the EGM, as certified by CDP to the Company.

Personal Data Privacy:

By submitting an instrument appointing the Chairman of the EGM as proxy, the member accepts and agrees to the personal data privacy terms set out in the Notice of EGM dated 30 July 2021.