

# NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the Annual General Meeting (“**AGM**”) of Southern Alliance Mining Ltd. (the “**Company**”) will be held by way of electronic means on Friday, 27 November 2020 at 10.00 a.m. for the purpose of transacting the following business:

## ORDINARY BUSINESS

1. To receive and adopt the Directors’ Statement and the Audited Financial Statements of the Company for the financial year ended 31 July 2020 together with the Auditors’ Report thereon. **(Resolution 1)**
2. To declare a final tax exempt (1-tier) dividend of S\$0.006 per ordinary share for the financial year ended 31 July 2020. **(Resolution 2)**
3. To re-elect Dato’ Teh Teck Tee, as a Director of the Company, who is retiring by rotation pursuant to Regulation 100 of the Company’s Constitution.  
(See Explanatory Note 1) **(Resolution 3)**
4. To re-elect Dato’ Sri Pek Kok Sam, as a Director of the Company, who is retiring by rotation pursuant to Regulation 100 of the Company’s Constitution.  
(See Explanatory Note 2) **(Resolution 4)**
5. To re-elect Dato’ Sri Mohd Jamidan Abdullah, as a Director of the Company, who is retiring by rotation pursuant to Regulation 100 of the Company’s Constitution.  
(See Explanatory Note 3) **(Resolution 5)**
6. To re-elect Dato’ Gainneos Jacob Goldie, as a Director of the Company, who is retiring by rotation pursuant to Regulation 100 of the Company’s Constitution.  
(See Explanatory Note 4) **(Resolution 6)**
7. To re-elect Mr. Chin Chee Choon, as a Director of the Company, who is retiring by rotation pursuant to Regulation 100 of the Company’s Constitution.  
(See Explanatory Note 5) **(Resolution 7)**
8. To re-elect Mr. Sim Chin Hoe, as a Director of the Company, who is retiring by rotation pursuant to Regulation 100 of the Company’s Constitution.  
(See Explanatory Note 6) **(Resolution 8)**
9. To approve the payment of Directors’ fees of S\$156,000 for the financial year ended 31 July 2020. **(Resolution 9)**
10. To approve the payment of Directors’ fees of S\$208,000 for the financial year ending 31 July 2021. **(Resolution 10)**
11. To re-appoint Messrs Ernst & Young LLP as Auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 11)**
12. To transact any other ordinary business which may properly be transacted at an annual general meeting.

# NOTICE OF ANNUAL GENERAL MEETING

## SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions as Ordinary Resolutions, with or without any modifications:

### 13. Authority to allot and issue shares

That pursuant to Section 161 of the Companies Act, Chapter 50 of Singapore (the “**Companies Act**”) and Rule 806 of the Listing Manual Section B: Rules of Catalist (the “**Catalist Rules**”) of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”), authority be and is hereby given to the Directors of the Company to:

- (a) (i) allot and issue shares in the Company (“**Shares**”) whether by way of rights, bonus or otherwise; and/or
- (ii) make or grant offers, agreements or options (collectively, “**Instruments**”) that might or would require Shares to be issued, including but not limited to, the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into Shares,

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

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

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

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(3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Catalist Rules for the time being in force (unless such compliance has been waived by the SGX-ST) and all legal requirements under the Companies Act and the Company's Constitution; and

(4) unless revoked or varied by the Company in a general meeting, such authority shall continue in force until (i) the conclusion of the next Annual General Meeting of the Company or (ii) the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier.

(See Explanatory Note 7)

**(Resolution 12)**

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

That pursuant to Section 161 of the Companies Act, Chapter 50 of Singapore and the provisions of the Southern Alliance Mining Performance Share Plan (the "**Share Plan**"), authority be and is hereby given to the Directors of the Company to allot and issue from time to time such number of Shares in the capital of the Company as may be required to be issued pursuant to the vesting of awards under the Share Plan, provided always that the aggregate number of additional ordinary Shares to be allotted and issued pursuant to the Share Option Scheme and the Share Plan collectively shall not exceed 15% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company from time to time.

(See Explanatory Note 8)

**(Resolution 13)**

## 15. Renewal of General Mandate for Interested Persons Transactions

(a) That approval be and is hereby given for the purpose of Chapter 9 of the Catalist Rules for any of the Entities at Risk (as defined in the Appendix to this Notice of Annual General Meeting) to enter into any of the transactions falling within the types of interested persons transactions ("**IPTs**") (particulars of which are set out in the Appendix accompanying this Notice) with the Interested Persons in accordance with the guidelines of the Company for IPTs as set out in the Appendix, and subject to the review procedures for such IPTs as set out in the Appendix (the "**IPT Mandate**");

(b) That such approval shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company;

(c) That the Audit Committee of the Company be and is hereby authorised to take such action as it deems proper in respect of review procedures for the IPTs and/or to modify or implement such procedures as may be necessary to take into consideration any amendment to Chapter 9 of the Catalist Rules which may be prescribed by the SGX-ST from time to time; and

(d) That the Directors of the Company and each of them be and are hereby authorised to do all such acts and things (including without limitation executing all such documents as may be required) as they may consider expedient or necessary or in the interest of the Company to give effect to the transactions contemplated and/or authorised by the proposed IPT Mandate and/or this Resolution.

(See Explanatory Note 9)

**(Resolution 14)**

By Order of the Board

Lee Wei Hsiung/Wang Shin Lin, Adeline  
Company Secretaries

5 November 2020  
Singapore

# NOTICE OF ANNUAL GENERAL MEETING

## Explanatory Notes:

1. Dato' Teh Teck Tee will, upon re-election as a Director of the Company, remain as the Non-Executive Non-Independent Chairman and continue as a member of the Remuneration Committee. Key information on Dato' Teh Teck Tee required pursuant to Rule 720(5) of the Catalist Rules can be found under "Additional Information on Directors Seeking Re-election at 2020 Annual General Meeting" of the Company's Annual Report 2020.
2. Dato' Sri Pek Kok Sam will, upon re-election as a Director of the Company, remain as Chief Executive Officer and Executive Director and continue as a member of the Nominating Committee. Key information on Dato' Sri Pek Kok Sam required pursuant to Rule 720(5) of the Catalist Rules can be found under "Additional Information on Directors Seeking Re-election at 2020 Annual General Meeting" of the Company's Annual Report 2020.
3. Dato' Sri Mohd Jamidan Abdullah will, upon re-election as a Director of the Company, remain as Lead Independent Director and continue as a member of the Audit Committee, Nominating Committee and Remuneration Committee. Dato' Sri Mohd Jamidan Abdullah is considered independent for the purposes of Rule 704(7) of the Catalist Rules and does not have any relationships, including immediate family relationships with the Directors of the Company, the Company or its substantial shareholders. Key information on Dato' Sri Mohd Jamidan Abdullah required pursuant to Rule 720(5) of the Catalist Rules can be found under "Additional Information on Directors Seeking Re-election at 2020 Annual General Meeting" of the Company's Annual Report 2020.
4. Dato' Gainneos Jacob Goldie will, upon re-election as a Director of the Company, remain as the Independent Director and continue as Chairperson of the Nominating Committee and Remuneration Committee and a member of the Audit Committee. Dato' Gainneos Jacob Goldie is considered independent for the purposes of Rule 704(7) of the Catalist Rules and does not have any relationships, including immediate family relationships with the Directors of the Company, the Company or its substantial shareholders. Key information on Dato' Gainneos Jacob Goldie required pursuant to Rule 720(5) of the Catalist Rules can be found under "Additional Information on Directors Seeking Re-election at 2020 Annual General Meeting" of the Company's Annual Report 2020.
5. Mr. Chin Chee Choon will, upon re-election as a Director of the Company, remain as the Independent Director and continue as Chairperson of the Audit Committee and a member of the Nominating Committee and Remuneration Committee. Mr. Chin Chee Choon is considered independent for the purposes of Rule 704(7) of the Catalist Rules and does not have any relationships, including immediate family relationships with the Directors of the Company, the Company or its substantial shareholders. Key information on Mr. Chin Chee Choon required pursuant to Rule 720(5) of the Catalist Rules can be found under "Additional Information on Directors Seeking Re-election at 2020 Annual General Meeting" of the Company's Annual Report 2020.
6. Mr. Sim Chin Hoe will, upon re-election as a Director of the Company, remain as the Independent Director and continue as a member of the Audit Committee, Nominating Committee and Remuneration Committee. Mr. Sim Chin Hoe is considered independent for the purposes of Rule 704(7) of the Catalist Rules and does not have any relationships, including immediate family relationships with the Directors of the Company, the Company or its substantial shareholders. Key information on Mr. Sim Chin Hoe required pursuant to Rule 720(5) of the Catalist Rules can be found under "Additional Information on Directors Seeking Re-election at 2020 Annual General Meeting" of the Company's Annual Report 2020.
7. Ordinary Resolution 12 proposed in item 13 above, if passed, will empower the Directors of the Company, from the date of this Annual General Meeting until the date of the next Annual General Meeting, or the date by which the next Annual General Meeting is required by law to be held or the date such authority is revoked by the Company in a general meeting, whichever is the earliest, to allot and issue Shares and convertible securities in the Company. The aggregate number of Shares (including any Shares issued pursuant to the convertible securities) which the Directors may allot and issue under this Resolution will not exceed 100% of the Company's total number of issued Shares (excluding treasury shares and subsidiary holdings), of which up to 50% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company may be issued other than on a pro-rata basis to existing shareholders.
8. Ordinary Resolution 13 proposed in item 14 above, if passed, will authorise and empower the Directors of the Company, from the date of this Annual General Meeting until the date of the next Annual General Meeting, or the date by which the next Annual General Meeting is required by law to be held, whichever is the earlier, to allot and issue Shares in the Company, collectively up to a number not exceeding in total 15% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company from time to time pursuant to the grant of share awards under the Share Plan.
9. Ordinary Resolution 14 proposed in item 15 above, if passed, will renew the IPT Mandate for certain transactions with interested persons and empower the Directors of the Company from the date of the above meeting until the date of the next Annual General Meeting to do all acts necessary to give effect to the Resolution. This authority will, unless previously revoked or varied at a general meeting, expire at the conclusion of the next Annual General Meeting of the Company.

In accordance with the requirements under Chapter 9 of the Catalist Rules, Dato' Sri Pek Kok Sam and Dato' Teh Teck Tee, will abstain from voting, and will ensure that their associates abstain from voting, on Ordinary Resolution 14 relating to the IPT Mandate.

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## Notes

1. The AGM is being convened, and will be held, by way of electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. Printed copies of this Notice of AGM will NOT be sent to members of the Company. Instead, this Notice will be sent to members by electronic means via publication on SGXNET at <https://www.sgx.com/securities/company-announcements> and the Company's website at [www.SAMiningLtd.com](http://www.SAMiningLtd.com).
2. Alternative arrangements relating to attendance at the AGM via electronic means (in particular, arrangements by which the meeting can be electronically accessed via live audio-visual webcast or live audio-only stream), submission of questions to the Company in advance of the AGM, addressing of substantial and relevant questions at the AGM and voting by appointing the Chairman of the AGM as proxy at the AGM, are set out in the accompanying announcement by the Company dated 5 November 2020. This announcement may be accessed on SGXNET at <https://www.sgx.com/securities/company-announcements> and the Company's website at [www.SAMiningLtd.com](http://www.SAMiningLtd.com).
3. Due to the current COVID-19 restriction orders in Singapore, a member will not be able to attend the AGM in person. A member (whether individual or corporate) must appoint the Chairman of the AGM as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM if such member wishes to exercise his/her/its voting rights at the AGM. The accompanying proxy form for the AGM may be accessed on SGXNET at <https://www.sgx.com/securities/company-announcements> and the Company's website at [www.SAMiningLtd.com](http://www.SAMiningLtd.com).
4. Where a member (whether individual or corporate) appoints the Chairman of the AGM as his/her/its proxy, he/she/it must give specific instructions as to voting, or abstention from voting, in respect of a Resolution in the form of proxy, failing which the appointment of the Chairman of the AGM as a proxy for that Resolution will be treated as invalid.  
  
CPF or SRS investors who wish to appoint the Chairman of the AGM as proxy should approach their respective agent banks or SRS operators to submit their votes by 10 a.m. on 17 November 2020.
5. The Chairman of the AGM, as proxy, need not be a member of the Company.
6. The instrument appointing the Chairman of the AGM 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 Company's Share Registrar, Tricor Barbinder Share Registration Services at [sg.is.proxy@sg.tricorglobal.com](mailto:sg.is.proxy@sg.tricorglobal.com),in any case, not later than 10 a.m. on 24 November 2020 (being 72 hours before the time fixed for the AGM) and in default the Proxy Form for the AGM shall not be treated as valid.  
  
A member who wishes to submit a Proxy Form must first download, complete and sign the Proxy Form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.
10. The Proxy Form must be signed by the appointor or his attorney duly authorised in writing. Where the Proxy Form is executed by a corporation, it must be either under its common seal or signed on its behalf by a duly authorised officer or attorney. Where the Proxy Form is signed on behalf of the appointor by an attorney, the power of attorney (or other authority) or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the Proxy Form, failing which the Proxy Form may be treated as invalid.
11. The Company shall be entitled to reject the Proxy Form if it is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the Proxy Form (such as in the case where the appointor submits more than one Proxy Form).
12. In the case of a member whose Shares are entered against his/her name in the Depository Register, the Company may reject any Proxy Form as proxy lodged if such member, being the appointor, is not shown to have Shares entered against his/her name in the Depository Register as at 72 hours before the time appointed for holding the AGM, as certified by CDP to the Company.
13. All questions must be submitted no later than 10 a.m. on 19 November 2020 via any of the following means:
  - (a) at the registration website at <https://agm.conveneagm.com/samingltd>; or
  - (b) by email to [general@SAMiningLtd.com](mailto:general@SAMiningLtd.com)
  - (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

Members submitting questions are required to provide their particulars as follows:

- (a) Full name (for individuals)/company name (for corporates) as per CDP/SRS account records;
- (b) National Registration Identity Card Number or Passport Number (for individuals)/Company Registration Number (for corporates);
- (c) Number of shares in the capital of the Company held;
- (d) Contact Number; and
- (e) Email Address.

## NOTICE OF ANNUAL GENERAL MEETING

14. 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 and questions by post, members are strongly encouraged to submit completed Proxy Forms and questions electronically via email.
15. The Management and Board of Directors of the Company will endeavour to address all substantial and relevant questions received from members and publish the responses to those questions on SGXNET at <https://www.sgx.com/securities/company-announcements> and the Company's website at [www.SAMiningLtd.com](http://www.SAMiningLtd.com) before the deadline to submit the proxy forms or during the AGM.

### **Personal Data Privacy:**

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

# APPENDIX TO NOTICE OF ANNUAL GENERAL MEETING

**APPENDIX DATED 5 NOVEMBER 2020**

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

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

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

This Appendix is issued by Southern Alliance Mining Ltd. (our “Company”). The purpose of the Appendix is to provide Shareholders with the rationale for and information relating to, and to seek Shareholders’ approval for the proposed renewal of the IPT General Mandate to be tabled at the 2020 AGM. The Notice of AGM and a proxy form are published on (i) the SGX-ST’s website at <https://www.sgx.com/securities/company-announcements>; and (ii) our Company’s corporate website at [www.SAMiningLtd.com](http://www.SAMiningLtd.com).

*Southern Alliance Mining Ltd. (our “Company”) was listed on Catalist of the Singapore Exchange Securities Trading Limited on 26 June 2020. The initial public offering of the Company was sponsored by PrimePartners Corporate Finance Pte. Ltd. (the “Sponsor”).*

*This Appendix has been reviewed by the Company’s Sponsor. It has not been examined or approved by the Singapore Exchange Securities Trading Limited (the “Exchange”) 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 announcement.*

*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](mailto:sponsorship@ppcf.com.sg).*



**SOUTHERN ALLIANCE MINING LTD.**

(Company Registration Number. 201931423D)

(Incorporated in the Republic of Singapore)

**APPENDIX TO NOTICE OF ANNUAL GENERAL MEETING**

**IN RELATION TO**

**THE PROPOSED RENEWAL OF THE GENERAL MANDATE  
FOR INTERESTED PERSONS TRANSACTIONS**

# APPENDIX TO NOTICE OF ANNUAL GENERAL MEETING

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# APPENDIX TO NOTICE OF ANNUAL GENERAL MEETING

## DEFINITIONS

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

- “2020 Annual Report”** : The annual report of our Company for the financial year ended 31 July 2020
- “2020 AGM”** : The annual general meeting of our Company to be held by way of electronic means on Friday, 27 November 2020 at 10.00 a.m., the notice of which is set out on pages 152 to 157 of the 2020 Annual Report
- “AGM”** : The annual general meeting of our Company
- “Appendix”** : This appendix dated 5 November 2020 in relation to the proposed renewal of the IPT General Mandate
- “Aras Kuasa”** : Aras Kuasa Sdn. Bhd.
- “Aras Kuasa Group”** : Aras Kuasa and its group of companies
- “AK Relevant Cost”** : The relevant costs to be borne by Aras Kuasa for the transportation of the pipe coating materials from our mine site to the End Customer's Competitor's premises
- “associate”** : (a) in relation to any Director, Chief Executive Officer, Substantial Shareholder or Controlling Shareholder (being an individual) means:
- (i) his immediate family;
  - (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 30.0% or more; and
- (b) in relation to a Substantial Shareholder or a Controlling Shareholder (being a company) means any other company which is its subsidiary or holding company or is a subsidiary of such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30.0% or more
- “Associated Company”** : In relation to a corporation, means:
- (a) any corporation in which the corporation or its subsidiary has, or the corporation and its subsidiary together have, a direct interest in voting shares of not less than 20.0% but not more than 50.0% of the total votes attached to all the voting shares in the corporation; or
  - (b) any corporation, other than a subsidiary of the corporation or a corporation which is an associated company by virtue of paragraph (a), the policies of which the corporation or its subsidiary, or the corporation together with its subsidiary, is or are able to control or influence materially
- “Audit Committee”** : The audit committee of our Company for the time being or from time to time, as the case may be

## APPENDIX TO NOTICE OF ANNUAL GENERAL MEETING

<b>“Board” or “Board of Directors”</b>	: The board of directors of our Company for the time being or from time to time, as the case may be
<b>“Catalist”</b>	: The Catalist board of the SGX-ST
<b>“Catalist Rules”</b>	: The SGX-ST Listing Manual Section B: Rules of Catalist, as may be amended, modified or supplemented from time to time
<b>“CDP”</b>	: The Central Depository (Pte) Limited
<b>“Chief Executive Officer” or “CEO”</b>	: The chief executive officer of our Company for the time being
<b>“Chief Financial Officer” or “CFO”</b>	: The chief financial officer of our Company for the time being
<b>“Companies Act”</b>	: The Companies Act (Chapter 50) of Singapore, as may be amended, modified or supplemented from time to time
<b>“Company”</b>	: Southern Alliance Mining Ltd.
<b>“Controlling Shareholder”</b>	: A person who: <ul style="list-style-type: none"> <li>(a) holds directly or indirectly 15.0% or more of the total number of issued Shares excluding treasury shares and subsidiary holdings in our Company. The SGX-ST may determine that a person who satisfies this paragraph is not a controlling shareholders; or</li> <li>(b) in fact exercises control over our Company</li> </ul>
<b>“CUP”</b>	: Comparable Uncontrolled Price
<b>“Dato’ Lee”</b>	: Dato’ Lee Tek Mook @ Lee Teh Moh
<b>“Dato’ Sri Pek”</b>	: Dato’ Sri Pek Kok Sam
<b>“Dato’ Teh”</b>	: Dato’ Teh Teck Tee
<b>“Director”</b>	: A director of our Company for the time being or from time to time, as the case may be
<b>“End Customer”</b>	: One of our Group’s major pipe coating customers which requires such pipe coating materials and has strict in-house policies which prohibit their suppliers from supplying the same products to their customers directly
<b>“End Customer’s Competitor”</b>	: A competitor of the End Customer
<b>“Group”</b>	: Our Company and its subsidiaries
<b>“immediate family”</b>	: In relation to a person, means the person’s spouse, child, adopted child, step-child, sibling and parent
<b>“HChem Marketing”</b>	: HChem Marketing (M) Sdn. Bhd.

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<b>“Interested Person”</b>	: (a) a Director, Chief Executive Officer, or Controlling Shareholder; or (b) an associate of any such Director, Chief Executive Officer, or Controlling Shareholder
<b>“Interested Person Transaction”</b>	: A transaction between an entity at risk and an Interested Person
<b>“IPT General Mandate”</b>	: The general mandate obtained from the Shareholders pursuant to Chapter 9 of the Catalist Rules, authorising our Company and its subsidiaries, in their ordinary course of business, to enter into the transactions specified in paragraph 2.6 of this Appendix with any Mandated Interested Persons which are necessary for its day-to-day operations, provided that all such transactions are carried out on normal commercial terms and are not prejudicial to the interests of our Company and its minority Shareholders, subject to the guidelines and review procedures for such transactions
<b>“IRB”</b>	: The Malaysian Inland Revenue Board
<b>“IRB Guidelines”</b>	: Refers to Malaysian Transfer Pricing Guidelines 2012 including updated Guidelines issued by the Inland Revenue Board in July 2017
<b>“Latest Practicable Date”</b>	: 20 October 2020, being the latest practicable date prior to the date of this Appendix
<b>“Listing”</b>	: The admission of our Company to Catalist on 26 June 2020
<b>“Malaysian Transfer Pricing Rules”</b>	: Refers to the Gazette Order P.U.(A) 132 Income Tax (Transfer Pricing) Rules 2012
<b>“Mandated Interested Person”</b>	: Any person as defined in paragraph 2.5 of this Appendix
<b>“Mandated Interested Person Transaction”</b>	: Any transaction as defined in paragraph 2.6 of this Appendix
<b>“Multiline Trading”</b>	: Multiline Trading Sdn. Bhd.
<b>“Notice of AGM”</b>	: The notice of the 2020 AGM
<b>“NTA”</b>	: Net tangible assets
<b>“Offer Document”</b>	: The offer document dated 16 June 2020 issued by our Company (registered by the SGX-ST, acting as an agent on behalf of the Monetary Authority of Singapore on 16 June 2020) in respect of the Listing
<b>“PCM Gross Margin”</b>	: The gross margin to be derived by our Group from the sale of pipe coating materials to Aras Kuasa
<b>“Proposed Renewal of the IPT General Mandate”</b>	: Has the meaning ascribed to it in paragraph 1.1 of this Appendix

## APPENDIX TO NOTICE OF ANNUAL GENERAL MEETING

<b>“Recommending Directors”</b>	: Directors who are regarded as independent for the purposes of making a recommendation on the proposed renewal of the IPT General Mandate, namely, Dato’ Sri Mohd Jamidan Abdullah, Mr Chin Chee Choon, Mr Sim Chin Hoe and Dato’ Gainneos Jacob Goldie
<b>“Restructuring Exercise”</b>	: The corporate restructuring exercise our Company undertook in connection with the Listing as set out in the section entitled “Restructuring Exercise” of the Offer Document
<b>“SGX-ST”</b>	: Singapore Exchange Securities Trading Limited
<b>“SFA”</b>	: The Securities and Futures Act (Chapter 289) of Singapore, as may be amended, modified or supplemented from time to time
<b>“Shared Services”</b>	: The information technology services that Aras Kuasa provides to our Group
<b>“Shared Services Agreement”</b>	: The agreement entered into by our Company and Aras Kuasa dated 21 January 2020, pursuant to which Aras Kuasa was appointed to provide or procure the provision of the Shared Services to our Group
<b>“Shared Services Cost”</b>	: The total monthly costs incurred for information technology services which shall be split under the Shared Services Agreement based on the number of users of the Aras Kuasa Group and our Group
<b>“Shareholders”</b>	: Registered holders of Shares in the Register of Members of our 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
<b>“Share(s)”</b>	: Ordinary share(s) in the capital of our Company
<b>“Sponsor”</b>	: PrimePartners Corporate Finance Pte. Ltd.
<b>“Substantial Shareholders”</b>	: 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 our Company
<b>“Ultimate Selling Price”</b>	: The price offered to and accepted by the End Customer’s Competitor
<b><u>Currencies and Units</u></b>	
<b>“S\$” and “cents”</b>	: Singapore dollars and cents respectively, the lawful currency of the Republic of Singapore
<b>“%” or “per cent.”</b>	: Per centum or percentage

## APPENDIX TO NOTICE OF ANNUAL GENERAL MEETING

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

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

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

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

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

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

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

# APPENDIX TO NOTICE OF ANNUAL GENERAL MEETING

## LETTER TO SHAREHOLDERS

### SOUTHERN ALLIANCE MINING LTD.

(Company Registration Number: 201931423D)

(Incorporated in the Republic of Singapore)

#### Board:

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

Dato' Sri Pek Kok Sam (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

5 November 2020

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

Dear Sir/Madam

### THE PROPOSED RENEWAL OF THE GENERAL MANDATE FOR INTERESTED PERSONS TRANSACTIONS

#### 1. INTRODUCTION

1.1 We refer to the Notice of AGM which is set out on pages 152 to 157 of the 2020 Annual Report and published on (i) the SGX-ST's website at <https://www.sgx.com/securities/company-announcements>; and (ii) our Company's corporate website at [www.SAMiningLtd.com](http://www.SAMiningLtd.com). Pursuant to Chapter 9 of the Catalist Rules, the Directors intend to seek Shareholders' approval at the 2020 AGM for the proposed renewal of the IPT General Mandate ("**Proposed Renewal of the IPT General Mandate**").

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

This Appendix has been prepared solely for the purposes outlined above and may not be relied upon by any other person (other than the Shareholders) or for any other purpose.

1.3 Shareholders should read this Appendix carefully and consider the recommendation of the Recommending Directors in paragraph 4 of this Appendix.

1.4 The SGX-ST assumes no responsibility for the correctness of any of the statements made, opinions expressed or reports contained in this Appendix. 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.

# APPENDIX TO NOTICE OF ANNUAL GENERAL MEETING

## 2. PROPOSED RENEWAL OF THE IPT GENERAL MANDATE

### 2.1. BACKGROUND

The IPT General Mandate was adopted by our Company's then Shareholders on 11 June 2020, and was effective pursuant to Rule 920(2) of Chapter 9 of the Catalist Rules by way of the Offer Document from the date of the Listing and was expressed to take effect until the earlier of the following: (a) the conclusion of our Company's first AGM following the date of the Listing; or (b) the first anniversary of the date of the Listing. As such, the IPT General Mandate will expire upon the conclusion of the forthcoming AGM scheduled to be held on 27 November 2020. Pursuant to Rule 920 of the Catalist Rules, our Company will seek Shareholders' approval for the Proposed Renewal of the IPT General Mandate.

The Proposed Renewal of the IPT General Mandate will enable our Group, in its ordinary course of business, to enter into the Interested Person Transactions specified in paragraph 2.6 below with any Mandated Interested Persons, provided that such transactions are made on normal commercial terms, will not be prejudicial to the interests of our Company and its minority Shareholders, and are in accordance with the guidelines and review procedures for such transactions set out in paragraph 2.8 of this Appendix.

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

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

The renewed IPT General Mandate will take effect from the passing of the ordinary resolution relating thereto at the 2020 AGM, and will (unless revoked or varied by our Company in a general meeting) continue in force until the conclusion of the next AGM. Approval from Shareholders will be sought for the renewal of the IPT General Mandate at the next AGM and each subsequent AGM, subject to satisfactory review by the Audit Committee of its continued relevance and application to the transactions with the Mandated Interested Persons, and its confirmation that the methods and review procedures for the transactions with the Mandated Interested Persons are sufficient to ensure that the transactions are carried out on normal commercial terms and will not be prejudicial to the interests of our Company and its minority Shareholders.

### 2.3. CHAPTER 9 OF THE CATALIST RULES

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

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

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

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

## APPENDIX TO NOTICE OF ANNUAL GENERAL MEETING

If the Group's latest audited NTA is negative, the listed company should consult the SGX-ST through its sponsor on the appropriate benchmark to calculate the relevant thresholds in Rules 905 and 906, which may be based on its market capitalisation.

The above requirements for an immediate announcement and/or for shareholders' approval do not apply to any transaction below S\$100,000. Notwithstanding the foregoing, the SGX-ST may aggregate any transaction below S\$100,000 entered into during the same financial year and treat them as if they were one transaction in accordance with the objective of Chapter 9 of the Catalist Rules and the economic and commercial substance of the interested person transaction, instead of legal form and technicality.

Rule 920 of the Catalist Rules, however, permits a listed company to seek a general mandate from its shareholders for recurrent transactions with Interested Persons where such transactions are of a revenue or trading nature or those necessary for its day-to-day operations such as the purchase and sale of supplies and materials, but not in respect of the purchase or sale of assets, undertakings or businesses. A general mandate is also subject to annual renewal.

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

For the purposes of the IPT General Mandate, an "entity at risk" ("**EAR Group**") means:

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

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

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

- (i) Aras Kuasa

Our CEO and Executive Director, Dato' Sri Pek, our Non-Executive Non-Independent Chairman, Dato' Teh, our Substantial Shareholder, Dato' Lee, and our CFO, Mr. Lim, hold in aggregate 100.0% of the issued share capital of Aras Kuasa. Aras Kuasa is principally engaged in the exploration, mining, processing and sale of minerals such as bauxite and base metals in Malaysia. Currently, Aras Kuasa is responsible for the sale of our pipe coating materials solely to the End Customer's Competitor. We will also procure Shared Services from Aras Kuasa.

- (ii) HChem Marketing

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



## APPENDIX TO NOTICE OF ANNUAL GENERAL MEETING

### (iii) Multiline Trading

Multiline Trading is incorporated in Malaysia and is principally engaged in the business of provision of transportation services. Our CEO and Executive Director, Dato' Sri Pek, and his brother, Mr. Pek Kok Hua, hold in aggregate 100.0% of the issued share capital of Multiline Trading.

Multiline Trading is principally engaged in the business of provision of hiring and transportation services. We engage Multiline Trading for, *inter alia*, the transportation of our iron ore products to ports or to our customers' premises. As Multiline Trading is also in the business of trading of spare parts and equipment for heavy machinery and vehicles, we may from time to time purchase such products from Multiline Trading.

Our Finance Department shall maintain a list of the Interested Persons and their Associates (which will be updated immediately if there are any changes) to enable identification of the Interested Persons. The list of Interested Persons shall be reviewed on a quarterly basis by the CFO and be subject to such verifications or declarations as required by the Audit Committee for such period as determined by them.

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

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

- (i) The sale of pipe coating materials by our Group to Aras Kuasa for onward sale to only the End Customer's Competitor;
- (ii) The procurement of hiring and transportation services by our Group from Multiline Trading;
- (iii) The purchase of lubricants by our Group from HChem Marketing;
- (iv) The procurement of spare parts and equipment by our Group from Multiline Trading; and
- (v) The procurement of Shared Services by our Group from Aras Kuasa pursuant to the Shared Services Agreement.

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

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

Prior to the Restructuring Exercise, our Group was a wholly-owned subsidiary of Aras Kuasa. The Aras Kuasa Group is also involved in the exploration, mining, processing and sale of other minerals, such as base metals and bauxite. The Aras Kuasa Group and its Controlling Shareholders also have companies which are engaged in other mining related businesses for example, equipment leasing, transportation and other related supplies, being HChem Marketing and Multiline Trading. Hence, our Group may from time to time transact with such companies in the ordinary course of our business.

## APPENDIX TO NOTICE OF ANNUAL GENERAL MEETING

In addition, Aras Kuasa currently on-sells our pipe coating materials to the End Customer's Competitor. To the best of the knowledge of our Directors, some of our Group's customers which require such pipe coating materials have strict in-house policies which prohibit their suppliers from supplying the same products to their competitors directly. For example, if we are a supplier to customer A, customer A will request for us to not sell to customer B which is their competitor, and will refuse to purchase from our Group if we sell our products to customer B. Hence, to effect sales to the End Customer's Competitor, we have sold our pipe coating materials to Aras Kuasa which then on-sells the materials to the End Customer's Competitor. In FY2019 and FY2020, sales of pipe coating materials to Aras Kuasa represented approximately 3.2% and 5.5% of our Group's revenue respectively. Accordingly, it will be a loss of business if our Group ceases to sell the pipe coating materials to the End Customer's Competitor through Aras Kuasa. In order to mitigate any conflict of interests, Aras Kuasa has undertaken that they will only engage the End Customer's Competitor for the sale of pipe coating materials. Please refer to the section entitled "Interested Person Transactions – Present and On-going Interested Person Transactions – (I) Sale of pipe coating materials to Aras Kuasa" of the Offer Document for more details on the undertaking provided by Aras Kuasa. Further, the Aras Kuasa Group had rendered information technology services to our Group during the time the Group was part of Aras Kuasa Group. As the information technology infrastructure was previously shared among the Aras Kuasa Group and the safety of our data is managed by the Group's personal information technology staff, our Group believes that it is more beneficial to continue with the shared service arrangement.

Multiline Trading owns a large fleet of trucks and has proven to be a reliable transporter and has always delivered the Group's orders on a priority basis. In addition, due to their network and experience, they are also able to source for equipment parts in a timely and economically friendly manner.

HChem Marketing, as a dealer for lubricants, has been given a guarantee to its supply and enjoys significant quantity discounts from a reputable oil company which makes its services to the Group valuable and price competitive.

The IPT General Mandate and its subsequent renewal on an annual basis would eliminate the need to convene separate general meetings from time to time to seek Shareholders' approval as and when potential Mandated Interested Person Transactions with Mandated Interested Persons arise, thereby substantially reducing administrative time and expenses in convening such meetings, without compromising the corporate objectives or any strategic advantages and adversely affecting the business opportunities available to us. These transactions may be constrained by their time-sensitive and confidential nature, and it may be impractical to seek Shareholders' approval on a case-by-case basis before entering into them.

The IPT General Mandate is intended to facilitate transactions in the ordinary course of our business which are transacted from time to time with the specified classes of Mandated Interested Persons, provided that they are carried out on normal commercial terms and are not prejudicial to the interests of our Company and our minority Shareholders.

Disclosure will be made in our annual report of the aggregate value of the interested person transactions conducted pursuant to the IPT General Mandate during the current financial year and in the annual reports for subsequent years that the IPT General Mandate continues to be in force. In addition, we will announce the aggregate value of transactions conducted pursuant to the IPT General Mandate during the relevant financial period within the required time frame stipulated in the Catalyst Rules. Such disclosures will be in the form set out in Rule 907 of the Catalyst Rules.

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

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

## APPENDIX TO NOTICE OF ANNUAL GENERAL MEETING

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

(a) *Sale of pipe coating materials to Aras Kuasa*

- (i) We shall determine the selling price of the pipe coating materials to be sold to Aras Kuasa for its onward sale of such pipe coating materials to the End Customer's Competitor based on the price offered to and accepted by the End Customer's Competitor. The Ultimate Selling Price which is computed by price per tonne multiplied by the total volume purchased, shall be made fully transparent to our Group. The Ultimate Selling Price is negotiated by Aras Kuasa, who will then inform our Group of its discussions with the End Customer's Competitor. In the event that our Group does not agree with the Ultimate Selling Price, our Group can choose not to enter into the transaction for the sale of pipe coating materials to Aras Kuasa to onsell to the End Customer's Competitor.
- (ii) We will then calculate the AK Relevant Cost. Such AK Relevant Cost includes but is not limited to freight and transportation charges, insurance and port charges.
- (iii) For the effort put in by Aras Kuasa in liaising with the End Customer's Competitor and for arranging the relevant logistics for the sale to the End Customer's Competitor, Aras Kuasa will also charge us a percentage of the Ultimate Selling Price. In determining the percentage of the Ultimate Selling Price, we will take into account our past transactions with Aras Kuasa for the most recently completed financial year. The percentage of the Ultimate Selling Price shall not be higher than the highest historical rate of such transactions. Accordingly, the selling price of our pipe coating materials to Aras Kuasa shall be computed as follows:

$$\text{Selling Price to Aras Kuasa} = \frac{\text{Ultimate Selling Price} - \text{AK Relevant Cost}}{\text{Percentage of Ultimate Selling Price}}$$

- (iv) In addition, we will also calculate the PCM Gross Margin. The PCM Gross Margin shall not be lower than the average gross margin of our Group for the most recently completed financial year.
- (v) Prior to any sale of pipe coating materials to Aras Kuasa, our Group will assess and determine whether (i) there is existing demand for pipe coating materials from our End Customer; and (ii) the profit margin from the sale of iron ore concentrate is not higher than the profit margin from the sale of pipe coating materials to Aras Kuasa. Our Group will only accept the order for the sale of the pipe coating materials to Aras Kuasa when (i) there is sufficient supply to satisfy demands of pipe coating materials from our End Customer; and (ii) the profit margin from the sale iron ore concentrate is not higher than the sale of pipe coating materials to Aras Kuasa.
- (vi) If our Group engages other third parties for the onward sale of our pipe coating materials in the future, the prices and terms of the sale of pipe coating materials to Aras Kuasa will be determined with reference to a minimum of two (2) other contracts or invoices issued to unrelated third parties for the same or substantially similar type of transactions. The terms of the transaction must be consistent with the margins and on terms which are no more favourable to Aras Kuasa than those extended to unrelated third parties.
- (vii) All sales of pipe coating materials to Aras Kuasa shall be tabled to our Audit Committee for their approval before execution.

## APPENDIX TO NOTICE OF ANNUAL GENERAL MEETING

- (viii) Our Group has considered the relevant transfer pricing issues for the aforesaid arrangements, based on the following:
- (a) both Aras Kuasa and the End Customer's Competitor are companies incorporated in Malaysia;
  - (b) there is no differential in the tax rates charged for both companies; and
  - (c) the percentage of Sale Consideration is supportable by past transactions and our Company has the requisite supporting documents.

Accordingly, there is no potential loss in tax revenue to the authorities. During the course of the financial statements audit, no material transfer pricing concerns has come to the attention of Ernst & Young LLP.

Additionally, our Group has engaged Ernst & Young Tax Consultants Sdn. Bhd. to prepare transfer pricing analysis and documentation for the fiscal year 2019 in accordance with the principles set out in the Gazette Order P.U.(A) 132 Income Tax (Transfer Pricing) Rules 2012 ("**Malaysian Transfer Pricing Rules**") and the Malaysian Transfer Pricing Guidelines 2012 including updated Guidelines issued by the Inland Revenue Board ("**IRB**") in July 2017 ("**IRB Guidelines**"). It was noted that the transfer price for the sales of pipe coating materials is in line with the Comparable Uncontrolled Price ("**CUP**") method sanctioned by the Malaysian Transfer Pricing Rules and IRB Guidelines.

(b) *Procurement of hiring and transportation services to Multiline Trading*

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

## APPENDIX TO NOTICE OF ANNUAL GENERAL MEETING

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

- (i) For purchases of (i) lubricants; and (ii) spare parts and equipment by our Group from HChem Marketing and Multiline Trading respectively, the relevant department which has the knowledge of the context of the transactions, shall obtain quotations (wherever possible or available) from a minimum of two (2) unrelated third party suppliers for the same or substantially similar quantities and/or qualities of products and/or services, prior to the entry into a transaction with HChem Marketing or Multiline Trading, as the case may be, as comparison to determine whether the price and terms offered by HChem Marketing or Multiline Trading, as the case may be, are fair and reasonable and comparable to those offered by other unrelated third parties for the same or substantially similar type of products and/or services. In determining whether the price and terms offered by HChem Marketing or Multiline Trading, as the case may be, are fair and reasonable, all pertinent factors, including but not limited to the quality of products, delivery schedules, duration, credit terms and track record, and where applicable, preferential rates, rebates or discounts accorded for bulk purchases, of the counterparty will be taken into consideration. Our Group shall ensure that such transactions are conducted at prices and terms not less favourable to our Group than those offered by other unrelated third party suppliers, contemporaneous with similar transactions of comparable quantities and products specifications ("**Similar Transactions**").
- (ii) In the event that it is impractical or impossible to obtain Similar Transactions (for instance, if there are no unrelated third party vendors of similar products or services, or if the product is a proprietary item), our CFO or a senior executive of our Company designated by our Audit Committee (whom must have no interest, direct or indirect in the transactions) will, subject to the approval thresholds set out below, determine whether the price and terms offered by HChem Marketing or Multiline Trading, as the case may be, are fair and reasonable, taking into account factors such as, including but not limited to, the costs and benefits of entering into the transactions and the prices charged to unrelated third parties by HChem Marketing or Multiline Trading, as the case may be.

(d) *Procurement of the Shared Services from Aras Kuasa*

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

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

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

## APPENDIX TO NOTICE OF ANNUAL GENERAL MEETING

### Approvals Thresholds

The approval thresholds for each Mandated Interested Person Transaction (other than the sale of pipe coating materials) are as follows:

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

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

- (i) All transactions will be reviewed monthly by our Finance Department to identify the Mandated Interested Person Transactions and ensure that they have been transacted within the parameters of our IPT General Mandate. If any person has an interest in a Mandated Interested Person Transaction, he or she will abstain from any deliberation and decision-making in respect of the said transaction. All transactions in relation to the sale of pipe coating materials will be subject to the review and prior approval of our Audit Committee.
- (ii) Our Finance Department shall record all Mandated Interested Person Transactions in the register of Mandated Interested Person Transactions. The register will include all information pertinent to all the Mandated Interested Person Transactions, including but not limited to, the nature of the transactions, the amount, the basis and rationale for determining the transaction prices, material terms and conditions and supporting evidence and quotations obtained to support such basis.
- (iii) Our Audit Committee will review the register of Mandated Interested Person Transactions on a quarterly basis to ascertain that the relevant procedures, guidelines and policies established to monitor the Mandated Interested Person Transactions have been complied with.
- (iv) The annual internal audit plan will incorporate a review of the Mandated Interested Person Transactions entered into, pursuant to our IPT General Mandate to ensure that the methods and procedures in respect of the Mandated Interested Person Transactions have been adhered to.
- (v) Our Directors and our Audit Committee will have the overall responsibility for the determination of the review procedures, including any addition or variation thereto, where applicable. Our Directors and our Audit Committee may also appoint individuals or committees within our Company to examine the Mandated Interested Person Transactions as they deem appropriate. If a member of our Directors or our Audit Committee has an interest in a Mandated Transaction, he will abstain from any deliberation and decision-making by our Directors or our Audit Committee in respect of the said transaction.
- (vi) If during any of the reviews by our Audit Committee, our Audit Committee is of the view that the review procedures for Mandated Interested Person Transactions have become inappropriate or insufficient in the event of changes to the nature of, or manner in which, the business activities of our Group or the Mandated Interested Persons are conducted, or the review procedures for Mandated Interested Person Transactions are not sufficient to ensure that the Mandated Interested Person Transactions will be conducted on normal commercial terms and will not be prejudicial to the interests of our Company and our minority Shareholders, we will seek a fresh general mandate from Shareholders based on new review procedures so that Mandated Interested Person Transactions will be conducted on normal commercial terms and will not be prejudicial to the interests of our Company and our minority Shareholders. The Mandated Interested Persons will abstain, and have agreed to ensure that their associates will abstain, from voting on such resolutions.

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- (vii) Disclosure will be made in our Company's financial results announcements and the annual report of our Company in respect of the Mandated Interested Person Transactions in accordance with Chapter 9 of the Catalist Rules.

### 2.10. DISCLOSURE UNDER THE CATALIST RULES

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

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

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

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

### 2.11. STATEMENT OF THE AUDIT COMMITTEE

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

- (a) the methods and procedures for determining the transaction prices of the Mandated Interested Person Transactions have not changed since the IPT General Mandate was last approved by the Shareholders (i.e. the date of the Offer Document);
- (b) the methods and procedures referred to in sub-paragraph (a) above are sufficient to ensure that the Mandated Interested Person Transactions carried out thereunder will be on normal commercial terms and will not be prejudicial to the interests of our Group and the minority Shareholders.

If, during the periodic reviews by the Audit Committee, the Audit Committee is of the view that the review procedures are inadequate or inappropriate to ensure that the relevant transactions with the Mandated Interested Person will be carried out on normal commercial terms and will not be prejudicial to the interests of our Company and its minority Shareholders, or in the event of any amendment to Chapter 9 of the Catalist Rules, the Audit Committee will, in consultation with the Board, take such action as it deems proper in respect of such procedures and/or modify or implement such procedures as may be necessary and direct our Company to revert to Shareholders for a fresh mandate based on the new guidelines and procedures for the Mandated Interested Person Transactions.

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### 2.12. ABSTENTION FROM VOTING

Pursuant to Rule 920(1)(b)(viii) of the Catalist Rules, Dato' Sri Pek and Dato' Teh will abstain, and have undertaken to ensure that their respective associates will abstain, from voting on Resolution 13 as set out in the Notice of AGM in relation to the Proposed Renewal of the IPT General Mandate.

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

### 3. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

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

Name	Direct Interest	
	No. of Shares	%
<b>Directors</b>		
Dato' Sri Pek	343,780,000	70.3
Dato' Teh	30,100,000	6.2
Dato' Sri Mohd Jamidan Abdullah	–	–
Chin Chee Choon	–	–
Sim Chin Hoe	–	–
Dato' Gainneos Jacob Goldie	–	–
<b>Substantial Shareholder (other than Directors)</b>		
Dato' Lee	30,100,000	6.2

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

### 4. DIRECTORS' RECOMMENDATION

The CEO and Executive Director of our Company, Dato' Sri Pek, and the Non-Executive Non-Independent Chairman of our Company, Dato' Teh, will abstain from making any recommendations in connection with the Proposed Renewal of the IPT General Mandate.

Having fully considered the rationale for and benefits of the IPT General Mandate set out in paragraph 2.7 of this Appendix, the Recommending Directors believe that the Proposed Renewal of the IPT General Mandate is in the best interests of our Company and its Shareholders.



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The Recommending Directors are of the opinion that the IPT Guidelines and Review Procedures as set out in paragraph 2.8 of this Appendix for determining transaction prices of the Mandated Interested Person Transactions are sufficient to ensure that the Mandated Interested Persons will be carried out on normal commercial terms and will not be prejudicial to the interests of our Company and its minority Shareholders. Accordingly, the Recommending Directors recommend that Shareholders vote in favour of Resolution 14 relating to the Proposed Renewal of the General Mandate for IPT as set out in the Notice of AGM.

In giving the recommendations above, the Recommending Directors have not had regard to the specific investment objectives, financial situation, tax position or unique needs and constraints of any individual Shareholder. As different Shareholders have different investment objectives and profiles, the Directors recommend that any Shareholder who may require specific advice in relation to his specific investment portfolio should consult his stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser immediately.

### 5. DIRECTORS' RESPONSIBILITY STATEMENT

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

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

### 6. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of our Company at 80 Robinson Road, #02-00, Singapore 068898, during normal business hours from the date of this Appendix up to and including the date of the 2020 AGM:

- (a) the Constitution of our Company; and
- (b) the 2020 Annual Report.

Yours faithfully

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

5 November 2020