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If you are in any doubt as to the course of action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

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CAHYA MATA SARAWAK

CAHYA MATA SARAWAK BERHAD

(Registration No.: 197401003655/21076-T)

(Incorporated in Malaysia)

CIRCULAR TO SHAREHOLDERS IN RELATION TO THE

PROPOSED DISPOSALS BY SAMALAJU INDUSTRIES SDN. BHD. A WHOLLY-OWNED SUBSIDIARY OF CAHYA MATA SARAWAK BERHAD, OF ITS ENTIRE 25% EQUITY INTERESTS IN OM MATERIALS (SARAWAK) SDN. BHD. AND OM MATERIALS (SAMALAJU) SDN. BHD. TO OM MATERIALS (S) PTE. LTD. FOR A TOTAL CASH CONSIDERATION OF USD120,000,000 (EQUIVALENT TO APPROXIMATELY RM526,620,000), INCLUDING THE SETTLEMENT OF THE SHAREHOLDER'S LOANS (AS DEFINED HEREIN)

AND

NOTICE OF EXTRAORDINARY GENERAL MEETING

Principal adviser



INVESTMENT BANK BERHAD

Registration No. 197401003530 (20657-W)

The Extraordinary General Meeting (“**EGM**”) of Cahya Mata Sarawak Berhad (“**CMSB**”) will be held at Colosseum 2, Level 2, Pullman Kuching, No 1A, Jalan Mathies, 93100 Kuching, Sarawak on Friday, 26 August 2022 at 3:00 p.m. or any adjournment thereof. Please follow the procedures provided in the Administrative Guide for the EGM at www.cmsb.my.

The Form of Proxy should be lodged at the registered office of CMSB at Level 6, Wisma Mahmud, Jalan Sungai Sarawak, 93100 Kuching, Sarawak or the office of the Share Registrar, Boardroom Share Registrars Sdn Bhd. at 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, not less than forty-eight (48) hours before the time appointed for the EGM or any adjournment thereof. The lodgement of the Form of Proxy will not preclude you from attending and voting in person at the EGM should you subsequently wish to do so.

IMPORTANT DATES

Last date and time for lodging the Form of Proxy	: Wednesday, 24 August 2022 at 3:00 p.m. or any adjournment thereof
Date and time for the EGM	: Friday, 26 August 2022 at 3:00 p.m. or any adjournment thereof

This Circular is dated 4 August 2022

DEFINITIONS

In this Circular, unless otherwise indicated, the following words and abbreviations shall have the following meanings:-

“Act”	:	The Companies Act 2016
“AUD”	:	Australian Dollar
“Board”	:	Board of Directors of CMSB
“Bursa Securities”	:	Bursa Malaysia Securities Berhad (Registration No.: 200301033577 / 635998-W)
“Circular”	:	This circular dated 4 August 2022 to the shareholders of CMSB in relation to the Proposed Disposals
“Closing”	:	Closing of the sale and purchase of the Sales Shares which shall take place on the Closing Date
“Closing Date”	:	The business day falling within sixty (60) business days following Unconditional Date or such other date as may be mutually agreed in writing between SISB and OMS
“CMSB” or the “Company”	:	Cahaya Mata Sarawak Berhad (Registration No.: 197401003655 / 21076-T)
“CMSB Group” or the “Group”	:	CMSB and its subsidiaries, collectively
“CMSB Share(s)” or “Share(s)”	:	Ordinary share(s) in CMSB
“Comparable Companies”	:	Comparable companies listed on Bursa Securities selected by AER for the purpose of the Valuation
“Conditions Precedent”	:	Conditions precedent to the SSA
“COVID-19”	:	Coronavirus 2019
“Cut-off Date”	:	Being a date fall on or prior to 15 September 2022 or such other date as may be agreed in writing between SISB and OMS
“Disposal Consideration”	:	A total cash consideration of USD120,000,000 (equivalent to approximate RM526,620,000) for the Proposed Disposals
“EGM”	:	Extraordinary general meeting
“EPS”	:	Earnings per Share
“EV/EBITDA”	:	Enterprise value to earnings before interest, taxes, depreciation and amortisation approach
“FPE”	:	Three (3)-month financial period ended 31 March
“FYE”	:	Financial year ended/ending 31 December
“GDV”	:	Gross development value
“HKD”	:	Hong Kong Dollar
“ICPS”	:	Irredeemable convertible preference shares
“KAF IB”	:	KAF Investment Bank Berhad (Registration No.: 197401003530 / 20657-W)

DEFINITIONS (*CONT'D*)

“LAT”	:	Loss after taxation
“LBT”	:	Loss before taxation
“Listing Requirements”	:	Main Market Listing Requirements of Bursa Securities
“LPD”	:	20 July 2022, being the latest practicable date prior to the printing of this Circular
“LPS”	:	Loss per Share
“NA”	:	Net assets attributable to the shareholders of the Company
“MCO”	:	Movement Control Order
“OMH”	:	OM Holdings Limited (ARBN.: 081028337) (Registration No.: 202002000012 / 995782-P)
“OM Samalaju”	:	OM Materials (Samalaju) Sdn. Bhd. (Registration No.: 201301005341 / 1035184-W)
“OM Samalaju Shares”	:	32,077,500 ordinary shares in OM Samalaju
“OM Sarawak”	:	OM Materials (Sarawak) Sdn. Bhd. (Registration No.: 201001031381 / 915304-H)
“OM Sarawak Shares”	:	165,594,162 ordinary shares and 43,690,300 ICPS in OM Sarawak
“PAT”	:	Profit after taxation
“PBR”	:	Price to book multiple approach
“PBT”	:	Profit before taxation
“PER”	:	Price to earnings multiple approach
“Proposed Disposals”	:	Proposed disposals of the Sale Shares, including the settlement of the Shareholder’s Loans, for the Disposal Consideration as announced to Bursa Securities on 14 June 2022, the details of which as more particularly set out in Section 2.1 of this Circular
“Purchaser” or “OMS”	:	OM Materials (S) Pte. Ltd. (UEN No.: 199900815Z)
“RM” and “sen”	:	Ringgit Malaysia and sen, respectively
“Sale Shares”	:	OM Sarawak Shares and OM Samalaju Shares
“SEDC”	:	Sarawak Economic Development Corporation
“SGD”	:	Singapore Dollar
“Shareholder’s Loans”	:	All the shareholder’s loans, including interest, extended by SISB to the Subject Companies for the purpose of working capital and capital expenditures
“SISB”	:	Samalaju Industries Sdn. Bhd. (Registration No.: 200701025409 / 783430-V)
“SSA”	:	Conditional share sale agreement dated 14 June 2022 entered into between SISB and OMS for the Proposed Disposals

DEFINITIONS (*CONT'D*)

“Subject Companies”	:	OM Sarawak and OM Samalaju, collectively
“Unconditional Date”	:	The date of the fulfilment or waiver of the conditions set out in Section 3.1 of the Appendix IV of this Circular
“USD”	:	United States Dollar
“Valuation”	:	The fair equity value of the Sale Shares of USD107.40 million (approximately RM471,324,900 million)
“Valuation Report”	:	The business valuation report dated 25 May 2022 issued by the Valuer to the Company in relation to the valuation of the Sale Shares
“Valuer” or “AER”	:	Asia Equity Research Sdn Bhd (Registration No.: 201401027762 / 1103848-M), an independent business valuer appointed by the Company

Words denoting the singular number only shall include the plural and vice-versa and words denoting the masculine gender shall, where applicable, include the feminine gender, neuter gender and vice versa. Reference to persons shall include a body of persons, corporate or unincorporated (including a trust). Any reference to a time of day shall be a reference to Malaysian time, unless otherwise stated. Any reference to any statutes, rules, regulations or rules of the stock exchange is a reference to that statutes, rules, regulations or rules of the stock exchange currently in force and as may be amended from time to time and any re-enactment thereof.

Unless otherwise stated, the following exchange rates, being the Bank Negara Malaysia’s middle rates as at 5.00 p.m. on 17 May 2022 (being the latest practicable date prior to the announcement of the Proposed Disposals), are used throughout this Circular:-

USD1.0000	:	RM4.3885
SGD1.0000	:	RM3.1660
AUD1.0000	:	RM3.0869
HKD100.0000	:	RM55.9080

Any exchange rate translations in this Circular are provided solely for convenience of readers and should not be constituted as representative that the translated amounts stated in this Circular could have been or would have been converted into such other amounts or vice versa.

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NOTICE OF EGM **ENCLOSED**

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EXECUTIVE SUMMARY

This Executive Summary only highlights the key information of this Circular. It does not contain all the information that may be important to you. You should read and understand the contents of the whole Circular before making a decision on the Proposed Disposals.

<u>Key information</u>	<u>Description</u>	<u>Reference to Circular</u>																												
Summary of the Proposed Disposals	<p>The Proposed Disposals entail the disposal by SISB of its entire 25% equity interests in the Subject Companies, comprising:-</p> <p>(i) 165,594,162 ordinary shares in OM Sarawak, representing 25% of the issued share capital of OM Sarawak and 43,690,300 ICPS in OM Sarawak, representing 25% of the ICPS of OM Sarawak in issue; and</p> <p>(ii) 32,077,500 ordinary shares in OM Samalaju, representing 25% of the issued share capital of OM Samalaju,</p> <p>for the Disposal Consideration, including the Shareholder’s Loans and subject to the terms and conditions as set out in the SSA.</p>	Section 2.1																												
Utilisation of proceeds	<table><tr><th><u>Utilisation</u></th><th><u>Estimated timeframe</u></th><th colspan="2"><u>Amount</u></th></tr><tr><th></th><th></th><th><u>USD’000</u></th><th><u>RM’000</u></th></tr><tr><td>Future acquisitions / investments</td><td>Within 36 months</td><td>30,000</td><td>131,655</td></tr><tr><td>Capital expenditure</td><td>Within 24 months</td><td>24,080</td><td>105,675</td></tr><tr><td>Working capital</td><td>Within 24 months</td><td>60,000</td><td>263,310</td></tr><tr><td>Estimated expenses</td><td>Upon completion of the Proposed Disposals</td><td>5,920</td><td>25,980</td></tr><tr><td>Total</td><td></td><td>120,000</td><td>526,620</td></tr></table>	<u>Utilisation</u>	<u>Estimated timeframe</u>	<u>Amount</u>				<u>USD’000</u>	<u>RM’000</u>	Future acquisitions / investments	Within 36 months	30,000	131,655	Capital expenditure	Within 24 months	24,080	105,675	Working capital	Within 24 months	60,000	263,310	Estimated expenses	Upon completion of the Proposed Disposals	5,920	25,980	Total		120,000	526,620	Section 2.8
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Total		120,000	526,620																											
Rationale	<p>The Board is of the view that the Proposed Disposals represent an opportunity for the Company to unlock and realise substantial value from its investments in the Subject Companies, and the proceeds arising therefrom:-</p> <p>(i) are proposed to be utilised for the future acquisitions / investments and capital expenditure which will then contribute to the Group’s revenue and profit in the future;</p> <p>(ii) will strengthen the Group’s cash flow position and provide the Group with additional working capital; and</p> <p>(iii) will strengthen the Group’s NA from RM3,232.39 million to RM3,360.42 million due substantially to a RM147.62 million gain on disposal recognised pursuant to the Proposed Disposals.</p>	Section 3																												

EXECUTIVE SUMMARY (CONT'D)

<u>Key information</u>	<u>Description</u>	<u>Reference to Circular</u>
Approvals required	: The Proposed Disposals are subject to the following approvals being obtained:- (i) the shareholders of CMSB at an EGM to be convened for the Proposed Disposals; and (ii) any other relevant authorities/parties (if applicable) for the Proposed Disposals.	Section 7
Directors' statement and recommendation	: The Board, having considered all aspects of the Proposed Disposals, including, but not limited to, the rationale and justifications, financial effects, valuation and risks associated with the Proposed Disposals, is of the opinion that the Proposed Disposals are in the best interest of the Company and accordingly, recommends that you vote in favour of the resolution pertaining to the Proposed Disposals to be tabled at the forthcoming EGM.	Section 10

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CAHYA MATA SARAWAK
CAHYA MATA SARAWAK BERHAD
(Registration No.: 197401003655/21076-T)
(Incorporated in Malaysia)

Registered Office:
Level 6, Wisma Mahmud
Jalan Sungai Sarawak
93100 Kuching
Sarawak

4 August 2022

BOARD OF DIRECTORS

General Dato' Seri DiRaja Tan Sri (Dr.) Mohd Zahidi bin Haji Zainuddin (Retired) (Group Chairman, Senior Independent Non-Executive Director)
YBhg. Dato Sri Mahmud Abu Bekir Taib (Deputy Group Chairman, Non-Independent Non-Executive Director)
YBhg. Dato Sri Sulaiman Abdul Rahman b Abdul Taib (Group Managing Director)
YBhg. Tan Sri Datuk Amar (Dr.) Haji Abdul Aziz bin Dato Haji Husain (Non-Independent Non-Executive Director)
YBhg. Dato' Maznah binti Abdul Jalil (Independent Non-Executive Director)
Dr. Khor Jaw Huei (Independent Non-Executive Director)
Mr. Jeyabalan A/L S.K. Parasingam (Independent Non-Executive Director)
Madam Umang Nangku Jabu (Non-Independent Non-Executive Director)

To: The Shareholders of CMSB

Dear Sir/Madam,

PROPOSED DISPOSALS

1.0 INTRODUCTION

On 5 May 2022, KAF IB announced, on behalf of the Board, that SISB had on 2 May 2022 entered into a binding offer with OMS for the Proposed Disposals.

On 14 June 2022, KAF IB announced, on behalf of the Board, that SISB had entered into a SSA with OMS in relation to the Proposed Disposals.

THE PURPOSE OF THIS CIRCULAR IS TO PROVIDE THE SHAREHOLDERS OF CMSB WITH DETAILS ON THE PROPOSED DISPOSALS AND TO SEEK YOUR APPROVAL ON THE RESOLUTION TO BE TABLED AT THE FORTHCOMING EGM. THE NOTICE OF THE FORTHCOMING EGM TOGETHER WITH THE PROXY FORM IS ENCLOSED HERewith IN THIS CIRCULAR.

SHAREHOLDERS OF CMSB ARE ADVISED TO READ AND CONSIDER CAREFULLY THE CONTENTS OF THIS CIRCULAR TOGETHER WITH THE APPENDICES CONTAINED HEREIN BEFORE VOTING ON THE RESOLUTION PERTAINING TO THE PROPOSED DISPOSALS AT THE FORTHCOMING EGM.

2.0 DETAILS OF THE PROPOSED DISPOSALS

2.1 Background Information on the Proposed Disposals

The Proposed Disposals entail the dispose by SISB of its entire 25% equity interests in the Subject Companies, comprising:-

- (i) 165,594,162 ordinary shares in OM Sarawak, representing 25% of the issued share capital of OM Sarawak and 43,690,300 ICPS in OM Sarawak, representing 25% of the ICPS of OM Sarawak in issue; and
- (ii) 32,077,500 ordinary shares in OM Samalaju, representing 25% of the issued share capital of OM Samalaju,

for the Disposal Consideration, including the settlement of the Shareholder's Loans and subject to the terms and conditions as set out in the SSA.

Upon completion of the Proposed Disposals, the Subject Companies will cease to be the associated companies of SISB.

Please refer to Appendix IV for the salient terms of the SSA.

2.2 Information on the Purchaser

OMS was incorporated in Singapore on 13 February 1999 as a private company limited by shares under the Companies Act (Chapter 50) of Singapore. It is principally involved in investment holding and trading of metals and ferroalloy products. As at the LPD, OMS has an issued share capital of SGD1,000,000 (equivalent to approximately RM3,166,000), comprising 1,000,000 ordinary shares. OMS is wholly-owned by OM Resources (HK) Limited.

OM Resources (HK) Limited was incorporated in Hong Kong on 10 December 1991 as a private company limited by shares under the Hong Kong Companies Ordinance. It is principally an investment holding company. As at the LPD, OM Resources (HK) Limited has an issued share capital of HKD 6,795,021 (equivalent to approximately RM3,798,960), comprising 4,000,001 ordinary shares. OM Resources (HK) Limited is wholly-owned by OM Holdings (B.V.I.) Limited.

OM Holdings (B.V.I.) Limited was incorporated in British Virgin Islands on 13 November 1997 as a limited liability company under the BVI Business Companies Act. It is principally an investment holding company. As at the LPD, OM Holdings (B.V.I.) Limited has an issued share capital of HKD10,000 (equivalent to approximately RM5,591), comprising 10,000 ordinary shares. OM Holdings (B.V.I.) Limited is wholly-owned by OMH.

OMH was incorporated in Bermuda on 20 November 1997 as a limited liability company under the Bermuda Companies Act. It is principally an investment holding company. As at the LPD, OMH has an issued share capital of AUD36.93 million (equivalent to approximately RM114.0 million), comprising 738.6 million ordinary shares. OMH is a company listed on the Australian Securities Exchange and Bursa Securities.

The information on the substantial shareholders and board of directors of OMH as at the LPD are as follows:-

(i) Board of directors of OMH

Name	Designation	Direct		Indirect	
		No. of shares	%	No. of shares	%
Low Ngee Tong	Executive Chairman	68,661,231	9.30	-	-
Zainul Abidin Rasheed	Independent Deputy Chairman	-	-	-	-
Julie Anne Wolseley	Non-Executive Director	5,562,002	0.75	-	-
Tan Peng Chin	Independent Non-Executive Director	2,035,200	0.28	-	-
Dato' Abdul Hamid Bin Sh Mohamed	Independent Non-Executive Director	-	-	-	-
Tan Ming-li	Independent Non-Executive Director	-	-	-	-

(ii) Substantial shareholders of OMH

Name	Direct		Indirect	
	No. of shares	%	No. of shares	%
Huang Gang	103,618,830	14.03	-	-
Amplewood Resources Ltd.	100,260,653	13.57	-	-
Low Ngee Tong	68,661,231	9.30	-	-
Heng Siow Kwee	66,081,669	8.95	-	-

2.3 Basis of arriving at and Justification for the Disposal Consideration

The Disposal Consideration payable by OMS to SISB includes the Shareholder's Loans as follows:-

	USD	RM
Disposal Consideration	120,000,000	526,620,000
Less: Estimated Shareholder's Loans*	(10,766,972)	(47,250,856)
Net Disposal Consideration	109,233,028	479,369,144

*Note *:- Pursuant to the SSA, the Disposal Consideration includes a full and final settlement and full discharge of all the Shareholder's Loans. The estimated Shareholder's Loans, as tabulated below, are deduced based on the assumption by the management of CMSB that the Proposed Disposals would be completed by the Closing Date of 15 November 2022:-*

Subject Companies	Date	Outstanding principal as at 1.1.2022^		Interest charges up to 15.11.2022		Total Shareholder's Loans as at 15.11.2022	
		USD	RM	USD	RM	USD	RM
OM Sarawak	24.6.2013	328,803	1,442,951	3,565	15,645	332,368	1,458,596
	28.6.2013	789,003	3,462,540	8,554	37,539	797,557	3,500,079
	11.6.2015	1,113,429	4,886,283	12,071	52,974	1,125,500	4,939,257
		2,231,235	9,791,774	24,190	106,158	2,255,425	9,897,932
OM Samalaju	26.6.2019	6,719,465	29,488,372	265,306	1,164,295	6,984,771	30,652,667
	20.12.2019	277,103	1,216,067	10,941	48,015	288,044	1,264,082
	30.7.2020	143,689	630,579	5,673	24,896	149,362	655,475
	1.12.2020	1,047,992	4,599,113	41,378	181,587	1,089,370	4,780,700
		8,188,249	35,934,131	323,298	1,418,793	8,511,547	37,352,924
Total		10,419,484	45,725,905	347,488	1,524,951	10,766,972	47,250,856

Note ^:- Including a reversal on the impairment on Shareholder's Loans due from OM Samalaju.

The net Disposal Consideration, having excluded the estimated Shareholder's Loans, of RM479.37 million was arrived at on a "willing-buyer willing-seller" basis after taking into consideration the following:-

- the historical financial results of the Subject Companies as given in Section 10.0 of the Appendices I and II of this Circular; and
- the fair equity value of the Sale Shares of USD107.40 million or approximately RM471.32 million, as appraised by the Valuer vide its Valuation Report.

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In arriving at the Valuation, AER has adopted PBR, PER and EV/EBITDA, and concluded that:-

- (a) the trailing PBR of the Subject Companies of 1.61 times is within the range of PBRs of the Comparable Companies of between 0.6 times and 2.4 times;
- (b) the trailing PER of the Subject Companies of 5.3 times is within the range of PERs of the Comparable Companies of between 3.9 times and 9.9 times; and
- (c) the trailing EV/EBITDA of the Subject Companies of 5.8 times is within the range of EV/EBITDAs of the Comparable Companies of between 4.9 times and 7.6 times.

Further, the aforesaid net Disposal Consideration of RM479.37 million represents a premium of 1.71% or RM8.05 million to the Valuation of approximately RM471.32 million.

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A summary of the financials and valuations of the Comparable Companies as assessed by AER is as follows:-

Item number	Comparable Companies	Share price on 20 May 2022, USD	Market capitalisation as on 20 May 2022, USD million	Financial year end	Revenue, USD million	PAT/(LAT), USD million	Net assets, USD million	Net margin, %	ROE, %	P/E trailing	P/B trailing	EV/EBITDA trailing
1	Press Metal Aluminium Holdings Berhad	1.20	9,875	31 December 2021	2,639	240.5	930	9.1%	25.9%	42.4	11.0	24.6
2	Malaysia Smelting Corporation Berhad	0.85	359	31 December 2021	258	28.3	139	11.0%	20.3%	9.9	2.4	7.6
3	Ann Joo Resources Berhad	0.34	192	31 December 2021	575	58.3	317	10.1%	18.4%	3.9	0.6	4.9
4	OM Holdings Limited	0.60	440	31 December 2021	757	59.6	367	7.9%	16.2%	7.7	1.2	5.2
Note: We have excluded the Press Metal Aluminium Holdings Berhad as it is considered an outlier, for P/E, P/B and EV/EBITDA tabulations												
Average												
Median												
Minimum												
Maximum												
Source: S&P Global Pro By AER												

The Comparable Companies are selected by AER on the premise that they are either operating as a smelter plant or manufacturing of end products from commodities with operations in Malaysia. The principal activities of the Comparable Companies are as follows:-

- Press Metal Aluminium Holdings Berhad (“**PMAHB**”) operates through four (4) segments, namely, smelting and extrusion, trading, refinery and investment holding. Its primary products include aluminium ingots and billets, wire rods, and foundry alloys.
- Malaysia Smelting Corporation Berhad (“**MSCB**”) engages in the smelting of tin concentrates and tin bearing materials in Malaysia.
- Ann Joo Resources Berhad (“**AJRB**”) manufactures hot metal and pig iron products; granulated slag and blast furnace off-gas products; billets; mild steel round, yield deformed, and deformed reinforcing bars; wire rods; equal angle, angle, round, flat, square, and engineering round bars; and black shafts.
- OMH engages in mining, smelting, trading, and marketing manganese ores and ferroalloys. As at the LPD, OMH owns 25% equity interest in the Subject Companies. OMH also owns and operates Bootu Creek manganese ore mine located in the Northern territory of Australia.

The Comparable Companies with market capitalisation of less than USD500 million on 20 May 2022 such as MSCB, AJRB and OMH have a lower trailing PER, PBR and EV/EBITDA as stipulated in the table above. Hence, PMAHB is excluded by AER as an outlier.

According to AER, the Subject Companies under valuation have reasonable historical information of operations and hence the income based multiple and cash flow based multiple such as PER and EV/EBITDA respectively are suitable and appropriate to be used as a basis of valuation. Similarly, as all the Subject Companies are also capital intensive in nature, the PBR is also a suitable and appropriate multiple to be used as a basis of valuation.

(Source: Valuation Report)

Premised on the above, the Board is of the opinion that the Disposal Consideration is justifiable.

Please refer to Appendix III for the valuation certificate in relation to the valuation of the Sale Shares.

2.4 Mode of settlement of the Disposal Consideration

The Disposal Consideration shall be settled by way of cash on the Closing Date.

2.5 Assumption of liabilities

SISB and OMS would procure the full release (whether in the form of guarantee release letter or a duly executed deed of release) of all proportionate guarantees executed by SISB and/or CMSB in favour of all financial institutions and/or service providers and/or vendors for the benefit of the Subject Companies within 30 business days after the Closing Date as stipulated in Sections 3.1(ii) and 5.4 of the Appendix IV of this Circular. As such, there will be no liabilities, including contingent liabilities and guarantees pertaining to the Subject Companies that will remain with CMSB Group upon completion of the Proposed Disposals.

As at the LPD, the proportionate guarantees of 25% executed by CMSB for the benefit of the Subject Companies are as follows:-

- (i) proportionate corporate guarantee for banking facilities of USD254.0 million (approximately RM1,114.68 million) and RM445.0 million; and
- (ii) proportionate guarantees to Syarikat SESCO Berhad for OM Sarawak's obligations under its power purchase agreement.

2.6 Date and original cost of investment

The dates and original costs of investment of SISB in the Subject Companies are as below:-

(i) OM Sarawak

Date of investment	No. of OM Sarawak Shares	Original cost of investment (RM)
<u>Shares</u>		
31.10.2011	200,000	200,000
30.12.2011	9,000,000	9,000,000
31.01.2012	7,000,000	7,000,000
29.02.2012	800,000	800,000
27.03.2012	2,000,000	2,000,000
30.04.2012	3,000,000	3,000,000
30.05.2012	3,000,000	3,000,000
29.06.2012	3,000,000	3,000,000
21.12.2012	20,000,000	20,000,000
08.03.2013	7,600,000	7,600,000
22.04.2013	7,400,000	7,400,000
31.05.2013	4,500,000	4,500,000
14.06.2013	3,800,000	3,800,000
25.06.2013	3,741,250	3,924,085
06.04.2015	18,760,313	58,774,660
28.08.2019	55,732,171	55,732,171
24.09.2019	4,217,000	4,217,000
04.12.2019	2,615,000	2,615,000
04.03.2021	9,228,428	9,228,428
	165,594,162	205,791,344
<u>ICPS</u>		
07.04.2016	110,000,000	110,000,000
29.10.2018*	(66,309,700)	(66,309,700)
	43,690,300	43,690,300

Note *:- Being the amount of ICPS disposed of during the year.

(ii) OM Samalaju

Date of investment	No. of OM Samalaju Shares	Original cost of investment (RM)
29.05.2013	1,000,000	1,000,000
30.05.2013	1,900,000	1,900,000
14.06.2013	300,000	300,000
01.08.2013	1,300,000	1,300,000
30.12.2013	6,462,000	6,462,000
27.01.2014	8,000,000	8,000,000
27.03.2014	1,860,000	1,860,000
30.06.2014	4,400,000	4,400,000
06.04.2015	6,305,500	6,637,011
02.09.2015	550,000	550,000
	32,077,500	32,409,011

2.7 Proforma gain arising from the Proposed Disposals

On the assumption that the Proposed Disposals are completed at the end of FYE 2021, the proforma gain on disposals based on the audited consolidated financial statements of CMSB for FYE 2021 ("AFS 2021") as set out below:-

	RM'000
Disposal Consideration	526,620
Reclassification adjustment of the other reserves	⁽ⁱ⁾ 35,787
Less : Carrying amount of the investment in Subject Companies	⁽ⁱⁱ⁾ (345,412)
Shareholder's Loans (including the reversal of impairment on the Shareholder's Loans due from OM Samalaju)	⁽ⁱⁱⁱ⁾ (43,397)
Estimated expenses for the Proposed Disposals	(25,980)
Proforma gain from the Proposed Disposals	147,618

Notes:-

- (i) Upon completion of the Proposed Disposals, the other reserves (comprising translation reserve and cash flow hedge reserve) would be reclassified so that it shall be recognised in the statement of profit and loss of CMSB.
- (ii) The carrying amount of the investment in Subject Companies comprises the following:-
- (a) the carrying amount of the investment in OM Sarawak throughout the years of investment, which comprises the cost of investment of RM249.48 million, share of results of RM50.96 million and share of reserves of RM35.79 million; and
- (b) the reversal of impairment on the carrying amount of the investment in OM Samalaju of RM9.18 million based on the fair value allocation. For avoidance of doubt, the Group had fully impaired the cost of investment in OM Samalaju of RM32.41 million throughout the years of investment after taking into consideration the delay in the projects and the continued losses reported.
- (iii) After taking into consideration the Shareholder's Loans of USD10,419,484 and the exchange rate of USD1.0000 : RM4.1650, as at 31 December 2021, pursuant to the AFS 2021. This Shareholder's Loans as at 31 December 2021 include the following:-
- (a) the outstanding Shareholder's Loans due from OM Sarawak of USD2,231,235 (approximately RM9,293,094); and
- (b) the outstanding Shareholder's Loans due from OM Samalaju of USD1,344,511 (approximately RM5,599,888) and the reversal of impairment on the Shareholder's Loans due from OM Samalaju of USD6,843,738 (approximately RM28,504,169). For information purpose, such impairment was made after taking into consideration the estimated future cash flows to be generated from OM Samalaju.

For clarity, the eventual gain from the Proposed Disposals is subject to the final exchange rate of USD vs RM on the payment dates for the Disposal Consideration, the Shareholder's Loans on the Closing Date and the actual expenses incidental to the Proposed Disposals. For the avoidance of doubt, SISB does not extend any further loan to the Subject Companies after the SSA and any further addition to the Shareholder's Loans will only arise from interest charges and the difference of foreign exchange revaluation.

For information purpose, OM Sarawak and OM Samalaju contributed a PAT of RM87.73 million and an LAT of RM6.42 million respectively to the CMSB Group for FYE 2021.

2.8 Proposed utilisation of the proceeds from the Proposed Disposals

The total gross proceeds of USD120.0 million (approximately RM526.62 million) arising from the Proposed Disposals are proposed to be utilised in the following manner:-

Utilisation	Estimated timeframe	Amount	
		USD'000	RM'000
Future acquisitions / investments ⁽ⁱ⁾	Within 36 months	30,000	131,655
Capital expenditure ⁽ⁱⁱ⁾	Within 24 months	24,080	105,675
Working capital ⁽ⁱⁱⁱ⁾	Within 24 months	60,000	263,310
Estimated expenses ^(iv)	Upon completion of the Proposed Disposals	5,920	25,980
Total		120,000	526,620

Notes:-

- (i) To finance/part-finance any potential acquisitions and/or investment opportunities that are similar or complementary to the Group's existing businesses segments, namely its cement division, construction materials and trading division, construction division, road maintenance division as well as property development division.

The Board will conduct evaluation on the potential acquisitions and/or investment opportunities based on the key considerations that are aligned with its investment objectives and criteria which may include but not limited to, acquisitions/investments with profitable track record, the speed to establish its market presence, ability to generate growth potential and/or ability to create value-added synergies to complement CMSB Group's existing businesses. The Group will focus and capitalise on such new acquisition/investment opportunities which could achieve the above key considerations.

As at the LPD, the Board has yet to identify any suitable or viable acquisition and/or investment. The Group will make the necessary announcements in accordance to the Listing Requirements as and when such new acquisitions/investments have been finalised and materialised. In the event that shareholders' approval and/or other regulatory bodies' approvals are required, the necessary approvals will be sought before the utilisation of such proceeds.

However, in the event that the Company fails to identify suitable acquisitions and/or investments within the timeframe stipulated, the proceeds allocated for future acquisitions and/or investments shall be transferred to fund the Group's working capital requirements. In the event that shareholders' approval is required pursuant to Paragraph 8.22(1)(b) of the Listing Requirements, the necessary approvals will be sought before the utilisation of such proceeds.

- (ii) The proceeds of approximately RM105.68 million will be utilised for the capital expenditure requirements for the Group, which include, among others, plants improvements and purchase of additional machineries. The exact number and type of capital expenditure to be purchased shall be determined at a later date after taking into consideration, amongst others, the requirements of its new customers, the pricing and profit margins.
- (iii) The Group has allocated approximately RM263.31 million to meet the working capital requirements of the Group's day-to-day operations, which may include amongst others, staff salaries and related costs, overhead expenses, maintenance expenses, operating and administrative expenses. The proceeds to be utilised for each component of working capital are subject to the operating requirements at the time of utilisation and therefore the actual utilisation has not been determined at this juncture. Solely for illustration purposes and based on best estimates, the proceeds allocated for the Group's working capital requirements are anticipated to be utilised for each component of the working capital as below:-

	USD'000	RM'000
Staff salaries and related costs	25,000	109,713
Overhead expenses ^(a)	20,000	87,770
Maintenance expenses ^(b)	5,000	21,942
Operating and administrative expenses ^(c)	10,000	43,885
Total	60,000	263,310

Notes:-

- (a) This includes, amongst others, utilities, legal expenses and listing expenses to Bursa Securities.
- (b) This includes, amongst others, upkeep of motor vehicles, plants and machineries.
- (c) This includes, amongst others, statutory expenses administrative support fee and business travelling cost.

For clarity, the allocation of proceeds for working capital requirements, such as staff salaries and related costs, will enable the Group to conserve its cash flow generated from operating activities for its existing businesses and/or any new acquisitions and/or investment opportunities that may materialise in the near future.

- (iv) Being estimated expenses incidental to the Proposed Disposals as follows:-

	USD'000	RM'000
Professional fees	159	698
Fee payable to relevant authorities (including stamp duty)	360	1,580
Other expenses (tax, printing, postage, advertising and EGM)	5,398	23,689
Other miscellaneous expenses	3	13
Total	5,920	25,980

Any surplus or shortfall for such expenses will be adjusted accordingly against the amount allocated for the Group's working capital purposes.

Pending utilisation of proceeds for the abovementioned purposes, the total proceeds arising from the Proposed Disposals will be placed in interest-bearing deposits and/or short-term money market instruments with financial institutions as the Board in its absolute discretion deems fit and in the best interest of the Company. The resulting interest income derived from such placements will be used as additional working capital for the Group.

3.0 RATIONALE FOR THE PROPOSED DISPOSALS

The Board is of the view that the Proposed Disposals represent an opportunity for the Company to unlock and realise substantial value from its investments in the Subject Companies, and the proceeds arising therefrom:-

- (i) are proposed to be utilised for the future acquisitions/investments and capital expenditure which will then contribute to the Group's revenue and profit in the future;
- (ii) will strengthen the Group's cash flow position and provide the Group with additional working capital; and
- (iii) will strengthen the Group's NA from RM3,232.39 million to RM3,360.42 million due substantially to a RM147.62 million gain on disposal recognised pursuant to the Proposed Disposals as highlighted in Section 5.3 below.

4.0 PROSPECTS AND FUTURE PLANS OF THE GROUP

Upon completion of the Proposed Disposals, CMSB Group will continue to be principally involved in the following business divisions:-

4.1 Cement Division

Notwithstanding the challenging economic environment, CMSB Group continuously works to improve its systems and processes, in line with its aim to become a highly resilient segment with strong core competencies, supported by a culture that drives positive change. CMSB Group targets to strengthen and improve its clinker production with a medium-term goal of achieving volumes of 90% of the annual rated capacity as this will lower reliance on imported clinker, reduce operational costs and improve long-term profit margins. As at the LPD, the clinker production capacity is around 900,000 metric tonnes.

As part of the Group's drive to decrease its carbon footprint, CMSB Group expects to increase the use of Portland Limestone Cement 32.5N ("PLC-32.5N") over the traditional CEM 1 Portland Cement 42.5N as PLC-32.5N uses less clinker, thus lowering its carbon footprint significantly. Going forward, CMSB remains vigilant against the threat of new strains of the COVID-19. Nevertheless, armed with the experiences gained from the last two years, the cement division is well-prepared to face new challenges and leverage on new opportunities in the future.

(Source: The management of CMSB)

4.2 Construction Materials and Trading Division

To mitigate the impact from the closure of operations due to the various phases of the movement control order in years 2020 and 2021, CMSB has initiated catch-up strategies. Given SEDC's majority stake in the quarry and premix related operations, CMSB is on a stronger footing to capture opportunities from the infrastructure developments in Sarawak, especially with several mega infrastructure projects underway or in the pipeline such as Pan-Borneo Highways and Autonomous Rapid Transit project in Sarawak.

Moving forward, CMSB Group's quarry operations will set its sights on optimising production output from the existing four quarries. Today, the premix operation remains agile and is all set to capitalise on the new opportunities presented by the development of several mega infrastructure projects.

(Source: The management of CMSB)

4.3 Construction Division

While CMSB Group has completed most of its major projects in 2021, it is confident that the acquisition of new projects from the State Government of Sarawak and SEDC will grow its order book by an average of 80% per year and sustaining earnings momentum over the next two (2) years.

Moving forward, CMSB Group is focused on strengthening its competitive edge by bidding for new projects related to mega infrastructure works in Sarawak. The Group also expects other infrastructure projects such as the upgrading and improvement works of urban roads to take form in 2022. The Group is confident that it is well-positioned to benefit directly from these projects as a contractor, and indirectly as a supplier of construction materials. As at the LPD, the tender book and order book for this construction division are RM63.0 million and RM603.61 million respectively.

(Source: The management of CMSB)

4.4 Road Maintenance Division

With more players entering the industry landscape, CMSB Group will continue to focus on technological innovation to further enhance performance and efficiency. Currently, CMSB Group is one of the organisations in Southeast Asia that has a performance-based model for road maintenance. For clarity, performance-based model is a results-oriented model which focuses on quality and outcomes, where the recognition of work done is based on the achievement of the pre-determined performance indicator for each category of work. Therefore, since CMSB Group adopted this performance-based model for road maintenance activities in year 2004, the Group noticed an improvement in the work efficiency, cost savings and better productivity.

CMSB Group expects to further strengthen its value proposition to customers by enhancing its proprietary software to improve the service quality by integrating real-time reporting and seamless data analysis. CMSB Group proven track record of accomplishments and forward-thinking approach puts it in a strong position to continue the good work it has been effectively undertaking to date.

(Source: The management of CMSB)

4.5 Property Development Division

In the immediate term, CMSB Group will continue to focus its efforts in the delivery of affordable housing at Bandar Samariang. CMSB Group aims to leverage on the current resilience of this market segment given the current lacklustre nature in other segments.

For the Bandar Samariang Cahya Intan development, another 499 units of single storey terrace have been planned for development and these will be launched in stages over the coming years in response to the demand for landed properties. For FYE 2022, CMSB Group plans to launch approximately 288 units of properties with a GDV totalling RM100.0 million.

The Kuching Isthmus development masterplan is also currently being reviewed and is expected to be completed in the third quarter of 2022. In the meantime, CMSB Group plans to develop another 80 three-bedroom apartments units spread across 2.68 acres with an expected GDV of RM22.80 million within the township of Samalaju Industrial Park, with construction anticipated to commence in the third quarter of 2022 and to complete in second quarter of 2026.

(Source: The management of CMSB)

4.6 Impact of COVID-19 on CMSB Group

COVID-19 has affected many businesses and the Malaysian economy as a whole. On 16 March 2020, the government of Malaysia issued the MCO from 18 March to 12 May 2020 as a preventive measure against the spread of COVID-19 which requires the closure of all government and private premises except for those involved in the provision of essential services. The MCO was subsequently followed by conditional MCO, extended MCO and then, recovery MCO.

The Group is in the process of recovering from the COVID-19. Overall, there has been financial impact to the Group due to the slowdown of the projects, labour shortages and hike in material costs. However, the Board is optimistic of the prospects of CMSB Group after having considered Malaysia's transition to endemic phase but remains mindful of the challenges of COVID-19.

(Source: The management of CMSB)

5.0 EFFECTS OF THE PROPOSED DISPOSALS

5.1 Share capital and substantial shareholders' shareholdings

The Proposed Disposals are not expected to have any effect on the share capital and the substantial shareholders' shareholdings of the Company as no new Shares will be issued pursuant thereto.

5.2 Earnings and EPS

Barring any unforeseen circumstances and on the assumption that the Proposed Disposals will be completed by the fourth quarter of FYE 2022, the Proposed Disposals are expected to contribute positively to the future consolidated earnings of CMSB for the FYE 2022 with the recognition of a gain on disposal pursuant to the Proposed Disposals of approximately RM147.62 million, after taking into consideration, inter-alia, the associated cost of investment (including the setting-off of the Shareholder's Loans) and expenses incidental to the Proposed Disposals, which will be translated into a consolidated EPS of approximately RM0.14 to the Company after taking into consideration of CMSB's existing issued share capital of 1,074,176,020 Shares (excluding 200,000 treasury shares) as at the LPD.

For illustration purpose, based on the audited consolidated financial statements of CMSB for FYE 2021 and assuming that the Proposed Disposals had been completed at the end of FYE 2021, the proforma effects of the Proposed Disposals on the earnings and EPS of CMSB are as follows:-

	Audited as at FYE 2021	Upon completion of the Proposed Disposals
PAT (RM'000)	204,748	⁽ⁱ⁾ 352,366
No. of Shares ('000)	1,074,176	1,074,176
EPS (RM)	0.19	0.33

Note:-

- (i) After taking into consideration the gain on disposal of RM147.62 million pursuant to the Proposed Disposals, the detailed computation as disclosed in Section 2.7 of this Circular.

5.3 NA and gearing

The proforma effects of the Proposed Disposals on the consolidated NA per Share and gearing of CMSB based on the audited consolidated financial statements of CMSB for the FYE 2021 are as follows:-

	Audited as at FYE 2021 RM'000	After subsequent events and up to LPD RM'000	After the Proposed Disposals RM'000
Share capital	867,902	867,902	867,902
Treasury shares	(352)	(352)	(352)
Other reserves	22,106	22,106	(iii) (13,681)
Retained earnings	2,122,940	(ii) 2,101,456	(iv) 2,286,761
Shareholders' equity	3,012,596	2,991,112	3,140,630
Non-controlling interests	219,794	219,794	219,794
Total equity / NA	3,232,390	3,210,906	3,360,424
No. of Shares ('000) ⁽ⁱ⁾	1,074,176	1,074,176	1,074,176
NA per Share (RM)	3.01	2.99	3.13
Borrowings (RM'000)	898,564	898,564	898,564
Gearing (times)	0.28	0.28	0.27

Notes:-

- (i) Excluding 200,000 treasury shares held by the Company as at 31 December 2021.
- (ii) After the payment of dividend of 0.02 sen per Share for the FYE 2021.
- (iii) After taking into account the reclassification adjustment of the other reserves of RM35.79 million to the statement of profit and loss upon the completion of the Proposed Disposals.
- (iv) After adjusted for the following:-
- (a) the reversal of impairment on loan due from OM Samalaju of RM28.50 million;
- (b) the reversal of impairment on investment in OM Samalaju of RM9.18 million; and
- (c) the gain on disposal of approximately RM147.62 million pursuant to the Proposed Disposals, the detailed computation as disclosed in Section 2.7 of this Circular.

For the avoidance of doubt, the Company has not taken into consideration the share of results of the Subject Companies from 1 January 2022 until the completion of the Proposed Disposals.

5.4 Convertible securities

As at the LPD, save for the outstanding options of the Company's employees' share option scheme, the Company does not have any other convertible securities.

6.0 RISK FACTORS

6.1 Completion Risk

The completion of the Proposed Disposals is conditional upon the conditions precedent as set out in Section 3.1 of the Appendix IV of this Circular. In the event that the conditions precedent to the SSA are not fulfilled, including, amongst others, the failure of CMSB in obtaining the approval of its shareholders within the stipulated timeframe detailed in the SSA, the Proposed Disposals may be delayed or terminated and all the potential benefits arising therefrom may not materialise. In relation to this, the Board will take reasonable steps to comply with the relevant conditions precedent to the SSA so as to be able to complete the Proposed Disposals on a timely manner.

6.2 Loss of future contribution from the Subject Companies

Pursuant to the Proposed Disposals, the Subject Companies will cease to be the associated companies of CMSB. In this regard, there is no assurance that after the completion of the Proposed Disposals, the Group will be able to generate the desired return from its remaining business. Nevertheless, CMSB is optimistic about the future financial performance of the Group as the proceeds channelled towards future acquisitions/investments, capital expenditure and working capital as stipulated in Section 2.8 of this Circular, would be able to generate desired return to the Group.

6.3 Foreign currency risk

The Disposal Consideration to be received by CMSB will be satisfied in USD, so when the Disposal Consideration is being converted to RM, it may be impacted by any adverse fluctuation of USD against RM. Therefore, any significant adverse fluctuation of the exchange rate before the Closing Date may have an adverse impact on the eventual Disposal Consideration to be received by CMSB in RM. Pursuant thereto, CMSB is considering to procure a hedging instrument to hedge against such foreign currency fluctuations.

7.0 APPROVALS REQUIRED AND CONDITIONALITY

The Proposed Disposals are subject to the following approvals being obtained:-

- (i) the shareholders of CMSB at an EGM to be convened for the Proposed Disposals; and
- (ii) any other relevant authorities/parties (if applicable) for the Proposed Disposals.

The Proposed Disposals are not conditional upon any other corporate proposals undertaken or to be undertaken by CMSB.

8.0 HIGHEST PERCENTAGE RATIO

The highest percentage ratio applicable to the Proposed Disposals pursuant to Paragraph 10.02(g) of the Listing Requirements is 38.57%, calculated based on CMSB's latest audited consolidated financial statements for the FYE 2021.

9.0 INTEREST OF DIRECTORS, MAJOR SHAREHOLDERS' AND/OR PERSONS CONNECTED

None of the Directors, major shareholders and/or persons connected with them have any interest, whether direct or indirect, in the Proposed Disposals.

10.0 DIRECTORS' STATEMENT AND RECOMMENDATION

The Board, having considered all aspects of the Proposed Disposals, including, but not limited to, the rationale and justifications, financial effects, valuation and risks associated with the Proposed Disposals, is of the opinion that the Proposed Disposals are in the best interest of the Company and accordingly, recommends that you vote in favour of the resolution pertaining to the Proposed Disposals to be tabled at the forthcoming EGM.

11.0 TENTATIVE TIMETABLE FOR IMPLEMENTATION

Subject to the approvals as stated in Section 7.0 above and barring any unforeseen circumstances, the Proposed Disposals are expected to be completed by the 4th quarter of 2022. The tentative timetable in relation to the implementation of the Proposed Disposals is set out below:-

<u>Month</u>	<u>Events</u>
26 August 2022	Convening of EGM to obtain the approval of shareholders of CMSB for the Proposed Disposals
4 th quarter of FYE 2022	Completion of the Proposed Disposals

12.0 EGM

The EGM for the Proposed Disposals will be held at Colosseum 2, Level 2, Pullman Kuching, No 1A, Jalan Mathies, 93100 Kuching, Sarawak on Friday, 26 August 2022 at 3:00 p.m. or any adjournment thereof for the purpose of considering and if thought fit, passing the relevant resolution pertaining to the Proposed Disposals.

The Form of Proxy should be lodged at the registered office of CMSB at Level 6, Wisma Mahmud, Jalan Sungai Sarawak, 93100 Kuching, Sarawak or the office of the Share Registrar, Boardroom Share Registrars Sdn Bhd. at 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, not less than forty-eight (48) hours before the time appointed for the EGM or any adjournment thereof. The lodgement of the Form of Proxy will not preclude you from attending and voting in person at the EGM should you subsequently wish to do so.

13.0 FURTHER INFORMATION

Shareholders are advised to refer to the attached Appendices for further information.

Yours faithfully,
For and on behalf of the Board of Directors of
CAHYA MATA SARAWAK BERHAD

YBHG. DATO SRI SULAIMAN ABDUL RAHMAN B ABDUL TAIB
GROUP MANAGING DIRECTOR

INFORMATION ON OM SARAWAK

1.0 HISTORY AND BUSINESS

OM Sarawak was incorporated in Malaysia as a private limited company under the Companies Act 1965 on 21 September 2010. It is principally involved in the sales and processing of ferroalloys and ores. It owns and operates a ferrosilicon and manganese alloy smelter in Sarawak with an annual production capacity of approximately 200,000 to 210,000 tonnes of ferrosilicon, and approximately 250,000 to 300,000 tonnes of manganese alloy. The plant also consists of a sinter plant that has a design capacity to produce 250,000 tonnes of sinter ore per annum.

2.0 SHARE CAPITAL

As at the LPD, OM Sarawak has an issued share capital of RM662.38 million, comprising 662.38 million ordinary shares and issued preference share capital of RM174.76 million, comprising 174.76 million ICPS.

The holders of the ordinary shares are entitled to receive dividends as and when declared by OM Sarawak. All ordinary shares carry one vote per share without restrictions and rank equally with regard to OM Sarawak's residual assets.

The salient terms of the ICPS are set out below:-

- | | |
|----------------------|---|
| Voting rights | : The holders of the ICPS shall not be entitled to receive notice of or to attend or vote at any general meeting unless:- |
| | (i) at the date of the notice convening the meeting any dividend on the ICPS has been declared but remains unpaid for 6 months; |
| | (ii) the business of the meeting includes the consideration of a resolution that varies or abrogates the rights attached to the ICPS; or |
| | (iii) the business of the meeting includes the consideration of a resolution to wind up OM Sarawak. |
| | Where the holders of ICPS are entitled to vote at any general meeting, every ICPS shall on a poll, carry one vote for every such ICPS. |
| Dividend | : The ICPS shall carry a fixed cumulative preferential dividend at the rate of 6.5% per annum on the Issue Price of RM1.00 for the time being paid up on those shares and payable within 6 months from the end of each financial year of the Company if such dividends are declared. |
| Maturity date | : 10 years after the issue date of the ICPS |
| Mandatory Conversion | : OM Sarawak shall convert all of the ICPS that remain unconverted into such number of fully paid ordinary shares as is determined by dividing the aggregate of the issue price of RM1.00 and the accrued dividends by the conversion price of RM1.00 of OM Sarawak upon the expiry of the maturity date. |
| Conversion price | : RM1.00 for every one (1) new ordinary share of OM Sarawak |

3.0 SUBSIDIARY AND ASSOCIATED COMPANIES

As at the LPD, OM Sarawak does not have any subsidiary or associated company.

INFORMATION ON OM SARAWAK (CONT'D)

4.0 TYPE OF ASSETS OWNED

As at the LPD, OM Sarawak owns the following leasehold land:-

Location	: Lot 41, Block 1, Kemena Land District, Samalaju Industrial Park, Bintulu
Terms of tenure	: Leasehold (60 years expiring on 26 September 2072)
Category of land use	: Country land
Existing use	: As the alloy smelting plant and supporting facilities and other purposes incidental thereto
Land area	: 202.40 hectares
Latest audited net book value as at 31 December 2021	: RM23.96 million
Encumbrances	: The term loans and trade facilities are secured by charge over the land

5.0 DIRECTORS

The directors of OM Sarawak and their respective shareholdings in OM Sarawak as at the LPD are as follows:-

Director	Nationality	Designation	No. of OM Sarawak Shares			
			Direct	%	Indirect	%
Low Ngee Tong	Singaporean	Director	-	-	-	-
Chen XiaoDong	People's Republic of China (PRC)	Director	-	-	-	-
Edward Young Woo Hwa	Singaporean	Director	-	-	-	-
Goh Ping Choon	Singaporean	Director	-	-	-	-
Mustapha Bin Ismuni	Malaysian	Director	-	-	-	-
Mok Chek Wei	Malaysian	Director	-	-	-	-
Mastura Binti Mansor	Malaysian	Director	-	-	-	-
Ang Yi Mei, Daphne	Singaporean	Director	-	-	-	-
Ng Jiunn Jiing	Malaysian	(alternate director to Goh Ping Choon)	-	-	-	-

6.0 SHAREHOLDERS

As at the LPD, the shareholders of and their respective shareholdings in OM Sarawak are as follows:-

Name	Country of incorporation	No. of OM Sarawak Shares			
		Direct	%	Indirect	%
<u>Ordinary shares</u>					
SISB	Malaysia	165,594,162	25.0	-	-
OMS	Singapore	496,782,486	75.0	-	-
<u>ICPS</u>					
SISB	Malaysia	43,690,300	25.0	-	-
OMS	Singapore	131,070,901	75.0	-	-

INFORMATION ON OM SARAWAK (CONT'D)

7.0 MATERIAL COMMITMENTS AND CONTINGENT LIABILITIES

As at the LPD, there are no material commitments incurred or known to be incurred by OM Sarawak which upon becoming enforceable, may have a material impact on the financial results/position of OM Sarawak, save and except for the following:-

Material commitment	USD	RM
Major maintenance contracts	20,912,388	91,774,015
Furnace conversion projects*	41,510,000	182,166,635
Total	62,422,388	273,940,650

*Note *:- OM Sarawak's commitments for furnace conversion projects relate to future amounts payable to OM Samalaju, as OM Samalaju is the development agent for these projects.*

As at the LPD, there are no contingent liabilities incurred or known to be incurred by OM Sarawak which upon becoming enforceable, may have a material impact on the financial results/position of OM Sarawak.

8.0 MATERIAL CONTRACTS

There are no material contracts (not being contracts entered into in the ordinary course of business) which have been entered into by OM Sarawak within the last two (2) years immediately preceding the date of this Circular.

9.0 MATERIAL LITIGATION

As at the LPD, OM Sarawak is not engaged in any material litigation, claims or arbitration, either as plaintiff or defendant, including those pending or threatened against OM Sarawak, that may materially affect the business or financial position of OM Sarawak, save and except for the following:-

- (i) On 8 July 2022, OM Sarawak received a claim for the sum of approximately RM30.0 million and cost in respect of a construction project. As at the LPD, no determination has been made of the possible outcome.

10.0 FINANCIAL INFORMATION

The historical financial information of OM Sarawak for the past three (3) FYE 2019 to FYE 2021 and FPE 2022 are as follows:-

	<----- Audited ----->			Unaudited
	FYE 2019	FYE 2020	FYE 2021	FPE 2022
	RM'000	RM'000	RM'000	RM'000
Revenue	1,944,182	1,521,518	1,803,600	709,890
(LBT) / PBT	(27,888)	(94,874)	370,750	115,983
(LAT) / PAT	(3,149)	(94,907)	350,929	115,982
Shareholders' funds/NA	819,960	720,354	1,147,059	1,272,781
Issued share capital	800,224	800,224	837,138	837,138
Total borrowings	1,285,976	1,175,712	1,186,017	1,061,990
(LPS) / EPS (RM)	(0.01)	(0.15)	0.53	0.18
NA per share (RM)	1.80	1.15	1.75	1.92
Current ratio (times)	1.33	1.01	1.63	1.94
Gearing ratio (times)	1.57	1.63	1.03	0.83

INFORMATION ON OM SARAWAK (CONT'D)

There was no exceptional or extraordinary item for the past three (3) FYE 2019 to FYE 2021 and FPE 2022. There was no accounting policy adopted by OM Sarawak which are peculiar to OM Sarawak because of the nature of the business or the industry it is involved in and there was no audit qualification of financial statements of OM Sarawak for FYE 2019 to FYE 2021.

Commentaries on Past Financial Performance**FYE 2020**

Revenue decreased by RM0.42 billion or 21.65% to RM1.52 billion (FYE 2019: RM1.94 billion) due mainly to the continued softening of ferroalloy prices in FYE 2020. As a consequence, OM Sarawak incurred a higher LAT of RM94.91 million (FYE 2019: LAT of RM3.15 million).

FYE 2021

Revenue increased by RM0.28 billion or 18.42% to RM1.80 billion (FYE 2020: RM1.52 billion) due mainly to higher total manganese alloys volumes traded in FYE 2021 coupled with the increase in ferroalloy prices in FYE 2021. In tandem with the improved revenue, OM Sarawak registered a PAT of RM350.93 million as opposed to an LAT of RM94.91 million incurred during FYE 2020.

FPE 2022

For FPE 2022, the revenue increased by RM391.05 million or 122.65% to RM709.89 million (FPE 2021: RM318.84 million) due mainly to significant increase in ferroalloy prices, coupled with an increase in total volumes traded. In regards, OM Sarawak registered a PAT of RM115.98 million (FPE 2021: RM37.77 million).

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INFORMATION ON OM SARAWAK (*CONT'D*)

11.0 AUDITED FINANCIAL STATEMENTS OF OM SARAWAK FOR FYE 2021

**OM MATERIALS (SARAWAK) SDN. BHD.
201001031381 (915304-H)
(Incorporated in Malaysia)**

**Directors' Report and Audited Financial Statements
31 December 2021**

INFORMATION ON OM SARAWAK (CONT'D)

Registration No: 201001031381 (915304-H)

OM Materials (Sarawak) Sdn. Bhd.
(Incorporated in Malaysia)

Directors:	Low Ngee Tong Chen XiaoDong Edward Young Woo Hwa Goh Ping Choon Mustapha Bin Ismuni Ng Jiunn Jiing (Alternate to Goh Ping Choon) Ang Yi Mei, Daphne Mok Chek Wei Mastura Binti Mansor
Secretaries:	Shellene Ang Gek Shun Nor Razimah Binti Ramlee
Registered office:	Suite 11.2B, Level 11 Menara Pelangi No.2, Jalan Kuning Taman Pelangi 80400 Johor Bahru, Malaysia
Auditors:	Ernst & Young PLT
Principal bankers:	Standard Chartered Bank Malaysia Berhad RHB Bank Berhad RHB Bank (L) Ltd. Malayan Banking Berhad Export-Import Bank of Malaysia Berhad Bank of China (Malaysia) Berhad ORIX Credit Malaysia Sdn. Bhd.

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Statement of Changes in Equity	14
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INFORMATION ON OM SARAWAK (CONT'D)

Registration No: 201001031381 (915304-H)

OM Materials (Sarawak) Sdn. Bhd.
(Incorporated in Malaysia)

Directors' Report

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

Principal activities

The principal activities of the Company are processing, smelting and trading of ferro-alloy products. There have been no significant changes in the nature of the principal activities during the financial year.

Results

	RM'000
Profit net of tax	350,929

Reserves and provisions

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

Issue of shares and debentures

During the financial year, the Company increased its issued and paid-up ordinary share capital by RM36,913,712 by way of the issuance of 36,913,712 new ordinary shares at an issue price of RM1 each for cash.

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

Share options

No options were granted by the Company to any parties to take up unissued shares of the Company during the financial year.

Directors

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

Low Ngee Tong
Chen XiaoDong
Edward Young Woo Hwa
Goh Ping Choon
Mustapha Bin Ismuni
Ng Jiunn Jiing (Alternate to Goh Ping Choon)

INFORMATION ON OM SARAWAK (CONT'D)

Registration No: 201001031381 (915304-H)

OM Materials (Sarawak) Sdn. Bhd.
(Incorporated in Malaysia)

Directors' Report**Directors (contd.)**

The names of the directors of the Company in office since the beginning of the financial year to the date of this report are: (contd.)

Ang Yi Mei, Daphne	(Appointed on 1 June 2021)
Mok Chek Wei	(Appointed on 12 August 2021)
Mastura Binti Mansor	(Appointed on 9 November 2021)
Ling Koah Wi	(Appointed on 12 August 2021 and resigned on 9 November 2021)
Tan Fong Nec	(Resigned on 1 June 2021)
Dato Isaac Lugun	(Resigned on 12 August 2021)
Syed Hizam Alsagoff	(Resigned on 12 August 2021)
Mok Chek Wei (Alternate to Dato Isaac Lugun)	(Resigned on 12 August 2021)
Ling Koah Wi (Alternate to Syed Hizam Alsagoff)	(Resigned on 12 August 2021)

Dividends

No dividends have been paid or declared since the end of the previous financial year. The directors do not recommend the payment of any dividends in respect of the current year.

Directors' benefits

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

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

Directors' remunerations

Included in the analysis below are the remunerations for directors of the Company disclosed in accordance with the requirements of Companies Act 2016.

	2021 RM'000	2020 RM'000
Executive:		
Salaries and other emoluments (Note 8(b))	1,064	866

INFORMATION ON OM SARAWAK (CONT'D)

Registration No: 201001031381 (915304-H)

OM Materials (Sarawak) Sdn. Bhd.
(Incorporated in Malaysia)

Directors' Report**Directors' interests**

According to the Register of Directors' Shareholdings required to be kept under Section 59 of the Companies Act 2016, the interests of directors in office at the end of the financial year in shares in the ultimate holding company during the financial year were as follows:

	Number of ordinary shares			
	At 1.1.2021	Acquired	Disposed	At 31.12.2021
OM Holdings Limited				
Direct interest:				
Low Ngee Tong	68,110,631	-	-	68,110,631
Goh Ping Choon	43,000	-	-	43,000
Mok Chek Wei	5,600	-	-	5,600

The other directors in office at the end of the financial year had no interest in shares in the Company or its related corporations during the financial year.

Indemnification of directors and officers

The Company maintained a directors and officers liability insurance for the purpose of Section 289 of the Companies Act 2016, throughout the year, which provide appropriate insurance cover for the directors and officers of the Company. The amount of insurance premium effected for directors and officers of the Company during the financial year was RM10,965. The directors and officers shall not be indemnified by such insurance for any deliberate negligence, fraud, intentional breach of law or breach of trust proven against them.

Other statutory information

- (a) Before the statement of profit or loss and other comprehensive income and statement of financial position of the Company were prepared, the directors took reasonable steps:
- (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that there were no known bad debts and that no allowance for doubtful debts was necessary; and
 - (ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.

INFORMATION ON OM SARAWAK (CONT'D)

Registration No: 201001031381 (915304-H)

OM Materials (Sarawak) Sdn. Bhd.
(Incorporated in Malaysia)

Directors' Report

Other statutory information (contd.)

- (b) At the date of this report, the directors are not aware of any circumstances which would render:
 - (i) it necessary to write off any bad debts or to make any allowance for doubtful debts in respect of the financial statements of the Company; and
 - (ii) the values attributed to the current assets in the financial statements of the Company misleading.
- (c) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Company misleading or inappropriate.
- (d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Company which would render any amount stated in the financial statements misleading.
- (e) As at the date of this report, there does not exist:
 - (i) any charge on the assets of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
 - (ii) any contingent liability of the Company which has arisen since the end of the financial year.
- (f) In the opinion of the directors:
 - (i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Company to meet its obligations when they fall due; and
 - (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Company for the financial year in which this report is made.

INFORMATION ON OM SARAWAK (CONT'D)

Registration No: 201001031381 (915304-H)

OM Materials (Sarawak) Sdn. Bhd.
(Incorporated in Malaysia)

Directors' Report

Holding and ultimate holding company

The holding company is OM Materials (S) Pte. Ltd., a company incorporated in Singapore and the ultimate holding company is OM Holdings Limited., a public company incorporated in Bermuda and listed on the Australian Securities Exchange and Main Market of Bursa Malaysia Securities Berhad.

Significant event

Details of a significant event is disclosed in Note 28 to the financial statements.

Auditors


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

Auditors' remunerations are disclosed in Note 7 to the financial statements.

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young PLT, as part of the terms of its audit engagement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young PLT for the financial year ended 31 December 2021.

Signed on behalf of the Board in accordance with a resolution of the directors dated **18 MAR 2022**


Chen XiaoDong


Ang Yi Mei, Daphne

INFORMATION ON OM SARAWAK (CONT'D)

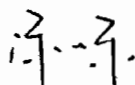
Registration No: 201001031381 (915304-H)


OM Materials (Sarawak) Sdn. Bhd.
(Incorporated in Malaysia)

Statement by Directors

We, **Chen XiaoDong** and **Ang Yi Mei, Daphne**, being two of the directors of **OM Materials (Sarawak) Sdn. Bhd.**, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 11 to 75 are drawn up in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards so as to give a true and fair view of the financial position of the Company as at 31 December 2021 and of its financial performance and its cash flows for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors dated **18 MAR 2022**


Chen XiaoDong

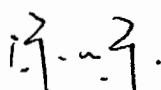

Ang Yi Mei, Daphne

Statutory Declaration

I, **Chen XiaoDong**, being the director primarily responsible for the financial management of **OM Materials (Sarawak) Sdn. Bhd.**, do solemnly and sincerely declare that the accompanying financial statements set out on pages 11 to 75 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the
abovenamed **Chen XiaoDong**
at **BINTULU**
on ~~14 MAR 2022~~

18 MAR 2022
Before me,


Chen XiaoDong



INFORMATION ON OM SARAWAK (CONT'D)



Ernst & Young PLT
202006000003 (LLP0022760-LCA) & AF 0039
SST ID: W10-2002-32000062
Chartered Accountants
3rd Floor Wisma Bukit Mata Kuching
Jalan Tunku Abdul Rahman
93100 Kuching
Sarawak, Malaysia

Tel: +6082 752 668
Fax: +6082 421 287
ey.com

Registration No: 201001031381 (915304-H)

Independent Auditors' Report to the Members of
OM Materials (Sarawak) Sdn. Bhd.
(Incorporated in Malaysia)

Report on the audit of the financial statements

Opinion

We have audited the financial statements of OM Materials (Sarawak) Sdn. Bhd., which comprise the statement of financial position as at 31 December 2021 of the Company, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 11 to 75.

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

Basis for opinion

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

Independence and other ethical responsibilities

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

Information other than the financial statements and auditors' report thereon

The directors of the Company are responsible for the other information. The other information comprises the Directors' Report, but does not include the financial statements of the Company and our auditors' report thereon.

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Ernst & Young PLT 202006000003 (LLP0022760-LCA) & AF 0039 was registered on 02.01.2020 and with effect from that date, Ernst & Young (AF 0039), a conventional partnership was converted to a limited liability partnership.

A member firm of Ernst & Young Global Limited

INFORMATION ON OM SARAWAK (CONT'D)



Registration No: 201001031381 (915304-H)

Independent Auditors' Report to the Members of
OM Materials (Sarawak) Sdn. Bhd. (contd.)

Report on the audit of the financial statements (contd.)

Information other than the financial statements and auditors' report thereon (contd.)

Our opinion on the financial statements of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

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

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial statements

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

In preparing the financial statements of the Company, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

INFORMATION ON OM SARAWAK (CONT'D)



Registration No: 201001031381 (915304-H)

Independent Auditors' Report to the Members of
OM Materials (Sarawak) Sdn. Bhd. (contd.)

Report on the audit of the financial statements (contd.)

Auditors' responsibilities for the audit of the financial statements (contd.)

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Company, including the disclosures, and whether the financial statements of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

INFORMATION ON OM SARAWAK (CONT'D)



Registration No: 201001031381 (915304-H)

Independent Auditors' Report to the Members of
OM Materials (Sarawak) Sdn. Bhd. (contd.)

Other matters

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

ERNST & YOUNG PLT
202006000003 (LLP0022760-LCA) & AF 0039
Chartered Accountants

LOW KHUNG LEONG
No. 02697/01/2023 J
Chartered Accountant

Kuching, Malaysia

Date: **10 MAR 2022**

INFORMATION ON OM SARAWAK (CONT'D)

Registration No: 201001031381 (915304-H)

OM Materials (Sarawak) Sdn. Bhd.**Statement of Profit or Loss and Other Comprehensive Income
For the financial year ended 31 December 2021**

	Note	2021 RM'000	2020 RM'000
Revenue	4	1,803,600	1,521,518
Cost of sales		(1,245,548)	(1,419,990)
Gross profit		558,052	101,528
Other income	5	28,198	634
Other items of expense			
Administrative expenses		(16,052)	(10,650)
Other operating expenses		(89,235)	(63,936)
Marketing and selling expenses		(53,107)	(46,223)
Finance costs	6	(57,106)	(76,227)
Profit/(loss) before tax	7	370,750	(94,874)
Income tax expense	9	(19,821)	(33)
Profit/(loss) net of tax		350,929	(94,907)
Other comprehensive income/(loss)			
Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent year:			
Exchange differences on translation	21	29,866	(7,686)
Discontinuation of cash flow hedge	21	8,996	2,987
Other comprehensive income/(loss) for the year		38,862	(4,699)
Total comprehensive income/(loss) for the year		389,791	(99,606)

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

INFORMATION ON OM SARAWAK (CONT'D)

Registration No: 201001031381 (915304-H)

OM Materials (Sarawak) Sdn. Bhd.

Statement of Financial Position
As at 31 December 2021

	Note	2021 RM'000	2020 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	10	1,784,378	1,785,218
Deferred tax assets	11	5,005	24,176
		<u>1,789,383</u>	<u>1,809,394</u>
Current assets			
Inventories	12	890,259	555,933
Trade and other receivables	13	206,141	109,085
Prepaid operating expenses		2,921	2,656
Tax refundable		76	83
Cash and short-term deposits	14	77,517	42,605
		<u>1,176,914</u>	<u>710,362</u>
TOTAL ASSETS		<u><u>2,966,297</u></u>	<u><u>2,519,756</u></u>
EQUITY AND LIABILITIES			
Current liabilities			
Loans and borrowings	15	285,220	284,952
Trade and other payables	16	434,595	418,201
Deferred income	17	2,364	2,283
Contract liabilities	18	111	597
		<u>722,290</u>	<u>706,033</u>
Net current assets		<u>454,624</u>	<u>4,329</u>
Non-current liabilities			
Loans and borrowings	15	900,797	890,760
Trade and other payables	16	164,045	169,309
Deferred income	17	32,106	33,300
		<u>1,096,948</u>	<u>1,093,369</u>
TOTAL LIABILITIES		<u>1,819,238</u>	<u>1,799,402</u>
Net assets		<u>1,147,059</u>	<u>720,354</u>

INFORMATION ON OM SARAWAK (CONT'D)

Registration No: 201001031381 (915304-H)

OM Materials (Sarawak) Sdn. Bhd.Statement of Financial Position
As at 31 December 2021 (contd.)

	Note	2021 RM'000	2020 RM'000
EQUITY AND LIABILITIES (CONTD.)			
Equity			
Share capital	20	837,138	800,224
Other reserves	21	116,990	78,128
Retained earnings/(accumulated losses)		192,931	(157,998)
TOTAL EQUITY		<u>1,147,059</u>	<u>720,354</u>
TOTAL EQUITY AND LIABILITIES		<u><u>2,966,297</u></u>	<u><u>2,519,756</u></u>

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

INFORMATION ON OM SARAWAK (CONT'D)

Registration No: 201001031381 (915304-H)

OM Materials (Sarawak) Sdn. Bhd.

**Statement of Changes in Equity
For the financial year ended 31 December 2021**

	Total RM'000	Share capital (Note 20) RM'000	Retained earnings/ (accumulated losses) RM'000	Other reserves (Note 21) RM'000
Opening balance at 1 January 2021	720,354	800,224	(157,998)	78,128
Transactions with owners				
Issuance of ordinary shares	36,914	36,914	-	-
Profit net of tax	350,929	-	350,929	-
Other comprehensive income	38,862	-	-	38,862
Total comprehensive income	389,791	-	350,929	38,862
Closing balance at 31 December 2021	<u>1,1147,059</u>	<u>837,138</u>	<u>192,931</u>	<u>116,990</u>
Opening balance at 1 January 2020	819,960	800,224	(63,091)	82,827
Loss net of tax	(94,907)	-	(94,907)	-
Other comprehensive loss	(4,699)	-	-	(4,699)
Total comprehensive loss	(99,606)	-	(94,907)	(4,699)
Closing balance at 31 December 2020	<u>720,354</u>	<u>800,224</u>	<u>(157,998)</u>	<u>78,128</u>

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

INFORMATION ON OM SARAWAK (CONT'D)

Registration No: 201001031381 (915304-11)

OM Materials (Sarawak) Sdn. Bhd.
**Statement of Cash Flows
For the financial year ended 31 December 2021**

	Note	2021 RM'000	2020 RM'000
Operating activities			
Profit/(loss) before tax		370,750	(94,874)
<u>Adjustments for:</u>			
Amortisation of deferred income	7	(2,341)	(2,382)
Amortisation of restructuring and arrangement fee	6	2,318	3,687
Depreciation of property, plant and equipment	7	99,541	100,910
Gain on extinguishment of financial liabilities	5	(27,601)	-
Discontinuation of cash flow hedge	7	8,996	2,987
Discount recognised on payables	5	-	(266)
Interest expense	6	54,788	72,540
Interest income	5	(8)	(139)
Property, plant and equipment written off	7	2,743	1
Unrealised foreign exchange loss	7	5,282	16,516
Unwinding of discount on long term payables	7	261	1,033
Total adjustments		143,979	194,887
Operating cash flows before changes in working capital		514,729	100,013
<u>Changes in working capital:</u>			
(Increase)/decrease in inventories		(311,815)	20,425
Increase in receivables		(92,390)	(3,931)
Increase in prepaid operating expenses		(297)	(25)
Increase in payables		28,340	109,270
Total changes in working capital		(376,162)	125,739
Cash flows generated from operations		138,567	225,752
Net income tax refunded/(paid)		(109)	(108)
Net cash flows generated from operating activities		138,458	225,644

INFORMATION ON OM SARAWAK (CONT'D)

Registration No: 201001031381 (915304-H)

OM Materials (Sarawak) Sdn. Bhd.

Statement of Cash Flows**For the financial year ended 31 December 2021 (contd.)**

	Note	2021 RM'000	2020 RM'000
Investing activities			
Interest received		8	139
Acquisition of property, plant and equipment (excluding depreciation capitalised)	10(e)	(25,393)	(23,766)
Net cash flows used in investing activities		(25,385)	(23,627)
Financing activities			
Interest paid		(76,958)	(70,293)
Increase in deposit held with licensed bank		(4)	(4)
Drawdown of trade facilities		524,101	484,516
Proceeds from issuance of ordinary shares		36,914	-
Repayment of lease liabilities	15(c)	(7,871)	(9,517)
Repayment of term loans		(80,059)	(67,443)
Repayment of trade facilities		(481,823)	(516,783)
Net cash flows used in financing activities		(85,700)	(179,524)
Net increase cash and cash equivalents		27,373	22,493
Cash and cash equivalents at 1 January		42,063	23,099
Net effects of exchange rate changes		7,519	(3,529)
Cash and cash equivalents at 31 December	14	76,955	42,063

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

INFORMATION ON OM SARAWAK (CONT'D)

Registration No: 201001031381 (915304-H)

OM Materials (Sarawak) Sdn. Bhd.

Notes to the Financial Statements
For the financial year ended 31 December 2021

1. Corporate information

The Company is a private limited liability company, incorporated and domiciled in Malaysia. The principal place of business of the Company is located at Lot 41, Block 1, Kemena Land District, Samalaju Industrial Park 97300 Bintulu, Sarawak.

The holding company is OM Materials (S) Pte. Ltd., a company incorporated in Singapore. The ultimate holding company is OM Holdings Limited, a public company incorporated in Bermuda, listed on the Australian Securities Exchange and Main Market of Bursa Malaysia Securities Berhad. OM Holdings Limited produces financial statements available for public use.

The principal activities of the Company are processing, smelting and trading of ferro-alloy products. There have been no significant changes in the nature of the principal activities during the financial year.

2. Basis of preparation and summary of significant accounting policies

2.1 Basis of preparation

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

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

The Company's functional currency is US Dollars. The financial statements are presented in Ringgit Malaysia ("RM") and all values are rounded to the nearest thousand ("RM'000") except when otherwise indicated.

2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except that in the current financial year, the Company has adopted all the new and amended standards which are relevant to the Company and are effective for annual financial periods beginning on or after 1 January 2021 as follows:

Description	Effective for annual periods beginning on or after
Amendment to MFRS 16: Covid-19 - Related Rent Concessions	1 June 2020
Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16: Interest Rate Benchmark Reform - Phase 2	1 January 2021

INFORMATION ON OM SARAWAK (CONT'D)

Registration No: 201001031381 (915304-H)

OM Materials (Sarawak) Sdn. Bhd.

Notes to the Financial Statements
For the financial year ended 31 December 2021

2. Basis of preparation and summary of significant accounting policies (contd.)

2.2 Changes in accounting policies (contd.)

The adoption of these amendments did not have any material effect on the financial performance or position of the Company.

2.3 Standards issued but not yet effective

The standards and interpretations that are issued but not yet effective up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective.

Description	Effective for annual periods beginning on or after
Amendments to MFRS 16: Leases - Covid-19 - Related Rent Concessions Beyond 30 June 2021	1 April 2021
Amendments to MFRS 3: Reference to the Conceptual Framework	1 January 2022
Amendments to MFRS 116: Property, Plant and Equipment - Proceeds before Intended Use	1 January 2022
Amendments to MFRS 137: Onerous Contracts - Cost of Fulfilling a Contract	1 January 2022
Annual Improvements to MFRS Standards 2018 – 2020 Cycle	1 January 2022
MFRS 17: Insurance Contracts	1 January 2023
Amendments to MFRS 17: Insurance Contracts (including amendments on Initial Application of MFRS 17 and MFRS 9 - Comparative Information)	1 January 2023
Amendments to MFRS 101: Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to MFRS 101: Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 108: Definition of Accounting Estimates	1 January 2023
Amendments to MFRS 112: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to MFRS 4: Extension of the Temporary Exemption from Applying MFRS 9	1 January 2023
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

INFORMATION ON OM SARAWAK (CONT'D)

Registration No: 201001031381 (915304-H)

OM Materials (Sarawak) Sdn. Bhd.

Notes to the Financial Statements
For the financial year ended 31 December 2021

2. Basis of preparation and summary of significant accounting policies (contd.)

2.3 Standards issued but not yet effective (contd.)

The directors do not expect any material impact from the adoption of the above standards in the period of initial application except for:

(i) Amendments to MFRS 116: Property, Plant and Equipment - Proceeds before Intended Use

In June 2020, the MASB issued Property, Plant and Equipment - Proceeds before Intended Use, which prohibits entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment. The amendments are not expected to have a material impact on the Company.

(ii) Amendments to MFRS 101: Classification of Liabilities as Current or Non-current and Disclosure of Accounting Policies

In March 2020, the MASB issued amendments to paragraphs 69 to 76 of MFRS 101 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and must be applied retrospectively. The Company is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

INFORMATION ON OM SARAWAK (CONT'D)

Registration No: 201001031381 (915304-H)

OM Materials (Sarawak) Sdn. Bhd.

Notes to the Financial Statements
For the financial year ended 31 December 2021

2. Basis of preparation and summary of significant accounting policies (contd.)

2.3 Standards issued but not yet effective (contd.)

The directors do not expect any material impact from the adoption of the above standards in the period of initial application except for: (contd.)

(iii) Amendments to MFRS 137: Onerous Contracts - Cost of Fulfilling a Contract

In June 2020, the MASB issued amendments to MFRS 137 to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments apply a “directly related cost approach”. The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

The amendments are effective for annual reporting periods beginning on or after 1 January 2022. The Company will apply these amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments.

2.4 Foreign currency

(a) Foreign currency transactions

Transactions in foreign currencies are measured in the functional currency of the Company and are recorded on initial recognition in the functional currency at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items denominated in foreign currencies measured at fair value are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are recognised in profit or loss. Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

INFORMATION ON OM SARAWAK (CONT'D)

Registration No: 201001031381 (915304-H)

OM Materials (Sarawak) Sdn. Bhd.

Notes to the Financial Statements
For the financial year ended 31 December 2021

2. Basis of preparation and summary of significant accounting policies (contd.)

2.4 Foreign currency (contd.)

(b) Functional and presentation currency

The financial statements are measured using United States Dollars ("USD"), the currency of the primary economic environment in which the entity operates ("the functional currency"). The financial statements are presented in Ringgit Malaysia ("RM").

2.5 Current versus non-current classification

The Company presents assets and liabilities in the statement of financial position based on current/non-current classification.

An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent, unless restricted from being exchanged or used, to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

INFORMATION ON OM SARAWAK (CONT'D)

Registration No: 201001031381 (915304-H)

OM Materials (Sarawak) Sdn. Bhd.

Notes to the Financial Statements
For the financial year ended 31 December 2021

2. Basis of preparation and summary of significant accounting policies (contd.)

2.6 Fair value measurement

Fair value of an asset or a liability is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. The fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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

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

- Level 1 - inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 - inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 - inputs are unobservable inputs for the asset or liability.

2.7 Revenue

Revenue is measured based on the consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Revenue is recognised when the Company satisfies a performance obligation by transferring a promised good and service to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

INFORMATION ON OM SARAWAK (CONT'D)

Registration No: 201001031381 (915304-H)

OM Materials (Sarawak) Sdn. Bhd.

Notes to the Financial Statements
For the financial year ended 31 December 2021

2. Basis of preparation and summary of significant accounting policies (contd.)

2.7 Revenue (contd.)

(i) Sale of goods

Revenue from sale of goods is recognised net of discounts, rebates and taxes upon the transfer of control of the goods to the customer. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of consideration due, associated costs or the possible return of goods.

(ii) Freight and insurance services

Revenue from provision of freight and insurance services is recognised over time as the service is provided.

(iii) Interest income

Interest income is recognised as it accrues using the effective interest method in profit or loss except for interest income arising from temporary investment of borrowings taken specifically for the purpose of obtaining a qualifying asset which is accounted for in accordance with the accounting policy on borrowing costs.

2.8 Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all conditions attached will be met. Where the grant relates to an asset, the fair value is recognised as deferred capital grant in the statement of financial position and is amortised to profit or loss over the expected useful life of the relevant asset by equal annual instalments.

2.9 Taxes

(a) Income tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

INFORMATION ON OM SARAWAK (CONT'D)

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OM Materials (Sarawak) Sdn. Bhd.

Notes to the Financial Statements
For the financial year ended 31 December 2021

2. Basis of preparation and summary of significant accounting policies (contd.)

2.9 Taxes (contd.)

(b) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

INFORMATION ON OM SARAWAK (CONT'D)

Registration No: 201001031381 (915304-H)

OM Materials (Sarawak) Sdn. Bhd.

Notes to the Financial Statements

For the financial year ended 31 December 2021

2. Basis of preparation and summary of significant accounting policies (contd.)

2.9 Taxes (contd.)

(c) Sales and Services Tax ("SST")

Revenue, expenses and assets are recognised net of the amount of SST except:

- Where the SST incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case the SST are recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables that are stated with the amount of SST included.

2.10 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. When significant parts of property, plant and equipment are required to be replaced in intervals, the Company recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Depreciation is computed on a straight-line basis to write off the cost of the assets to their residual values over the estimated useful lives of the assets at the following rates:

Building improvement	10% - 20%
Motor vehicles	20%
Computers, furniture, fittings and equipment	10% - 33.3%
Plant and machinery	2% - 20%

Construction work-in-progress are not depreciated as these assets are not yet available for use.

INFORMATION ON OM SARAWAK (CONT'D)

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OM Materials (Sarawak) Sdn. Bhd.

Notes to the Financial Statements

For the financial year ended 31 December 2021

2. Basis of preparation and summary of significant accounting policies (contd.)

2.10 Property, plant and equipment (contd.)

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in the profit or loss in the year the asset is derecognised.

A contract which involves the use of an item of property, plant and equipment that meets the definition of a lease is recognised as a right-of-use asset.

2.11 Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

As a lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(i) Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are classified within the same line item as the corresponding underlying assets would be presented if they were owned. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.

INFORMATION ON OM SARAWAK (CONT'D)

Registration No: 201001031381 (915304-H)

OM Materials (Sarawak) Sdn. Bhd.

Notes to the Financial Statements
For the financial year ended 31 December 2021

2. Basis of preparation and summary of significant accounting policies (contd.)

2.11 Leases (contd.)

As a lessee (contd.)

(i) Right-of-use assets (contd.)

Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Building	1 to 2 years
Leasehold land	60 years
Motor vehicles	2 years
Heavy machinery	1 to 3 years

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset instead of the lease term.

(ii) Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

INFORMATION ON OM SARAWAK (CONT'D)

Registration No: 201001031381 (915304-H)

OM Materials (Sarawak) Sdn. Bhd.

Notes to the Financial Statements
For the financial year ended 31 December 2021

2. Basis of preparation and summary of significant accounting policies (contd.)

2.11 Leases (contd.)

As a lessee (contd.)

(iii) Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

2.12 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets.

Capitalisation of borrowing costs commences when expenditure for the asset is being incurred, borrowing costs are being incurred and the activities to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period they are incurred.

INFORMATION ON OM SARAWAK (CONT'D)

Registration No: 201001031381 (915304-II)

OM Materials (Sarawak) Sdn. Bhd.

Notes to the Financial Statements
For the financial year ended 31 December 2021

2. Basis of preparation and summary of significant accounting policies (contd.)

2.13 Financial instruments

(a) Initial recognition and measurement

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without significant financing component) or a financial liability is initially measured at fair value plus or minus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issuance. A trade receivable without a significant financing component is initially measured at the transaction price.

Financial assets

Categories of financial assets are determined on initial recognition and are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change of the business model.

(i) Amortised cost

Amortised cost category comprises financial assets that are held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The financial assets are not designated as fair value through profit or loss. Subsequent to initial recognition, these financial assets are measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Interest income is recognised by applying effective interest rate to the gross carrying amount except for credit impaired financial assets where the effective interest rate is applied to the amortised cost.

INFORMATION ON OM SARAWAK (CONT'D)

Registration No: 201001031381 (915304-H)

OM Materials (Sarawak) Sdn. Bhd.

Notes to the Financial Statements
For the financial year ended 31 December 2021

2. Basis of preparation and summary of significant accounting policies (contd.)

2.13 Financial instruments (contd.)

(a) Initial recognition and measurement (contd.)

Financial assets (contd.)

(ii) Fair value through profit or loss ("FVTPL")

All financial assets not measured at amortised costs as described above are measured at fair value through profit or loss. This includes derivative financial assets (except for a derivative that is a designated and effective hedging instrument). On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost as at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets categorised as fair value through profit or loss are subsequently measured at their fair value. Net gain or losses, including any interest or dividend income, are recognised in the profit or loss.

All financial assets, except for those measured at fair value through profit or loss are subject to impairment assessment.

(b) Financial instrument categories and subsequent measurement

Financial liabilities

The categories of financial liabilities at initial recognition are as follows:

(i) Fair value through profit or loss ("FVTPL")

Fair value through profit or loss category comprises financial liabilities that are derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument), contingent consideration in a business combination and financial liabilities that are specifically designated into this category upon initial recognition.

INFORMATION ON OM SARAWAK (CONT'D)

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OM Materials (Sarawak) Sdn. Bhd.

Notes to the Financial Statements
For the financial year ended 31 December 2021

2. Basis of preparation and summary of significant accounting policies (contd.)

2.13 Financial instruments (contd.)

(b) Financial instrument categories and subsequent measurement (contd.)

Financial liabilities (contd.)

(i) Fair value through profit or loss ("FVTPL") (contd.)

On initial recognition, the Company may irrevocably designate a financial liability that otherwise meets the requirements to be measured at amortised cost as at fair value through profit or loss:

- If doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise; or
- A group of financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the Company's key management personnel.

Financial liabilities categorised as fair value through profit or loss are subsequently measured at their fair value with gains or losses, including any interest expense, recognised in the profit or loss.

For financial liabilities where it is designated as fair value through profit or loss upon initial recognition, the Company recognises the amount of change in fair value of the financial liability that is attributable to change in credit risk in the other comprehensive income and remaining amount of the change in fair value in the profit or loss, unless the treatment of the effects of changes in the liability's credit risk would create or enlarge an accounting mismatch.

(ii) Amortised cost

Other financial liabilities not categorised as fair value through profit or loss are subsequently measured at amortised cost using the effective interest method.

Interest expense and foreign exchange gains and losses are recognised in the profit or loss. Any gains or losses on derecognition are also recognised in the profit or loss.

INFORMATION ON OM SARAWAK (CONT'D)

Registration No: 201001031381 (915304-H)

OM Materials (Sarawak) Sdn. Bhd.

Notes to the Financial Statements
For the financial year ended 31 December 2021

2. Basis of preparation and summary of significant accounting policies (contd.)

2.13 Financial instruments (contd.)

(c) Derecognition

A financial asset or part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset have expired or have been transferred, or control of the asset is not retained or substantially all of the risks and rewards of awards of ownership of the financial asset are transferred to another party. On derecognition of financial asset, the difference between the carrying amount of the financial asset and the sum of consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged, cancelled or expired. A financial liability is also derecognised when its terms are modified and the cash flows of the modified liability are substantially different, in which case, a new financial liability based on modified terms is recognised at fair value. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash asset transferred or liabilities assumed, is recognised in profit or loss.

(d) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the amount and it intends either to settle them on a net basis or to realise the asset and liability simultaneously.

2.14 Impairment of financial assets

The Company recognises loss allowances for expected credit losses on financial assets measured at amortised cost. Expected credit losses are a probability-weighted estimate of credit losses.

The Company measures loss allowances at an amount equal to lifetime expected credit loss, except for debt securities that are determined to have low credit risk at the reporting date, cash and bank balances and other debt securities for which credit risk has not increased significantly since initial recognition, which are measured at 12-month expected credit loss. Loss allowances for trade receivables are always measured at an amount equal to lifetime expected credit loss.

INFORMATION ON OM SARAWAK (CONT'D)

Registration No: 201001031381 (915304-H)

OM Materials (Sarawak) Sdn. Bhd.

Notes to the Financial Statements
For the financial year ended 31 December 2021

2. Basis of preparation and summary of significant accounting policies (contd.)

2.14 Impairment of financial assets (contd.)

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit loss, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information, where available.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of the asset, while 12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within the 12 months after the reporting date. The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Company is exposed to credit risk.

The Company estimates the expected credit losses on trade receivables using a provision matrix with reference to historical credit loss experience.

An impairment loss in respect of financial assets measured at amortised cost is recognised in profit or loss and the carrying amount of the asset is reduced through the use of an allowance account.

At each reporting date, the Company assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is credit impaired when one or more events that have a detrimental impact on the estimated future cash flow of the financial assets have occurred.

The gross carrying amount of a financial assets is written off (either partially or fully) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedure for recovery of amounts due.

INFORMATION ON OM SARAWAK (CONT'D)

Registration No: 201001031381 (915304-11)

OM Materials (Sarawak) Sdn. Bhd.

Notes to the Financial Statements
For the financial year ended 31 December 2021

2. Basis of preparation and summary of significant accounting policies (contd.)

2.15 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs incurred in bringing the inventories to their present location and condition are accounted for as follows:

- Raw materials: purchase costs on a weighted average cost formula.
- Finished goods: costs of materials, labour and a proportion of manufacturing overheads based on normal operating capacity.

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

2.16 Impairment of non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Company makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units ("CGU")).

In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

Impairment losses are recognised in profit or loss.

INFORMATION ON OM SARAWAK (CONT'D)

Registration No: 201001031381 (915304-H)

OM Materials (Sarawak) Sdn. Bhd.

Notes to the Financial Statements

For the financial year ended 31 December 2021

2. Basis of preparation and summary of significant accounting policies (contd.)

2.16 Impairment of non-financial assets (contd.)

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss.

2.17 Derivative financial instruments and hedge accounting

The Company uses derivative financial instruments, such as forward currency contracts, interest rate swaps and cross currency swaps to hedge its foreign currency risks and interest rate risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

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

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

At the inception of a hedge relationship, the Company formally designates and documents the hedge relationship to which the Company wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge.

INFORMATION ON OM SARAWAK (CONT'D)

Registration No: 201001031381 (915304-H)

OM Materials (Sarawak) Sdn. Bhd.

Notes to the Financial Statements

For the financial year ended 31 December 2021

2. Basis of preparation and summary of significant accounting policies (contd.)

2.17 Derivative financial instruments and hedge accounting (contd.)

The documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Company will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined). A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

- There is 'an economic relationship' between the hedged item and the hedging instrument.
- The effect of credit risk does not 'dominate the value changes' that result from that economic relationship.
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Company actually hedges and the quantity of the hedging instrument that the Company actually uses to hedge that quantity of hedged item.

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

(a) Fair value hedges

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

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

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

When an unrecognised firm commitment is designated as a hedged item, the subsequent cumulative change in the fair value of the firm commitment attributable to the hedged risk is recognised as an asset or liability with a corresponding gain or loss recognised in profit or loss.

INFORMATION ON OM SARAWAK (CONT'D)

Registration No: 201001031381 (915304-H)

OM Materials (Sarawak) Sdn. Bhd.

Notes to the Financial Statements
For the financial year ended 31 December 2021

2. Basis of preparation and summary of significant accounting policies (contd.)

2.17 Derivative financial instruments and hedge accounting (contd.)

(b) Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognised in OCI in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the statement of profit or loss. The cash flow hedge reserve is adjusted to the lower of the cumulative gain or loss on the hedging instrument and the cumulative change in fair value of the hedged item.

The Company uses forward currency contracts as hedges of its exposure to the foreign currency risk in forecast transactions and firm commitments. The ineffective portion relating to foreign currency contracts is recognised as other expense.

The Company designates only the spot element of forward contracts as a hedging instrument. The forward element is recognised in OCI and accumulated in a separate component of equity under cost of hedging reserve.

The amounts accumulated in OCI are accounted for, depending on the nature of the underlying hedged transaction. If the hedged transaction subsequently results in the recognition of a non-financial item, the amount accumulated in equity is removed from the separate component of equity and included in the initial cost or other carrying amount of the hedged asset or liability. This is not a reclassification adjustment and will not be recognised in OCI for the period. This also applies where the hedged forecast transaction of a non-financial asset or non-financial liability subsequently becomes a firm commitment for which fair value hedge accounting is applied.

For any other cash flow hedges, the amount accumulated in OCI is reclassified to profit or loss as a reclassification adjustment in the same period or periods during which the hedged cash flows affect profit or loss.

If cash flow hedge accounting is discontinued, the amount that has been accumulated in OCI must remain in accumulated OCI if the hedged future cash flows are still expected to occur. Otherwise, the amount will be immediately reclassified to profit or loss as a reclassification adjustment. After discontinuation, once the hedged cash flows occurs, any amount remaining in accumulated OCI must be accounted for depending on the nature of the underlying transaction as described above.

INFORMATION ON OM SARAWAK (CONT'D)

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OM Materials (Sarawak) Sdn. Bhd.

Notes to the Financial Statements
For the financial year ended 31 December 2021

2. Basis of preparation and summary of significant accounting policies (contd.)

2.18 Cash and short-term deposits

Cash and short-term deposits in the statement of financial position comprise cash at banks and on hand and short-term highly liquid deposits with a maturity of six months or less, that are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above.

2.19 Equity instruments

Instruments classified as equity are measured at cost on initial recognition and are not remeasured subsequently.

(a) Issue expenses

Costs directly attributable to the issue of instruments classified as equity are recognised as a deduction from equity.

(b) Ordinary shares

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

(c) Preference share capital

Preference share capital is classified as equity if it is non-redeemable, or is redeemable but only at the Company's option, and any dividends are discretionary. Dividends thereon are recognised as distributions within equity.

Preference share capital is classified as financial liability if it is redeemable on a specific date or at the option of the equity holders, or if dividend payments are not discretionary. Dividends thereon are recognised as interest expense in profit or loss as accrued.

INFORMATION ON OM SARAWAK (CONT'D)

Registration No: 201001031381 (915304-H)

OM Materials (Sarawak) Sdn. Bhd.

Notes to the Financial Statements
For the financial year ended 31 December 2021

2. Basis of preparation and summary of significant accounting policies (contd.)

2.20 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.21 Employee benefits

(a) Short term benefits

Wages, salaries, allowances and social security contributions are recognised as an expense in the year in which the associated services are rendered by the employees. Bonuses are recognised as an expense when there is a present, legal or constructive obligation to make such payments as a result of past events and when a reliable estimate can be made of the amount of the obligation.

(b) Defined contribution plan

The Company participate in the national pension scheme as defined by the laws of the country in which it has operations. The Company makes contributions to the Employees' Provident Fund in Malaysia, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as expenses in the period in which the related service is performed.

2.22 Related party

A related party is defined as follows:

- (a) A person or a close member of that person's family is related to a Company if that person:
 - (i) has control or joint control over the Company;
 - (ii) has significant influence over the Company; or
 - (iii) is a member of the key management personnel of the Company or of a parent of the Company.

INFORMATION ON OM SARAWAK (CONT'D)

Registration No: 201001031381 (915304-H)

OM Materials (Sarawak) Sdn. Bhd.

Notes to the Financial Statements
For the financial year ended 31 December 2021

2. Basis of preparation and summary of significant accounting policies (contd.)

2.22 Related party (contd.)

A related party is defined as follows: (contd.)

- (b) An entity is related to a Company if any of the following conditions apply:
- (i) The entity and the Company are members of the same Company (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a Company of which the other entity is a member).
 - (iii) Both entities are joint ventures of the same third party.
 - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (v) The entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company.
 - (vi) The entity is controlled or jointly controlled by a person identified in (a).
 - (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
 - (viii) The entity, or any member of a Company of which it is a part, provides key management personnel services to the Company or to the parent of the Company.

3. Significant accounting judgement and estimates

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

INFORMATION ON OM SARAWAK (CONT'D)

Registration No: 201001031381 (915304-H)

OM Materials (Sarawak) Sdn. Bhd.

Notes to the Financial Statements

For the financial year ended 31 December 2021

3. Significant accounting judgement and estimates (contd.)

3.1 Critical judgement made in applying accounting policies

The following is judgement made by management in the process of applying the Company's accounting policies that have the most significant effect on the amounts recognised in the financial statements.

Determining the lease term of contracts with extension and termination options

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Company has several lease contracts that include extension and termination options. The Company's judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, they consider all relevant factors that create an economic incentive for it to exercise either the renewal or termination.

After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affect its ability to exercise, renew or terminate.

The Company includes the renewal periods as part of the lease term for leases of buildings when they are reasonably certain to be exercised. In addition, the periods covered by termination options are included as part of the lease term only when they are reasonably certain not to be exercised.

3.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Useful lives of property, plant and equipment

The cost of property, plant and equipment is depreciated on a straight-line basis over the assets' estimated economic useful lives. Management estimates the useful lives of these property, plant and equipment to be within 2 to 57 years. These are common life expectancies applied in the industry. Changes in the expected level of usage and technological developments could impact the economic useful lives and residual values of these assets, therefore, future depreciation charges could be revised. The carrying amount of the Company's property, plant and equipment at the reporting date is disclosed in Note 10.

INFORMATION ON OM SARAWAK (CONT'D)

Registration No: 201001031381 (915304-H)

OM Materials (Sarawak) Sdn. Bhd.
Notes to the Financial Statements
For the financial year ended 31 December 2021

4. Revenue from contracts with customers**(a) Disaggregation of revenue from contracts with customers:**

	2021	2020
	RM'000	RM'000
Segments		
Sale of finished goods	1,784,814	1,508,851
Freight and insurance services	18,786	12,667
	<hr/>	<hr/>
Total revenue from contracts with customers	1,803,600	1,521,518
	<hr/> <hr/>	<hr/> <hr/>
Timing of revenue recognition		
Goods transferred at a point in time	1,784,814	1,508,851
Services transferred over time	18,786	12,667
	<hr/>	<hr/>
Total revenue from contracts with customers	1,803,600	1,521,518
	<hr/> <hr/>	<hr/> <hr/>

(b) Performance obligations

The transaction price allocated to the remaining performance obligations (unsatisfied or partially satisfied) as at the reporting date are as follows:

	2021	2020
	RM'000	RM'000
Within one year	111	597
	<hr/> <hr/>	<hr/> <hr/>

(c) Significant terms of sales are as follows:

- (i) Sale of finished goods is generally granted a credit period of 30 days (2020: 30 days) from invoicing date.
- (ii) Freight and insurance services are generally granted a credit period of 30 days (2020: 30 days) from invoicing date.

INFORMATION ON OM SARAWAK (CONT'D)

Registration No: 201001031381 (915304-H)

OM Materials (Sarawak) Sdn. Bhd.**Notes to the Financial Statements****For the financial year ended 31 December 2021**

5. Other income	2021	2020
	RM'000	RM'000
Interest income	8	139
Insurance compensation received	62	78
Gain on extinguishment of financial liabilities	27,601	-
Discount recognised on payables	-	266
Sundry income	527	151
	<u>28,198</u>	<u>634</u>
6. Finance costs	2021	2020
	RM'000	RM'000
Interest expense on:		
- Bank loans and trade facilities	37,425	56,395
- Lease liabilities (Note 15(c))	853	414
- Shareholders' loans	528	892
- Others	15,982	14,839
Total interest expense	<u>54,788</u>	<u>72,540</u>
Other finance costs:		
- Amortisation of restructuring and arrangement fee	2,318	3,687
	<u>57,106</u>	<u>76,227</u>

INFORMATION ON OM SARAWAK (CONT'D)

Registration No: 201001031381 (915304-H)

OM Materials (Sarawak) Sdn. Bhd.

Notes to the Financial Statements
For the financial year ended 31 December 2021

7. Profit/(loss) before tax

The following amounts have been included in arriving at profit/(loss) before tax:

	2021 RM'000	2020 RM'000
Auditors' remuneration		
- current year	200	200
- (over)/under provision in previous year	(6)	1
Amortisation of deferred income (Note 17)	(2,341)	(2,382)
Discontinuation of cash flow hedge (Note 21)	8,996	2,987
Depreciation of property, plant and equipment (Note 10)	99,541	100,910
Foreign exchange loss - realised	3,688	9,884
- unrealised	5,282	16,516
Property, plant and equipment written off	2,743	1
Unwinding of discount on long term payables	261	1,033
	<u>261</u>	<u>1,033</u>

8. (a) Employee benefits expense

	2021 RM'000	2020 RM'000
Salaries, allowances, bonuses and foreign pensions	139,729	109,330
Contributions to defined contribution plan	5,699	4,695
Employment insurance system	975	75
Social security contributions	75	1,037
	<u>146,478</u>	<u>115,137</u>

Included in employee benefits expense of the Company are Executive Directors' remuneration amounting to RM1,064,443 (2020: RM866,131) as further disclosed in Note 8(b).

(b) Directors' remuneration

The details of remuneration receivable by directors of the Company during the year are as follows:

	2021 RM'000	2020 RM'000
Executive:		
Salaries and other emoluments	1,064	866
	<u>1,064</u>	<u>866</u>

INFORMATION ON OM SARAWAK (CONT'D)

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OM Materials (Sarawak) Sdn. Bhd.

Notes to the Financial Statements
For the financial year ended 31 December 2021

9. Income tax expense

The major components of income tax expense for the years ended 31 December 2021 and 2020 are:

	2021 RM'000	2020 RM'000
Statement of profit or loss and other comprehensive income		
Current income tax:		
- Malaysian income tax	2	33
- Over provision in prior years	(11)	-
	<u>(9)</u>	<u>33</u>
Deferred tax (Note 11):		
- Origination and reversal of temporary differences	19,830	-
Income tax expense recognised in profit or loss	<u>19,821</u>	<u>33</u>

The reconciliation between tax expense and the product of accounting profit/(loss) multiplied by the applicable corporate tax rate for the years ended 31 December 2021 and 2020 are as follows:

	2021 RM'000	2020 RM'000
Accounting profit/(loss) before tax	<u>370,750</u>	<u>(94,874)</u>
Tax at Malaysian statutory tax rate of 24% (2020: 24%)	88,980	(22,770)
Adjustments:		
Income not subject to tax	(68,568)	(636)
Non-deductible expenses	14,868	19,341
Utilisation of previously unrecognised business losses	(15,448)	-
Deferred tax assets not recognised	-	4,098
Over provision of income tax in prior years	(11)	-
Income tax expense recognised in profit or loss	<u>19,821</u>	<u>33</u>

INFORMATION ON OM SARAWAK (CONT'D)

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OM Materials (Sarawak) Sdn. Bhd.

Notes to the Financial Statements
For the financial year ended 31 December 2021

9. Income tax expense (contd.)

Income tax is calculated at the Malaysian statutory tax rate of 24% (2020: 24%) of the estimated assessable profit for the year.

In November 2017, the Company was awarded Pioneer Status by the Malaysian Investment Development Authority ("MIDA"), which entitles the Company exemption from tax for a period of 5 years effective 1 December 2016 to 30 November 2021 on 100% of statutory income derived from the production of ferro-silicon, silicon manganese and high carbon ferromanganese.

The Company is granted for an additional 5 years exemption on 70% of statutory income subject to the satisfaction of MIDA on pre-agreed criterion of this nature on or before 31 December 2022.

At the reporting date, the Company has the following for offset against future taxable income:

	2021 RM'000	2020 RM'000
Unutilised tax losses	385,958	372,868
Unabsorbed capital allowances	583,446	646,968
Other temporary differences	5,333	15,836
	<u>974,737</u>	<u>1,035,672</u>

Pursuant to Section 44(5F) of the Income Tax Act, 1967, the unutilised tax losses can only be carried forward until the following year of assessment:

	2021 RM'000	2020 RM'000
Unutilised tax losses to be carried forward until:		
- Year of assessment 2025	-	372,868
- Year of assessment 2028	<u>385,958</u>	<u>-</u>

In prior year, unutilised business losses from Year of Assessment 2019 shall only be allowed to be carried forward for a maximum period of seven (7) consecutive years of assessment. Any amount which is not utilised at the end of the period of seven (7) years of assessment shall be disregarded. However, based on the Finance Act 2021 which was gazetted on 31 December 2021, the period to carry forward the unutilised business losses has been extended to ten (10) years of assessment effective from the Year of Assessment 2019.

INFORMATION ON OM SARAWAK (CONT'D)

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OM Materials (Sarawak) Sdn. Bhd.

Notes to the Financial Statements
For the financial year ended 31 December 2021

10. Property, plant and equipment	Leasehold land and building improvement RM'000	Motor vehicles RM'000	Computers, furniture, fittings and equipment RM'000	Plant and machinery RM'000	Construction work-in- progress RM'000	Total RM'000
Cost:						
At 1 January 2020						
Additions	45,718	3,000	9,749	1,995,705	168,276	2,222,448
Termination of leases	191	8	1,237	6,888	20,992	29,316
Adjustments	(1,010)	-	-	-	-	(1,010)
Written off	-	-	-	252	-	252
Reclassification	(3,211)	(14)	-	-	-	(3,225)
Exchange differences	27	-	13	159,339	(159,379)	-
	(540)	(42)	(191)	(35,071)	3,379	(32,465)
At 31 December 2020 and 1 January 2021						
Additions	41,175	2,952	10,808	2,127,113	33,268	2,215,316
Termination of leases	20,254	107	4,104	3,796	16,926	45,187
Written off	(10,374)	(91)	-	(8,578)	-	(19,043)
Reclassification	-	(33)	(161)	(3,590)	-	(3,784)
Exchange differences	2,067	104	(724)	33,963	(34,897)	-
				74,121	996	76,564
At 31 December 2021						
	53,122	3,039	14,961	2,226,825	16,293	2,314,240

INFORMATION ON OM SARAWAK (CONT'D)

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OMI Materials (Sarawak) Sdn. Bhd.

Notes to the Financial Statements
For the financial year ended 31 December 2021**10. Property, plant and equipment (contd.)**

	Leasehold land and building improvement RM'000	Motor vehicles RM'000	Computers, furniture, and equipment RM'000	Plant and machinery RM'000	Construction work-in- progress RM'000	Total RM'000
Accumulated depreciation:						
At 1 January 2020	14,507	2,216	4,452	320,670	-	341,845
Depreciation charge for the year	6,434	388	1,901	92,247	-	100,970
- Recognised in profit or loss (Note 7)	6,415	388	1,892	92,215	-	100,910
- Capitalised in construction work-in-progress	19	-	9	32	-	60
Termination of leases	(614)	-	-	-	-	(614)
Written off	(3,211)	(13)	-	-	-	(3,224)
Exchange differences	(371)	(47)	(140)	(8,321)	-	(8,879)
At 31 December 2020 and 1 January 2021	16,745	2,544	6,213	404,596	-	430,098
Depreciation charge for the year (Note 7)	5,842	219	1,880	91,600	-	99,541
Termination of leases	(10,374)	(91)	-	(4,218)	-	(14,683)
Written off	-	(25)	(111)	(905)	-	(1,041)
Reclassification	-	-	(77)	77	-	-
Exchange differences	559	85	230	15,073	-	15,947
At 31 December 2021	12,772	2,732	8,135	506,223	-	529,862

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INFORMATION ON OM SARAWAK (CONT'D)

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OM Materials (Sarawak) Sdn. Bhd.

Notes to the Financial Statements
For the financial year ended 31 December 2021

10. Property, plant and equipment (contd.)		Leasehold land and building improvement RM'000	Motor vehicles RM'000	Computers, furniture, fittings and equipment RM'000	Plant and machinery RM'000	Construction work-in- progress RM'000	Total RM'000
Net carrying amount:							
At 31 December 2020		24,430	408	4,595	1,722,517	33,268	1,785,218
At 31 December 2021		40,350	307	6,826	1,720,602	16,293	1,784,378
(a) Construction work-in-progress							
Included in construction work-in-progress is the following expense incurred and capitalised:							
Depreciation of property, plant and equipment							
						2021 RM'000	2020 RM'000
						-	60

INFORMATION ON OM SARAWAK (CONT'D)

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OM Materials (Sarawak) Sdn. Bhd.

Notes to the Financial Statements
For the financial year ended 31 December 2021**10. Property, plant and equipment (contd.)****(b) Right-of-use assets**

Included in the net carrying amount of property, plant and equipment are right-of-use assets as follows:

	Leasehold land RM'000	Heavy machinery RM'000	Motor vehicles RM'000	Building RM'000	Total RM'000
At 1 January 2020	24,414	4,454	390	5,980	35,238
Additions (Note 15(c))	-	5,675	-	-	5,675
Termination (Note 15(c))	-	-	-	(396)	(396)
Depreciation charge for the year (Note 15(c))	(482)	(3,432)	(266)	(5,747)	(9,927)
Exchange differences	(322)	(92)	5	163	(246)
At 31 December 2020 and 1 January 2021	23,610	6,605	129	-	30,344
Additions (Note 15(c))	-	2,480	32	20,593	23,105
Termination (Note 15(c))	-	(4,360)	-	-	(4,360)
Depreciation charge for the year (Note 15(c))	(474)	(2,878)	(99)	(5,143)	(8,594)
Exchange differences	825	206	3	126	1,160
	23,961	2,053	65	15,576	41,655

INFORMATION ON OM SARAWAK (CONT'D)

Registration No: 201001031381 (915304-I)

OM Materials (Sarawak) Sdn. Bhd.

Notes to the Financial Statements

For the financial year ended 31 December 2021

10. Property, plant and equipment (contd.)**(b) Right-of-use assets (contd.)**

The Company has lease contracts for leasehold land, machineries and vehicles used in its operations.

The Company also applied judgement and assumptions in determining the incremental borrowing rate of the respective leases. The Company first determined the closest available borrowing rates before using significant judgement to determine the adjustments required to reflect the term, security, value or economic environment of the respective leases.

The table below describes the nature of the Company's leasing activities by type of right-of-use asset recognised on the statement of financial position:

	Leasehold land	Heavy machinery	Motor vehicles	Buildings
At 31 December 2021				
No. of right-of-use asset leased	1	38	3	1
No. of leases with extension options	-	38	3	1
No. of leases with variable lease payments	-	18	-	-
No. of leases with termination options	-	-	-	-
	=====	=====	=====	=====
At 31 December 2020				
No. of right-of-use asset leased	1	41	4	-
No. of leases with extension options	-	41	4	-
No. of leases with variable lease payments	-	5	-	-
No. of leases with termination options	-	-	-	-
	=====	=====	=====	=====

(c) Assets pledged for banking facilities

As at 31 December 2021, property, plant and equipment with a total carrying amount of approximately RM1,766,678,988 (2020: RM1,778,482,934) has been pledged for banking facilities granted to the Company (Note 15(a)).

INFORMATION ON OM SARAWAK (CONT'D)

Registration No: 201001031381 (915304-11)

OM Materials (Sarawak) Sdn. Bhd.

Notes to the Financial Statements
For the financial year ended 31 December 2021

10. Property, plant and equipment (contd.)**(d) Fully depreciated property, plant and equipment**

The gross carrying amounts of fully depreciated property, plant and equipment that are still in use at the reporting date was RM28,249,417 (2020: RM14,841,390).

(e) Reconciliation to the statement of cash flows

Reconciliation to the cash flows for acquisition of property, plant and equipment is as follows:

	2021 RM'000	2020 RM'000
Additions during the year	45,187	29,316
Less: Leasing arrangements (Note 10(b))	(23,105)	(5,675)
Less: Depreciation capitalised in construction work-in-progress (Note 10(a))	-	(60)
Exchange differences	3,311	185
Total cash payments during the financial year	25,393	23,766

11. Deferred tax

	2021 RM'000	2020 RM'000
At 1 January	24,176	24,520
Recognised in statement of profit or loss and other comprehensive income (Note 9)	(19,830)	-
Exchange difference	659	(344)
At 31 December	5,005	24,176

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set-off current tax assets against current tax liabilities and when the deferred income taxes relate to the same tax authority. The net deferred tax assets and liabilities shown on the statement of financial position after appropriate offsetting are as follows:

	2021 RM'000	2020 RM'000
Deferred tax assets, net	5,005	24,176

INFORMATION ON OM SARAWAK (CONT'D)

Registration No: 201001031381 (915304-H)

OM Materials (Sarawak) Sdn. Bhd.**Notes to the Financial Statements****For the financial year ended 31 December 2021****11. Deferred tax (contd.)**

Deferred tax assets and liabilities prior to offsetting are summarised as follows:

	2021 RM'000	2020 RM'000
Deferred tax assets	225,218	241,532
Deferred tax liabilities	(220,213)	(217,356)
	<u>5,005</u>	<u>24,176</u>

The components and movements in deferred tax assets and liabilities during the financial year prior to offsetting are as follows:

	Property, plant and equipment RM'000	Unutilised tax loss, unabsorbed capital allowances and other temporary differences RM'000	Total RM'000
Deferred tax assets			
At 1 January 2020	183	215,707	215,890
Recognised in statement of profit or loss and other comprehensive income	(183)	25,825	25,642
At 31 December 2020 and 1 January 2021	-	241,532	241,532
Recognised in statement of profit or loss and other comprehensive income	131	(16,445)	(16,314)
At 31 December 2021	<u>131</u>	<u>225,087</u>	<u>225,218</u>

INFORMATION ON OM SARAWAK (CONT'D)

Registration No: 201001031381 (915304-H)

OM Materials (Sarawak) Sdn. Bhd.**Notes to the Financial Statements****For the financial year ended 31 December 2021****11. Deferred tax (contd.)**

The components and movements in deferred tax assets and liabilities during the financial year prior to offsetting are as follows: (contd.)

	Property, plant and equipment RM'000	Other temporary differences RM'000	Total RM'000
Deferred tax liabilities			
At 1 January 2020	191,040	330	191,370
Recognised in statement of profit or loss and other comprehensive income	26,316	(330)	25,986
At 31 December 2020 and 1 January 2021	217,356	-	217,356
Recognised in statement of profit or loss and other comprehensive income	2,857	-	2,857
At 31 December 2021	220,213	-	220,213

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

	2021 RM'000	2020 RM'000
Unutilised business losses	-	64,367
Deferred tax asset @ 24%, if recognised	-	15,448

At the reporting date, the Company has allowances as shown above that are available for offset against future taxable profits of the Company in which the losses and allowances arose, for which no deferred tax asset is recognised due to uncertainty of their realisation.

INFORMATION ON OM SARAWAK (CONT'D)

Registration No: 201001031381 (915304-H)

OM Materials (Sarawak) Sdn. Bhd.

Notes to the Financial Statements
For the financial year ended 31 December 2021

12. Inventories	2021	2020
	RM'000	RM'000
At cost:		
Raw materials	260,313	179,076
Finished goods	263,387	129,585
Indirect materials, tools and consumables	67,064	54,720
Work-in-progress	2,885	2,787
Electricity	296,610	189,765
	<u>890,259</u>	<u>555,933</u>
13. Trade and other receivables	2021	2020
	RM'000	RM'000
Trade receivables		
Third parties	18,999	41,621
Amount due from holding company	182,024	63,361
	<u>201,023</u>	<u>104,982</u>
Other receivables		
Sundry receivables	4,126	3,897
Amount due from a fellow subsidiary	945	206
Amount due from a related company	47	-
	<u>5,118</u>	<u>4,103</u>
Total trade and other receivables	<u>206,141</u>	<u>109,085</u>

(a) Trade receivables

Trade receivables, inclusive of the amount due from holding company, are non-interest bearing. The credit period granted to trade receivables is generally 30 days (2020: 30 days).

Further details on related party transactions are disclosed in Note 22.

INFORMATION ON OM SARAWAK (CONT'D)

Registration No: 201001031381 (915304-H)

OM Materials (Sarawak) Sdn. Bhd.

Notes to the Financial Statements
For the financial year ended 31 December 2021

13. Trade and other receivables (contd.)

(a) Trade receivables (contd.)

Ageing analysis of trade receivables

The ageing analysis of the Company's trade receivables is as follows:

	2021	2020
	RM'000	RM'000
Neither past due nor impaired	191,409	104,808
1 to 30 days past due but not impaired	-	5
30 to 60 days past due but not impaired	9,614	169
	<u>201,023</u>	<u>104,982</u>

Receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Company.

None of the Company's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

Receivables that are past due but not impaired

The Company has trade receivables amounting to RM9,614,373 (2020: RM173,925) that are past due at the reporting date but not impaired. None of the past due account holders have history of default records. The management is confident in making collection from these receivables in the near future.

(b) Sundry receivables

Sundry receivables are unsecured, non-interest bearing and have no fixed term of repayment.

(c) Amounts due from a fellow subsidiary and a related company

The amounts due from related company and fellow subsidiary are unsecured, non-interest bearing and repayable on demand.

Further details on related party transactions are disclosed in Note 22.

INFORMATION ON OM SARAWAK (CONT'D)

Registration No: 201001031381 (915304-H)

OM Materials (Sarawak) Sdn. Bhd.

Notes to the Financial Statements
For the financial year ended 31 December 2021

13. Trade and other receivables (contd.)

The Company's trade and other receivables are denominated in the following currencies:

	2021 RM'000	2020 RM'000
United States Dollar	191,811	102,024
Euro	11,991	5,744
Malaysian Ringgit	2,331	1,317
Singapore Dollar	8	-
	<u>206,141</u>	<u>109,085</u>

14. Cash and short-term deposits

	2021 RM'000	2020 RM'000
Cash at banks and on hand	76,955	42,063
Short-term deposits with licensed bank	562	542
Total cash and short-term deposits	<u>77,517</u>	<u>42,605</u>
Less: Deposits held with licensed bank with maturity more than three months	<u>(562)</u>	<u>(542)</u>
Cash and cash equivalents	<u>76,955</u>	<u>42,063</u>

Cash at banks earn interest at floating rates based on daily bank deposit rates. Short term deposits are made for varying periods of between three months to six months (2020: one day to six months), depending on the immediate cash requirements of the Company, and earn interest at the respective short-term deposit rates ranging from 0.10% to 0.15% (2020: 0.08% to 2.70%) per annum.

The Company's cash and short-term deposits are denominated in the following currencies:

	2021 RM'000	2020 RM'000
United States Dollar	61,811	29,290
Malaysian Ringgit	12,300	13,315
Euro	3,406	-
	<u>77,517</u>	<u>42,605</u>

INFORMATION ON OM SARAWAK (CONT'D)

Registration No: 201001031381 (915304-H)

OM Materials (Sarawak) Sdn. Bhd.

Notes to the Financial Statements

For the financial year ended 31 December 2021

15. Loans and borrowings	2021 RM'000	2020 RM'000
Current		
Secured:		
Lease liabilities	6,540	4,402
Trade facilities	172,767	125,671
Term loans	107,689	156,737
	286,996	286,810
Restructuring and arrangement fee	(1,776)	(1,858)
Total current loans and borrowings	285,220	284,952
Non-current		
Secured:		
Lease liabilities	10,985	2,679
Term loans	853,853	854,516
	864,838	857,195
Restructuring and arrangement fee	(2,446)	(3,023)
	862,392	854,172
Unsecured:		
Shareholders' loans	38,405	36,588
Total non-current loans and borrowings	900,797	890,760
Total loans and borrowings	1,186,017	1,175,712

The remaining maturities of the loans and borrowings for the years ended 31 December 2021 and 2020 are as follows:

	2021 RM'000	2020 RM'000
Maturity period of borrowings:		
Repayable within one year	285,220	284,952
More than one year and less than two years	125,645	216,569
More than two years and less than five years	736,747	637,603
More than five years	38,405	36,588
	1,186,017	1,175,712

INFORMATION ON OM SARAWAK (CONT'D)

Registration No: 201001031381 (915304-II)

OM Materials (Sarawak) Sdn. Bhd.

Notes to the Financial Statements

For the financial year ended 31 December 2021

15. Loans and borrowings (contd.)

The interest rates of the Company are as follows:

	2021 %	2020 %
Lease liabilities	4.22 - 6.07	4.47 - 8.05
Trade facilities	1.25 - 3.84	1.18 - 5.66
Term loans	1.77 - 4.50	1.77 - 6.87
Shareholders' loans	1.24 - 1.53	1.53 - 3.20

Loans and borrowings that are not denominated in the functional currency amounted to RM17,525,156 (2020: RM241,930,834).

On 11 June 2021, one of the term loan facility was redenominated from RM 230,200,490 to USD56,084,252.

(a) Term loans and trade facilities

The term loans and trade facilities are secured by:

- (a) share charge;
- (b) charge over bank accounts;
- (c) charge over land;
- (d) debenture;
- (e) borrower assignment;
- (f) assignment of insurances;
- (g) shareholder assignment;
- (h) assignment of reinsurances; and
- (i) any other document, agreement, notice, acknowledgement, consent or instrument of filing securing the Secured Indebtedness.

These facilities are secured by the charge over the property, plant and equipment as disclosed in Note 10(c).

(b) Shareholders' loans

Shareholders' loans are unsecured. None of the shareholders are entitled to demand or receive payment or any distribution in respect of any shareholders' loans due from the Company. Commencing from year 2020, repayment may be made subject to the satisfaction of pre-agreed tests typical for a project financing of this nature.

INFORMATION ON OM SARAWAK (CONT'D)

Registration No: 201001031381 (915304-H)

OM Materials (Sarawak) Sdn. Bhd.

Notes to the Financial Statements

For the financial year ended 31 December 2021

15. Loans and borrowings (contd.)**(c) Lease liabilities**

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

	2021 RM'000	2020 RM'000
At 1 January	7,081	11,133
Additions (Note 10(b))	23,105	5,675
Termination	(4,360)	(396)
Interest expense on lease liabilities (Note 6)	853	414
Repayment of lease:		
- principal	(7,871)	(9,517)
- interest	(853)	(414)
Unrealised foreign exchange (gain)/loss	(775)	113
Realised foreign exchange loss	345	73
At 31 December	<u>17,525</u>	<u>7,081</u>

The following are the amounts recognised in profit or loss:

	2021 RM'000	2020 RM'000
Depreciation of right-of-use assets (Note 10(b))	8,594	9,927
Interest expense on lease liabilities (Note 6)	853	414
Expenses relating to short-term leases	6,018	6,010
Expenses relating to leases of low-value assets and variable leases	<u>1,316</u>	<u>1,099</u>

Total cash outflow for leases amounted to RM16,058,476 (2020: RM17,040,141).

There were no leases with residual value guarantee or leases not yet commenced to which the Company is committed.

INFORMATION ON OM SARAWAK (CONT'D)

Registration No: 201001031381 (915304-H)

OM Materials (Sarawak) Sdn. Bhd.**Notes to the Financial Statements****For the financial year ended 31 December 2021**

16. Trade and other payables		
	2021	2020
	RM'000	RM'000
Current:		
Trade payables		
Third parties	309,553	276,870
Amount due to holding company	9,163	46,077
Amount due to fellow subsidiaries	30,252	17,185
Amount due to related company	7,926	-
	<hr/>	<hr/>
	356,894	340,132
Other payables		
Sundry payables	2,205	20,338
Accrued operating expenses	31,078	21,315
Amount due to holding company	15,649	15,059
Amount due to fellow subsidiaries	23,277	12,604
Retention monies	5,492	8,753
	<hr/>	<hr/>
	77,701	78,069
Total current trade and other payables	<hr/>	<hr/>
	434,595	418,201
Non-current:		
Trade payables		
Third parties	163,915	169,220
	<hr/>	<hr/>
Other payables		
Retention monies	130	89
	<hr/>	<hr/>
Total non-current trade and other payables	164,045	169,309
	<hr/>	<hr/>
Total trade and other payables	598,640	587,510

INFORMATION ON OM SARAWAK (CONT'D)

Registration No: 201001031381 (915304-H)

OM Materials (Sarawak) Sdn. Bhd.

Notes to the Financial Statements
For the financial year ended 31 December 2021

16. Trade and other payables (contd.)

The ageing analysis of the Company's trade and other payables are as follows:

	2021	2020
	RM'000	RM'000
Maturity period of payables:		
Repayable within one year	434,595	418,201
More than one year and less than two years	65,696	103,969
More than two years and less than five years	98,349	65,340
	<u>598,640</u>	<u>587,510</u>

(i) Trade payables

Trade payables, inclusive of amounts due to holding company, fellow subsidiaries and related companies are non-interest bearing. However, certain trade payables impose interest. The credit period granted by trade payables is generally between 30 to 120 days (2020: 30 to 120 days).

Further details on related party transactions are disclosed in Note 22.

(ii) Sundry payables

Sundry payables are unsecured, non-interest bearing and have no fixed term of repayment.

(iii) Amounts due to holding company and fellow subsidiaries

The amounts are unsecured, non-interest bearing and repayable on demand.

Further details on related party transactions are disclosed in Note 22.

The Company's trade and other payables are denominated in the following currencies:

	2021	2020
	RM'000	RM'000
United States Dollar	103,665	123,182
Malaysian Ringgit	478,951	464,322
Chinese Yuan	16,024	-
Others	-	6
	<u>598,640</u>	<u>587,510</u>

INFORMATION ON OM SARAWAK (CONT'D)

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OM Materials (Sarawak) Sdn. Bhd.

Notes to the Financial Statements
For the financial year ended 31 December 2021

17. Deferred income

Government grant

	2021 RM'000	2020 RM'000
At 1 January	35,583	38,405
Amortisation during the year (Note 7)	(2,341)	(2,382)
Exchange differences	1,228	(440)
At 31 December	34,470	35,583
Presented as:		
Current	2,364	2,283
Non-current	32,106	33,300

Government grant was awarded for the construction of certain items of property, plant and equipment. There are no unfulfilled conditions or contingencies attached to the grant.

18. Contract liabilities

Contract liabilities primarily relate to advance consideration received from a customer for freight and insurance services for which revenue is recognised over time during the delivery of goods to contract customers.

19. Financial instruments

Categories of financial instruments

The table below provides an analysis of the financial instruments as at the reporting date categorised as follows:

	Carrying amount		Financial assets Amortised cost	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Trade and other receivables	206,141	109,085	206,141	109,085
Cash and bank balances	77,517	42,605	77,517	42,605
	283,658	151,690	283,658	151,690

INFORMATION ON OM SARAWAK (CONT'D)

Registration No: 201001031381 (915304-I1)

OM Materials (Sarawak) Sdn. Bhd.**Notes to the Financial Statements****For the financial year ended 31 December 2021****19. Financial instruments (contd.)****Categories of financial instruments (contd.)**

The table below provides an analysis of the financial instruments as at the reporting date categorised as follows: (contd.)

	Carrying amount		Financial liabilities Amortised cost	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Loans and borrowings	1,186,017	1,175,712	1,186,017	1,175,712
Trade and other payables	598,640	587,510	598,640	587,510
	<u>1,784,657</u>	<u>1,763,222</u>	<u>1,784,657</u>	<u>1,763,222</u>

20. Share capital

	Number of shares		Amount	
	2021	2020	2021	2020
			RM'000	RM'000
Issued capital				
Ordinary Shares				
At 1 January	625,462,936	625,462,936	625,463	625,463
Issued during the year	36,913,712	-	36,914	-
At 31 December	<u>662,376,648</u>	<u>625,462,936</u>	<u>662,377</u>	<u>625,463</u>
Irredeemable Convertible Preference Shares				
At 1 January and at 31 December	<u>174,761,201</u>	<u>174,761,201</u>	<u>174,761</u>	<u>174,761</u>
	<u>837,137,849</u>	<u>800,224,137</u>	<u>837,138</u>	<u>800,224</u>

INFORMATION ON OM SARAWAK (CONT'D)

Registration No: 201001031381 (915304-H)

OM Materials (Sarawak) Sdn. Bhd.

Notes to the Financial Statements
For the financial year ended 31 December 2021

20. Share capital (contd.)**(a) Ordinary shares**

During the year, the share capital was increased by RM36,913,712 by the issuance of 36,913,712 new ordinary shares at an issue price of RM1 per share.

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regard to the Company's residual assets.

(b) Irredeemable Convertible Preference Shares ("ICPS")

The holders of ICPS shall carry a fixed cumulative preferential dividend at the rate of 6.5% per annum on the Issue Price for the time being paid up on those shares.

The ICPS's holders carry no right to vote at any general meeting of the Company except for the following circumstances:

- (i) when the dividend or part of the dividend on the ICPS is in arrears for more than 6 months;
- (ii) on a proposal that varies or abrogates the rights attached to the ICPS; or
- (iii) on a proposal to wind-up the Company.

Where the holders of the ICPS are entitled to vote at any general meeting, every ICPS shall on a poll, carry one vote for every such share on which its issue price has been fully paid up.

21. Other reserves

	Cash flow hedge reserve RM'000	Foreign currency translation reserve RM'000	Total RM'000
At 1 January 2020	(9,258)	92,085	82,827
Other comprehensive income			
Reclassified to profit or loss (Note 7)	2,987	-	2,987
Exchange differences	-	(7,686)	(7,686)
	2,987	(7,686)	(4,699)
At 31 December 2020	(6,271)	84,399	78,128

INFORMATION ON OM SARAWAK (CONT'D)

Registration No: 201001031381 (915304-I)

OM Materials (Sarawak) Sdn. Bhd.

 Notes to the Financial Statements
 For the financial year ended 31 December 2021

21. Other reserves (contd.)

	Cash flow hedge reserve RM'000	Foreign currency translation reserve RM'000	Total RM'000
At 1 January 2021	(6,271)	84,399	78,128
Other comprehensive income			
Reclassified to profit or loss (Note 7)	8,996	-	8,996
Exchange differences	-	29,866	29,866
	8,996	29,866	38,862
At 31 December 2021	2,725	114,265	116,990

22. Related party transactions

In addition to the related party information disclosed elsewhere in the financial statements, the following transactions between the Company and related parties took place at terms agreed between the parties during the financial year:

(a) Sale and purchase of goods and services

	2021 RM'000	2020 RM'000
Revenue		
Sale of goods to holding company	(1,052,582)	(1,004,896)
Expenses		
Commission charged by holding company	15,042	10,328
Purchase of raw materials, parts, and equipment from:		
- Holding company	284,305	306,477
- Fellow subsidiaries	50,930	47,377
- Related company*	30,529	9,271
Rental of equipment and services from a fellow subsidiary	34,528	20,210
Interest expense charged by holding company	400	676
Interest expense charged by corporate shareholder	128	216

* Related company is a company with the same ultimate holding company.

Information regarding outstanding balances arising from related party transactions as at 31 December 2021 are disclosed in Note 13 and Note 16.

INFORMATION ON OM SARAWAK (CONT'D)

Registration No: 201001031381 (915304-H)

OM Materials (Sarawak) Sdn. Bhd.

Notes to the Financial Statements
For the financial year ended 31 December 2021

22. Related party transactions (contd.)**(b) Compensation of key management personnel**

The remuneration of directors of the Company during the year was as follows:

	2021 RM'000	2020 RM'000
Executive:		
Salaries and other emoluments	1,064	866
	<u>1,064</u>	<u>866</u>

23. Capital commitments

Capital expenditure as at the reporting date was as follow:

	2021 RM'000	2020 RM'000
Approved and contracted for:		
- Property, plant and equipment	175,638	255
	<u>175,638</u>	<u>255</u>

24. Financial instruments & fair value**(a) Determination of fair value**

For financial instruments measured at fair value, where available, quoted and observable market prices in an active market or dealer price quotations are used to measure fair value. These include listed equity securities and broker quotes on Bloomberg and Reuters.

Where such quoted and observable market prices are not available, fair values are determined using appropriate valuation techniques, which include the use of mathematical models, such as discounted cash flow models and option pricing models, comparison to similar instruments for which market observable prices exist and other valuation techniques. The objective of valuation techniques is to arrive at a fair value determination that reflects the price of the financial instrument at the reporting date that would have been determined by market participants acting at arm's length. Valuation techniques used incorporate assumptions regarding discount rates, interest/profit rate yield curves, estimates of future cash flows and other factors, as applicable. Changes in these assumptions could materially affect the fair values derived.

INFORMATION ON OM SARAWAK (CONT'D)

Registration No: 201001031381 (915304-H)

OM Materials (Sarawak) Sdn. Bhd.

Notes to the Financial Statements

For the financial year ended 31 December 2021

24. Fair value measurements (contd.)

(a) Determination of fair value and the fair value hierarchy (contd.)

The Company generally uses widely recognised valuation techniques with market observable inputs, if available, for the determination of fair value, which require minimal management judgement and estimation, due to the low complexity of the financial instruments held.

MFRS 13 Fair Value Measurement requires each class of assets and liabilities measured at fair value in the statement of financial position after initial recognition to be categorised according to a hierarchy that reflects the significance of inputs used in making the measurements, in particular, whether the inputs used are observable or unobservable.

The following levels of hierarchy are used for determining and disclosing the fair value of those financial instruments and non-financial assets:

- Level 1 - Quoted market prices: quoted prices (unadjusted) in active market for identical instruments;
- Level 2 - Fair values based on observable inputs: inputs other than quoted prices included within Level 1 that are observable for the instrument, whether directly (i.e. prices) or indirectly (i.e. derived from prices), are used; and
- Level 3 - Fair values derived using unobservable inputs: inputs used are not based on observable market data and the unobservable inputs may have a significant impact on the valuation of the financial instruments and non-financial assets.

(b) Financial instruments not measured at fair value

The following are classes of financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value:

	Note
Trade and other receivables	13
Cash and short-term deposits	14
Loans and borrowings	15
Trade and other payables	16

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values, either due to their short-term nature or they are already discounted at appropriate discount rates.

INFORMATION ON OM SARAWAK (CONT'D)

Registration No: 201001031381 (915304-H)

OM Materials (Sarawak) Sdn. Bhd.

Notes to the Financial Statements

For the financial year ended 31 December 2021

25. Financial risk management objectives and policies

The Company is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk, foreign exchange risk and market price risk.

The following sections provide details regarding the Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

(a) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the Company to incur a financial loss. The Company's exposure to credit risk arises primarily from trade receivables, cash and cash equivalents and other financial assets. For trade receivables, the Company adopts the policy of dealing only with customers of appropriate credit history, and obtaining sufficient security where appropriate to mitigate credit risk. For other financial assets, the Company adopts the policy of dealing only with high credit quality counterparties.

The Company's objective is to seek continual growth while minimising losses incurred due to increased credit risk exposure.

Credit exposure to an individual counterparty is restricted by credit limits that are approved by management based on ongoing credit evaluation. The counterparty's payment profile and credit exposure are continuously monitored at the entity level by the respective management.

Exposure to credit risk

As the Company does not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the statement of financial position.

The Company's major classes of financial assets are bank deposits and trade receivables. Cash is held with reputable financial institutions. Further details of credit risks on trade and other receivables are disclosed in Note 13.

INFORMATION ON OM SARAWAK (CONT'D)

Registration No: 201001031381 (915304-H)

OM Materials (Sarawak) Sdn. Bhd.

Notes to the Financial Statements
For the financial year ended 31 December 2021

25. Financial risk management objectives and policies (contd.)

(a) Credit risk (contd.)

Trade receivables

Loss allowance on trade receivables

For estimating loss allowance on trade receivables, the Company applies the simplified approach permitted by MFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables. The Company uses a provision matrix to measure the lifetime ECL allowance for trade receivables. In measuring the ECL, trade receivables are assessed based on shared credit risk characteristics and days past due. In calculating the expected credit loss rates, the Company considers historical loss rates for each category of customers and adjusts to reflect current and forward-looking macroeconomic factors affecting the ability of the customers to settle the receivables. Trade receivables are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Company. Where recoveries are made, these are recognised in profit or loss.

(b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations due to shortage of funds. The Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Company adopts prudent approach to manage its liquidity risk.

The Company always maintains sufficient cash and cash equivalents to ensure that it will have sufficient liquidity to meet its liabilities when they fall due.

INFORMATION ON OM SARAWAK (CONT'D)

Registration No: 201001031381 (915304-H)

OM Materials (Sarawak) Sdn. Bhd.

Notes to the Financial Statements
For the financial year ended 31 December 2021**25. Financial risk management objectives and policies (contd.)****(b) Liquidity risk (contd.)****Analysis of financial instruments by remaining contractual maturities**

The table below summarises the maturity profile of the Company's financial liabilities at the reporting date based on contractual undiscounted repayment obligations.

	Carrying amount RM'000	On demand or within one year RM'000	Two to five years RM'000	More than five years RM'000	Total RM'000
At 31 December 2021					
Financial liabilities:					
Loans and borrowings	1,186,017	321,852	962,977	38,405	1,323,234
Trade and other payables	598,640	434,595	175,635	-	610,230
Total undiscounted financial liabilities	<u>1,784,657</u>	<u>756,447</u>	<u>1,138,612</u>	<u>38,405</u>	<u>1,933,464</u>
At 31 December 2020					
Financial liabilities:					
Loans and borrowings	1,175,712	284,952	918,272	36,588	1,239,812
Trade and other payables	587,510	418,201	183,491	-	601,692
Total undiscounted financial liabilities	<u>1,763,222</u>	<u>703,153</u>	<u>1,101,763</u>	<u>36,588</u>	<u>1,841,504</u>

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INFORMATION ON OM SARAWAK (CONT'D)

Registration No: 201001031381 (915304-I1)

OM Materials (Sarawak) Sdn. Bhd.**Notes to the Financial Statements****For the financial year ended 31 December 2021****25. Financial risk management objectives and policies (contd.)****(c) Interest rate risk**

As the Company has no significant interest-bearing financial assets, the Company's income and operating cash flows are substantially independent of changes in market interest rates. The Company's interest-bearing financial assets are mainly short term in nature and have been mostly placed in fixed deposits. The interest rate profile of the Company's interest-bearing financial instrument, based on carrying amounts as at the end of the reporting period was:

	2021 RM'000	2020 RM'000
Fixed rate instruments		
Lease liabilities	17,525	7,081
Floating rate instruments		
Shareholders' loans	38,405	36,588
Trade facilities	172,767	125,671
Term loans	961,542	1,011,253

Sensitivity analysis for interest rate risk

The Company have minimal exposure to interest rate risk at the reporting date and a change in interest rate would not materially affect profit or loss hence, sensitivity analysis is not presented.

(d) Foreign exchange risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates.

The Company has transactional currency exposures that are denominated in currencies other than the functional currency of the Company, United States Dollar ("USD"). The foreign currencies in which these material transactions are denominated are Ringgit Malaysia ("RM") and Euro.

INFORMATION ON OM SARAWAK (CONT'D)

Registration No: 201001031381 (915304-H)

OM Materials (Sarawak) Sdn. Bhd.

**Notes to the Financial Statements
For the financial year ended 31 December 2021**

25. Financial risk management objectives and policies (contd.)

(d) Foreign exchange risk (contd.)

The Company faces foreign exchange risk as certain bank balances, trade and other receivables, loans and borrowings and trade and other payables are denominated in foreign currencies or whose price is influenced by its benchmark price movements in foreign currencies as quoted on international markets.

The Company does not have any formal hedging policy for its foreign exchange exposure and did not actively engage in activities to hedge its foreign currency exposures during the financial year.

Exposure to foreign currency risk is monitored on an on-going basis and the Company endeavours to keep the net exposure at an acceptable level.

Sensitivity analysis for foreign currency

With all other variables held constant, a change of 5% (2020: 5%) in Euro exchange rate against the functional currency of the Company will result in a change in loss of RM597,543 (2020: RM227,697) for the year. Any change in RM exchange rate against the functional currency of the Company has no effect on the financial statements because the presentation currency is in RM.

(e) Market price risk

The Company is exposed to market price risk from its operations. The market price of ferroalloy products is determined by supply, pricing and demand. These factors can result in fluctuations in the market prices.

26. Capital management

The primary objective of the Company's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximise shareholder value. No changes were made to the objective, policies and processes during the years ended 31 December 2021 and 2020.

The Company reviews its capital structure and make adjustments to reflect economic conditions, business strategies and future commitments on a continuous basis.

The Company monitors capital using a gearing ratio which is net debt divided by equity plus net debt. The Company includes within net debt, loans and borrowings less cash and bank balances.

INFORMATION ON OM SARAWAK (CONT'D)

Registration No: 201001031381 (915304-H)

OM Materials (Sarawak) Sdn. Bhd.**Notes to the Financial Statements****For the financial year ended 31 December 2021****26. Capital management (contd.)**

The Company is in compliance with all externally imposed capital requirements in respect of certain external borrowings for the financial years ended 31 December 2021 and 2020.

	Note	2021 RM'000	2020 RM'000
Loans and borrowings	15	1,186,017	1,175,712
Less: Cash and short term deposits	14	(77,517)	(42,605)
Net debt		<u>1,108,500</u>	<u>1,133,107</u>
Total equity		<u>1,147,059</u>	<u>720,354</u>
Capital and net debt		<u><u>2,255,559</u></u>	<u><u>1,853,461</u></u>
Gearing ratio (times)		<u>0.49</u>	<u>0.61</u>

27. Changes in liabilities arising from financing activities

	Note	2021 RM'000	2020 RM'000
At 1 January		1,175,712	1,285,976
Additions to lease liabilities	15(c)	23,105	5,675
Termination of lease liabilities	15(c)	(4,360)	(396)
Amortisation of restructuring and arrangement fee	6	2,318	3,687
Additions to restructuring and arrangement fee		(2,574)	-
Gain on extinguishment of financial liabilities	5	(27,601)	-
Drawdown of trade facilities		524,101	484,516
Interest expense on shareholders' loans	6	528	892
Repayment of lease liabilities	15(c)	(7,871)	(9,517)
Repayment of term loans		(80,059)	(67,443)
Repayment of trade facilities		(481,823)	(516,783)
Unrealised foreign exchange loss		23,051	5,375
Effects of foreign exchange rate changes		41,490	(16,270)
At 31 December		<u><u>1,186,017</u></u>	<u><u>1,175,712</u></u>

INFORMATION ON OM SARAWAK (CONT'D)

Registration No: 201001031381 (915304-H)

OM Materials (Sarawak) Sdn. Bhd.

**Notes to the Financial Statements
For the financial year ended 31 December 2021**

28. Significant event

(a) Impact of COVID-19

The novel coronavirus ("COVID-19") pandemic has affected many businesses and the Malaysian economy as a whole. On 27 May 2021, the Company was instructed by the Bintulu Resident Office to temporarily cease operations and conduct COVID-19 screening test for all our employees and on 25 June 2021, approval was granted for the Company to resume operations.

The impact of COVID-19 on the Company's financial statements for the financial year ended 31 December 2021 had been reflected in the financial statements.

(b) Conversion to Metallic Silicon

During the year, the Company entered into a development agreement for the conversion of two units of ferrosilicon furnaces to produce metallic silicon, a higher value added product. This is in line with the Company's plans to diversify into the aluminium, chemicals, and solar downstream industries.

29. Authorisation of financial statements for issue

The financial statements for the year ended 31 December 2021 were authorised for issue by the Board in accordance with a resolution of the directors on **18 MAR 2022**

INFORMATION ON OM SAMALAJU

1.0 HISTORY AND BUSINESS

OM Samalaju was incorporated in Malaysia as a private limited company under the Companies Act 1965 on 19 February 2013. It is principally involved in project development and project management services. It develops and manages selected capital projects for OM Sarawak.

2.0 SHARE CAPITAL

As at the LPD, OM Samalaju has an issued share capital of RM128.31 million, comprising 128.31 million ordinary shares.

3.0 SUBSIDIARY AND ASSOCIATED COMPANIES

As at the LPD, OM Samalaju does not have any subsidiary or associated company.

4.0 TYPE OF ASSETS OWNED

As at the LPD, OM Samalaju does not own any land or building.

5.0 DIRECTORS

The directors of OM Samalaju and their respective shareholdings in OM Samalaju as at the LPD are as follows:-

Director	Nationality	Designation	No. of OM Samalaju Shares			
			Direct	%	Indirect	%
Low Ngee Tong	Singaporean	Director	-	-	-	-
Chen XiaoDong	People's Republic of China (PRC)	Director	-	-	-	-
Edward Young Woo Hwa	Singaporean	Director	-	-	-	-
Goh Ping Choon	Singaporean	Director	-	-	-	-
Mustapha Bin Ismuni	Malaysian	Director	-	-	-	-
Mok Chek Wei	Malaysian	Director	-	-	-	-
Mastura Binti Mansor	Malaysian	Director	-	-	-	-
Ang Yi Mei, Daphne	Singaporean	Director	-	-	-	-
Ng Jiunn Jiing	Malaysian	(alternate director to Goh Ping Choon)	-	-	-	-

6.0 SHAREHOLDERS

As at the LPD, the shareholders of and their respective shareholdings in OM Samalaju are as follows:-

Name	Country of incorporation	No. of OM Samalaju Shares			
		Direct	%	Indirect	%
SISB	Malaysia	32,077,500	25.0	-	-
OMS	Singapore	96,232,500	75.0	-	-

INFORMATION ON OM SAMALAJU (CONT'D)

7.0 MATERIAL COMMITMENTS AND CONTINGENT LIABILITIES

As at the LPD, there are no material commitments incurred or known to be incurred by OM Samalaju which upon becoming enforceable, may have a material impact on the financial results/position of OM Samalaju, save and except for the following:-

Material commitment	RM
Furnace conversion projects	46,743,703

As at the LPD, there are no contingent liabilities incurred or known to be incurred by OM Samalaju which upon becoming enforceable, may have a material impact on the financial results/position of OM Samalaju.

8.0 MATERIAL CONTRACTS

There are no material contracts (not being contracts entered into in the ordinary course of business) which have been entered into by OM Samalaju within the last two (2) years immediately preceding the date of this Circular.

9.0 MATERIAL LITIGATION

As at the LPD, OM Samalaju is not engaged in any material litigation, claims or arbitration, either as plaintiff or defendant, including those pending or threatened against OM Samalaju, that may materially affect the business or financial position of OM Samalaju.

10.0 FINANCIAL INFORMATION

The historical financial information of OM Samalaju for the past three (3) FYE 2019 to FYE 2021 and FPE 2022 are as follows:-

	<----- Audited ----->			Unaudited
	FYE 2019	FYE 2020	FYE2021	FPE 2022
	RM'000	RM'000	RM'000	RM'000
Revenue	-	-	-	-
PBT / (LBT)	505	(2,975)	(22,009)	(574)
PAT / (LAT)	506	(2,977)	(22,014)	(574)
Shareholders' funds / NA	87,867	84,890	62,876	62,302
Issued share capital	128,310	128,310	128,310	128,310
Total borrowings	29,003	48,609	67,791	81,262
EPS / (LPS) (sen)	0.39	(2.32)	(17.16)	(0.45)
NA per share (RM)	0.68	0.66	0.49	0.49
Current ratio (times)	0.47	0.55	0.62	0.65
Gearing ratio (times)	0.33	0.57	1.08	1.30

There was no exceptional or extraordinary item for the past three (3) FYE 2019 to FYE 2021 and FPE 2022. There was no accounting policy adopted by OM Samalaju which are peculiar to OM Samalaju because of the nature of the business or the industry it is involved in and there was no audit qualification of financial statements of OM Samalaju for the FYE 2019 to FYE 2021. OM Samalaju does not generate any revenue although it has commenced its business operations as its projects are in the development stage.

INFORMATION ON OM SAMALAJU (*CONT'D*)

Commentaries on Past Financial Performance**FYE 2020**

OM Samalaju incurred an LAT of RM2.98 million as opposed to a PAT of RM0.51 million in FYE 2019 due to interest on shareholders' loans.

FYE 2021

OM Samalaju incurred a substantially higher LAT of RM22.01 million (FYE 2020: LAT of RM2.98 million) due to write off of plant and equipment in FYE 2021.

FPE 2022

For FPE 2022, OM Samalaju incurred a lower LAT of RM0.57 million (FPE 2021: LAT of RM1.55 million) due to lower unrealised foreign exchange losses on revaluation of USD denominated shareholders loans.

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INFORMATION ON OM SAMALAJU (*CONT'D*)

11.0 AUDITED FINANCIAL STATEMENTS OF OM SAMALAJU FOR FYE 2021

Registration No.: 201301005341 (1035184-W)

OM MATERIALS (SAMALAJU) SDN. BHD.
(Incorporated in Malaysia)

**FINANCIAL STATEMENTS AS AT 31 DECEMBER 2021
TOGETHER WITH DIRECTORS' AND AUDITORS' REPORTS**

INFORMATION ON OM SAMALAJU (CONT'D)

Registration No.: 201301005341 (1035184-W)

OM MATERIALS (SAMALAJU) SDN. BHD.
(Incorporated in Malaysia)

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INFORMATION ON OM SAMALAJU (CONT'D)

Registration No.: 201301005341 (1035184-W)

OM MATERIALS (SAMALAJU) SDN. BHD.
(Incorporated in Malaysia)

DIRECTORS' REPORT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

The directors hereby submit their report together with the audited financial statements of the Company for the financial year ended 31 December 2021.

PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of project development, and project management. There have been no significant changes in the nature of these principal activities during the financial year.

RESULTS

	RM
Loss for the financial year	<u>22,013,963</u>

DIVIDENDS

No dividends have been paid or declared since the end of the previous financial year.

RESERVES AND PROVISIONS

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

SHARES AND DEBENTURES

The Company did not issue any new shares or debentures during the financial year.

SHARE OPTIONS

No options have been granted by the Company to any parties during the financial year to take up unissued shares of the Company.

No shares have been issued during the financial year by virtue of the exercise of any option to take up unissued shares of the Company. As at the end of the financial year, there were no unissued shares of the Company under options.

INFORMATION ON OM SAMALAJU (CONT'D)

Registration No.: 201301005341 (1035184-W)

OM MATERIALS (SAMALAJU) SDN. BHD.
(Incorporated in Malaysia)

DIRECTORS' REPORT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

DIRECTORS

The directors of the Company in office at any time during the financial year and since the end of the financial year up to the date of this report are:

Low Ngee Tong	
Chen XiaoDong	
Edward Young Woo Hwa	
Goh Ping Choon	
Mustapha Bin Ismuni	
Ng Jiunn Jiing	(Alternate Director to Goh Ping Choon)
Ang Yi Mei, Daphne	(Appointed as Director on 1 June 2021)
Mok Chek Wei	(Resigned as Alternate Director to Isaac Lugun and appointed as Director on 12 August 2021)
	(Appointed as Director on 9 November 2021)
Mastura Binti Mansor	(Resigned as Director on 1 June 2021)
Tan Fong Nee	(Resigned as Director on 12 August 2021)
Isaac Lugun	(Resigned as Director on 12 August 2021)
Syed Hizam Alsagoff	(Resigned as Director on 12 August 2021)
Ling Koah Wi	(Resigned as Alternate Director to Syed Hizam Alsagoff on 12 August 2021, appointed as Director on 12 August 2021 and resigned as Director on 9 November 2021)

DIRECTORS' BENEFITS

During and at the end of the financial year, no arrangements subsisted to which the Company is a party, with the object or objects of enabling directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Since the end of the previous financial year, no director has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

DIRECTORS' INTERESTS

According to the Register of Directors' Shareholdings kept by the Company under Section 59 of the Companies Act 2016 ("Act"), the interest of Directors in office at the end of financial year in shares of the Company and its related corporations during the financial year were as follows:

INFORMATION ON OM SAMALAJU (CONT'D)

Registration No.: 201301005341 (1035184-W)

OM MATERIALS (SAMALAJU) SDN. BHD.

(Incorporated in Malaysia)

DIRECTORS' REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

DIRECTORS' INTERESTS (CONT'D)

	At 1.1.2021	Number of Ordinary Shares		At 31.12.2021
		Bought	Sold	
OM Holdings Limited				
- Ultimate holding company				
Direct Interest				
Low Ngee Tong	68,110,631	-	-	68,110,631
Goh Ping Choon	43,000	-	-	43,000
Mok Chek Wei	5,600	-	-	5,600

Other than disclosed above, none of the other directors in office at the end of the financial year had any interest in shares in the Company or its related corporations during the financial year ended 31 December 2021.

DIRECTORS' REMUNERATIONS

None of the directors or past directors of the Company have received any remunerations from the Company during the financial year.

None of the directors or past directors of the Company have received any other benefits otherwise than in cash from the Company during the financial year.

No payment has been paid to or receivable by any third party in respect of the services provided to the Company by the directors or past directors of the Company during the financial year.

INDEMNIFYING DIRECTORS, OFFICERS OR AUDITORS

No indemnities have been given to or insurance effected for, during or since the end of the financial year, to any person who is or has been the director or officer of the Company.

OTHER STATUTORY INFORMATION

Before the financial statements of the Company were prepared, the directors took reasonable steps:

- (a) to ascertain that proper action had been taken in relation to the writing-off of bad debts and the making of allowance for doubtful debts, and have satisfied themselves that there were no known bad debts and that no provision for doubtful debt was necessary; and
- (b) to ensure that any current assets which were unlikely to be realised at their book values in the ordinary course of business have been written down to their estimated realisable values.

INFORMATION ON OM SAMALAJU (CONT'D)

Registration No.: 201301005341 (1035184-W)

OM MATERIALS (SAMALAJU) SDN. BHD.
(Incorporated in Malaysia)

DIRECTORS' REPORT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

OTHER STATUTORY INFORMATION (CONT'D)

As at the date of this report, the directors are not aware of any circumstances:

- (a) which would necessitate the writing off of bad debts or the provision for doubtful debts; or
- (b) which would render the values attributed to current assets in the financial statements of the Company misleading; or
- (c) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Company misleading or inappropriate; or
- (d) not otherwise dealt with in this report or financial statements which would render any amount stated in the financial statements of the Company misleading.

As at the date of this report, there does not exist:

- (a) any charge on the assets of the Company which has arisen since the end of the financial year and secures the liability of any other person; or
- (b) any contingent liability of the Company which has arisen since the end of the financial year.

No contingent or other liability has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the Company to meet its obligations as and when they fall due.

In the opinion of the directors:

- (a) the results of the operations of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature.
- (b) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of operations of the Company for the financial year in which this report is made.

HOLDING COMPANIES

The holding company is OM Materials (S) Pte. Ltd., a company incorporated in Singapore and the ultimate holding company is OM Holdings Limited., a public company incorporated in Bermuda, listed on the Australian Securities Exchange and Main Market of Bursa Malaysia Securities Berhad.

SIGNIFICANT EVENT

Details of significant event is disclosed in Note 16 to the financial statements.

INFORMATION ON OM SAMALAJU (CONT'D)

Registration No.: 201301005341 (1035184-W)

OM MATERIALS (SAMALAJU) SDN. BHD.
(Incorporated in Malaysia)

DIRECTORS' REPORT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

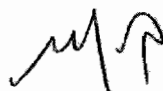
AUDITORS

The auditors, Messrs. B P Associates, have indicated their willingness to be re-appointed.

Approved by the Board and signed on behalf of the Directors



Ang Yi Mei, Daphne



Ng Jiunn Jiing

Date: 18 MAR 2022

INFORMATION ON OM SAMALAJU (CONT'D)

Registration No.: 201301005341 (1035184-W)

OM MATERIALS (SAMALAJU) SDN. BHD.
(Incorporated in Malaysia)

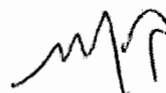
STATEMENT BY DIRECTORS
Pursuant to Section 251 (2) of the Companies Act 2016

The Directors of OM MATERIALS (SAMALAJU) SDN. BHD. state that, in the opinion of the directors, the financial statements set out on pages 10 to 37 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Company as at 31 December 2021 and of its financial performance and its cash flows for the financial year then ended.

Approved by the Board and signed on behalf of the Directors



Ang Yi Mei, Daphne



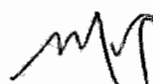
Ng Jiunn Jiing

Date: 18 MAR 2022

STATUTORY DECLARATION
Pursuant to Section 251 (1) (b) of the Companies Act 2016

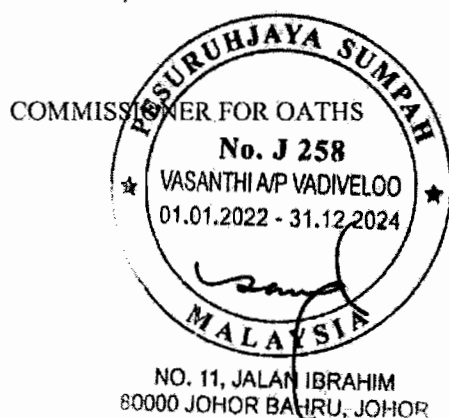
I, Ng Jiunn Jiing, the director primarily responsible for the financial management of OM MATERIALS (SAMALAJU) SDN. BHD., do solemnly and sincerely declare that the financial statements set out on pages 10 to 37 are, in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by)
the abovenamed Ng Jiunn Jiing)
at Johor Bahru in the State of Johor)
on 18 MAR 2022)



Ng Jiunn Jiing

Before me,



INFORMATION ON OM SAMALAJU (CONT'D)

Registration No.: 201301005341 (1035184-W)

B P ASSOCIATES

CHARTERED ACCOUNTANTS
[AF 1494]

Suite 11.2A, Level 11, Menara Pelangi,
No 2, Jalan Kuning, Taman Pelangi,
80400 Johor Bahru,
Johor, Malaysia.

Tel : 607-333 8800
Fax : 607-334 6151

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
OM MATERIALS (SAMALAJU) SDN. BHD.**

(Incorporated in Malaysia)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of OM MATERIALS (SAMALAJU) SDN. BHD., which comprise the statement of financial position as at 31 December 2021, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 10 to 37.

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

Basis for Opinion

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

Independence and Other Ethical Responsibilities

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

Information Other than the Financial Statements and Auditors' Report Thereon

The directors of the Company are responsible for the other information. The other information comprises the Directors' Report but does not include the financial statements of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Company does not cover the Directors' Report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Company, our responsibility is to read the Directors' Report and, in doing so, consider whether the Directors' Report is materially inconsistent with the financial statements of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement in the Directors' Report, we are required to report that fact. We have nothing to report in this regard.

INFORMATION ON OM SAMALAJU (CONT'D)

Registration No.: 201301005341 (1035184-W)

B P ASSOCIATES**REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)****Responsibilities of the Directors for the Financial Statements**

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

In preparing the financial statements of the Company, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

INFORMATION ON OM SAMALAJU (CONT'D)

Registration No.: 201301005341 (1035184-W)

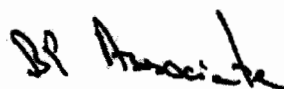
B P ASSOCIATES**REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)****Auditors' Responsibilities for the Audit of the Financial Statements (Cont'd)**

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Company, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

OTHER MATTERS

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



B P Associates
AF1494
Chartered Accountants



Fong Chee Meng
02707/09/2022 J
Chartered Accountant

Johor Bahru, Malaysia
Date: 18 MAR 2022

INFORMATION ON OM SAMALAJU (CONT'D)

Registration No.: 201301005341 (1035184-W)

OM MATERIALS (SAMALAJU) SDN. BHD.
(Incorporated in Malaysia)

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021

	Note	2021 RM	2020 RM
ASSETS			
NON-CURRENT ASSETS			
Plant and equipment	4	<u>91,163,415</u>	<u>107,600,825</u>
CURRENT ASSETS			
Other receivables	5	39,884,343	11,882,211
Tax recoverable		14,638	10,783
Cash and bank balances	6	<u>6,515,461</u>	<u>16,343,141</u>
		<u>46,414,442</u>	<u>28,236,135</u>
TOTAL ASSETS		<u><u>137,577,857</u></u>	<u><u>135,836,960</u></u>
EQUITY AND LIABILITIES			
Share capital	7	128,310,000	128,310,000
Accumulated losses		<u>(65,433,788)</u>	<u>(43,419,825)</u>
SHAREHOLDERS' EQUITY		<u>62,876,212</u>	<u>84,890,175</u>
CURRENT LIABILITIES			
Other payables	8	<u>74,701,645</u>	<u>50,946,785</u>
TOTAL LIABILITIES		<u>74,701,645</u>	<u>50,946,785</u>
TOTAL EQUITY AND LIABILITIES		<u><u>137,577,857</u></u>	<u><u>135,836,960</u></u>

The accompanying notes form an integral part of the financial statements.

INFORMATION ON OM SAMALAJU (CONT'D)

Registration No.: 201301005341 (1035184-W)

OM MATERIALS (SAMALAJU) SDN. BHD.
(Incorporated in Malaysia)

**STATEMENT OF COMPREHENSIVE INCOME
 FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021**

	Note	2021 RM	2020 RM
Other (expenses)/income	9	(20,905,206)	773,549
Administration expenses		(1,104,124)	(1,955,480)
Finance costs		-	(1,793,483)
Loss before tax	10	(22,009,330)	(2,975,414)
Income tax expenses	11	(4,633)	(1,109)
Loss for the financial year, representing total comprehensive expense for the financial year		<u>(22,013,963)</u>	<u>(2,976,523)</u>

The accompanying notes form an integral part of the financial statements.

INFORMATION ON OM SAMALAJU (CONT'D)

Registration No.: 201301005341 (1035184-W)

OM MATERIALS (SAMALAJU) SDN. BHD.
(Incorporated in Malaysia)**STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021**

	Share capital RM	Accumulated losses RM	Total RM
As at 1 January 2020	128,310,000	(40,443,302)	87,866,698
Total comprehensive expense for the financial year	-	(2,976,523)	(2,976,523)
As at 31 December 2020 and 1 January 2021	128,310,000	(43,419,825)	84,890,175
Total comprehensive expense for the financial year	-	(22,013,963)	(22,013,963)
As at 31 December 2021	128,310,000	(65,433,788)	62,876,212

The accompanying notes form an integral part of the financial statements.

INFORMATION ON OM SAMALAJU (CONT'D)

Registration No.: 201301005341 (1035184-W)

OM MATERIALS (SAMALAJU) SDN. BHD.
(Incorporated in Malaysia)**STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021**

	2021	2020
	RM	RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before tax	(22,009,330)	(2,975,414)
Adjustments for:		
Loss/(Gain) on foreign exchange (unrealised)	1,664,119	(1,084,187)
Write-off of plant and equipment	19,377,796	-
Interest income	(19,303)	(4,622)
Interest expense	-	1,793,483
Operating loss before working capital changes	(986,718)	(2,270,740)
<u>Changes in working capital</u>		
Receivables	(24,126,129)	197,789
Payables	3,778,940	17,111,777
Cash from operations	(21,333,907)	15,038,826
Interest received	19,303	4,622
Tax paid	(8,488)	(4,697)
Net cash (used in)/generated from operating activities	(21,323,092)	15,038,751
CASH FLOWS FROM INVESTING ACTIVITY		
Purchase of plant and equipment	(4,585,409)	(2,119,750)
Net cash used in investing activity	(4,585,409)	(2,119,750)
CASH FLOWS FROM FINANCING ACTIVITY		
Advance from shareholders	15,285,725	-
Net cash generated from financing activity	15,285,725	-
Net increase in cash and cash equivalents	(10,622,776)	12,919,001
Cash and cash equivalents at beginning of the financial year	16,343,141	3,441,433
Effects of exchange rate changes on the balances of cash held in foreign currencies	795,096	(17,293)
Cash and cash equivalents at end of the financial year	6,515,461	16,343,141
Cash and cash equivalents comprise:		
Cash and bank balances	6,515,461	13,343,141
Short-term deposits	-	3,000,000
	6,515,461	16,343,141

The accompanying notes form an integral part of the financial statements.

INFORMATION ON OM SAMALAJU (CONT'D)

Registration No.: 201301005341 (1035184-W)

OM MATERIALS (SAMALAJU) SDN. BHD.
(Incorporated in Malaysia)

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

1 GENERAL INFORMATION

The Company is a private limited company incorporated and domiciled in Malaysia.

The registered office is located at Suite 11.2B, Level 11, Menara Pelangi, 2, Jalan Kuning, Taman Pelangi, 80400 Johor Bahru, Johor.

The principal place of business is located at 1st Floor, Lot 55, Survey Lot 8507, Town Square Bintulu, Jalan Tun Ahmad Zaidi, 97000 Bintulu, Sarawak.

The Company is principally engaged in the business of project development and project management. There have been no significant changes in the nature of these principal activities during the financial year.

The holding company is OM Materials (S) Pte. Ltd., a company incorporated in Singapore and the ultimate holding company is OM Holdings Limited., a public company incorporated in Bermuda, listed on the Australian Securities Exchange and Main Market of Bursa Malaysia Securities Berhad.

The financial statements of the Company are presented in Ringgit Malaysia.

2 SIGNIFICANT ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

The financial statements have been prepared in accordance with the Malaysian Financial Reporting Standards ('MFRS'), International Financial Reporting Standards and the provisions of the Companies Act 2016 in Malaysia.

The financial statements have been prepared on the historical cost basis, unless otherwise stated below. The principal accounting policies adopted are set out below.

2.2 ADOPTION OF NEW AND REVISED STANDARDS

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Company has adopted all the new and revised standards which are effective for annual financial periods beginning on or after 1 January 2021.

Effective for financial period beginning on or after 1 January 2021

Amendments to MFRS 4, MFRS 7, Interest Rate Benchmark Reform – Phase 2
 MFRS 9 and MFRS 16

The adoption of the new and revised standards did not have any significant effect on the financial statements of the Company.

INFORMATION ON OM SAMALAJU (CONT'D)

Registration No.: 201301005341 (1035184-W)

OM MATERIALS (SAMALAJU) SDN. BHD.
(Incorporated in Malaysia)

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

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 STANDARDS ISSUED BUT NOT YET EFFECTIVE

The Company has not adopted the following new MFRSs and amendments/ improvements to MFRSs and IC Interpretation ("IC Int") that have been issued as at the date of authorisation of these financial statements but are not yet effective for the Company:-

Effective for financial period beginning on or after 1 April 2021

Amendments to MFRS 16	Leases – Covid 19-Related Rent Concessions beyond 30 June 2021*
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Effective for financial period beginning on or after 1 January 2022

Amendments to MFRS 3	Business Combinations – Reference to Conceptual Framework *
Amendments to MFRS 116	Property, Plant and Equipment – Proceed before intended Use
Amendments to MFRS 137	Provision, Contingent Liabilities and Contingent Assets – Onerous Contract – Cost of Fulfilling a Contract
Annual improvements to MFRS Standards 2018-2020	

Effective for financial period beginning on or after 1 January 2023

MFRS 17	Insurance Contracts *
Amendments to MFRS 17	Insurance Contracts – Initial Application of MFRS 17 and MFRS 9 – Comparative Information *
Amendments to MFRS 101	Presentation of Financial Statements – Classification of Liabilities as Current or Non-current and Disclosure of Accounting Policies
Amendments to MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates
Amendments to MFRS 112	Income Taxes – Deferred Tax related to Assets and Liabilities arising from a Single Transaction

Effective date to be announced

Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture *
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*Not applicable to the Company.

The Company will adopt the above pronouncements when they become effective in the respective financial periods. These pronouncements are not expected to have any effect to the financial statements of the Company upon their initial application.

INFORMATION ON OM SAMALAJU (CONT'D)

Registration No.: 201301005341 (1035184-W)

OM MATERIALS (SAMALAJU) SDN. BHD.
(Incorporated in Malaysia)

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

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 FOREIGN CURRENCIES

(i) Foreign Currency Transactions

Transactions in foreign currencies are initially translated at the exchange rate at the dates of the transactions.

At the reporting date, foreign currency monetary assets and liabilities are translated into Ringgit Malaysia at the exchange rate ruling at that date. Exchange differences arising on the settlement or translation of monetary items are recognised in profit or loss.

Non-monetary assets and liabilities measured at historical cost in a foreign currency are translated using exchange rates at the date of the transactions. Non-monetary assets and liabilities measured at fair value in a foreign currency are translated using exchange rates at the date when the fair value was determined.

(ii) Functional and Presentation Currency

The financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The financial statements are presented in Ringgit Malaysia (RM), which is also the Company's functional currency.

2.5 PLANT AND EQUIPMENT

All items of plant and equipment are initially recorded at cost. The cost of an item of plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

Subsequent to recognition, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. When significant parts of plant and equipment are required to be replaced in intervals, the Company recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

INFORMATION ON OM SAMALAJU (CONT'D)

Registration No.: 201301005341 (1035184-W)

OM MATERIALS (SAMALAJU) SDN. BHD.
(Incorporated in Malaysia)

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

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.5 PLANT AND EQUIPMENT (CONT'D)

Depreciation of plant and equipment is computed on a straight line basis over the estimated useful lives of the assets as follows:

	<u>Useful Life (years)</u>
Motor vehicle	3

Plant and equipment under construction are not depreciated until the assets are ready for their intended use.

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjust prospectively, if appropriate.

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in the profit or loss in the year the asset is derecognised.

Fully depreciated plant and equipment is retained in the financial statements until they are no longer in use and no further charge for depreciation is made in respect of these plant and equipment.

INFORMATION ON OM SAMALAJU (CONT'D)

Registration No.: 201301005341 (1035184-W)

OM MATERIALS (SAMALAJU) SDN. BHD.
(Incorporated in Malaysia)

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

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.6 IMPAIRMENT OF ASSETS

(i) Financial Assets

The Company recognises an allowance for expected credit losses ('ECL') on investments in debt instruments that are measured at amortised cost or at fair value through other comprehensive income. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Company always recognises lifetime ECL for trade receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Company recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12 months ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date or an actual default occurring.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12 months ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

INFORMATION ON OM SAMALAJU (CONT'D)

Registration No.: 201301005341 (1035184-W)

OM MATERIALS (SAMALAJU) SDN. BHD.
(Incorporated in Malaysia)

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

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.6 IMPAIRMENT OF ASSETS (CONT'D)

(ii) Non-financial assets

At each reporting date, the Company assesses whether there is any indication that an asset may be impaired. If any such indication exists, the recoverable amounts of the assets are estimated. Irrespective of whether there is any indication of impairment, the Company tests an intangible asset with an indefinite useful life or an intangible asset not yet available for use for impairment annually.

When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of the fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or a cash-generating unit) is less than its carrying amount, an impairment loss is recognised to reduce the carrying amount to its recoverable amount. An impairment loss for a cash-generating unit is firstly allocated to reduce the carrying amount of goodwill allocated to the cash-generating unit, and then, to the other assets of the unit pro rata on the basis of the carrying amount of each asset in the unit.

An impairment loss is recognised immediately in profit or loss, unless it reverses a previous revaluation, in which case it is treated as a revaluation decrease.

An impairment loss recognised in prior periods for an asset, other than goodwill, is reversed if there has been a change in the estimate used to determine the asset's recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation if no impairment loss had been recognised, and is recognised immediately in profit or loss, unless it reverses a previous revaluation, in which case it is treated as a revaluation increase.

INFORMATION ON OM SAMALAJU (CONT'D)

Registration No.: 201301005341 (1035184-W)

OM MATERIALS (SAMALAJU) SDN. BHD.
(Incorporated in Malaysia)

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

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.7 FINANCIAL INSTRUMENTS

(i) Initial recognition and measurement

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without significant financing component) or a financial liability is initially measured at fair value plus or minus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issuance. A trade receivable without a significant financing component is initially measured at the transaction price.

An embedded derivative is recognised separately from the host contract where the host contract is not a financial asset, and accounted for separately if, and only if, the derivative is not closely related to the economic characteristics and risks of the host contract and the host contract is not measured at fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with policy applicable to the nature of the host contract.

(ii) Financial instrument categories and subsequent measurement

The Company categorises financial instruments as follows:

Financial assets

Categories of financial assets are determined on initial recognition and are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change of the business model.

Amortised cost

Amortised cost category comprises financial assets that are held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The financial assets are not designated as fair value through profit or loss. Subsequent to initial recognition, these financial assets are measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses.

INFORMATION ON OM SAMALAJU (CONT'D)

Registration No.: 201301005341 (1035184-W)

OM MATERIALS (SAMALAJU) SDN. BHD.

(Incorporated in Malaysia)

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

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.7 FINANCIAL INSTRUMENTS (CONT'D)

(ii) Financial instrument categories and subsequent measurement

Interest income, foreign exchange gains and losses and impairment are recognised in the profit or loss. Any gain or loss on derecognition is recognised in the profit or loss.

Interest income is recognised by applying effective interest rate to the gross carrying amount except for credit impaired financial assets (see Note 2.7(i) where the effective interest rate is applied to the amortised cost.

All financial assets are subject to impairment assessment (see Note 2.7 (i)).

Financial liabilities

Amortised cost

Other financial liabilities not categorised as fair value through profit or loss are subsequently measured at amortised cost using the effective interest method.

Interest expense and foreign exchange gains and losses are recognised in the profit or loss. Any gains or losses on derecognition are also recognised in the profit or loss.

(iii) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount presented in the statements of financial position when, and only when, the company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and liability simultaneously.

(iv) Regular way purchase or sale of financial assets

A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the market place concerned

A regular way purchase or sale of financial assets is recognised and derecognised, as applicable, using trade date accounting. Trade date accounting refers to:

- (a) The recognition of an asset to be received and the liability to pay for it on the trade date; and
- (b) Derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

INFORMATION ON OM SAMALAJU (CONT'D)

Registration No.: 201301005341 (1035184-W)

OM MATERIALS (SAMALAJU) SDN. BHD.
(Incorporated in Malaysia)

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

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.7 FINANCIAL INSTRUMENTS (CONT'D)

(v) Derecognition

A financial asset or part of it is derecognised when, and only when the contractual rights to the cash flows from the financial asset expire or control of the asset is not retained or substantially all of the risk and rewards of ownership of the financial assets are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in the profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in the profit or loss.

2.8 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash and bank balances, short-term deposits that are readily convertible to a known amount of cash with an insignificant risk of changes in value.

2.9 PROVISIONS

A provision is recognised when the Company has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation. Provisions are recognised based on a reliable estimate of the amount of the obligation.

2.10 BORROWING COSTS

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of the asset when the expenditures for the asset and borrowing costs are being incurred, and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended during any extended periods in which active development is interrupted and ceased when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

All other borrowing costs are recognised as an expense in profit or loss in the financial year in which they are incurred.

INFORMATION ON OM SAMALAJU (CONT'D)

Registration No.: 201301005341 (1035184-W)

OM MATERIALS (SAMALAJU) SDN. BHD.
(Incorporated in Malaysia)

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

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.11 INCOME TAX

(i) Current tax

Income tax comprises of current tax and deferred tax. Current tax and deferred tax are charged or credited to other comprehensive income or equity if the tax relates to items that are credited or charged directly to other comprehensive income or equity.

Current tax liabilities are measured based on the amounts expected to be paid, using the tax rates that have been enacted or substantially enacted by the reporting date.

(ii) Deferred tax

Deferred tax is provided in full, using the liability method, on temporary differences which are the differences between the carrying amount in the financial statements and the corresponding tax base of an asset or liability at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised.

Deferred tax liabilities and assets are not recognised if the temporary differences arise from goodwill and for initial recognition of assets or liabilities that affect neither accounting profit nor taxable profit. Deferred tax liabilities and assets reflect the tax consequences that would follow from the manner in which the entity expects to recover or settle the carrying amounts of its assets and liabilities and are measured using the tax rates that have been enacted or substantially enacted by the reporting date.

The carrying amount of the deferred tax assets are reviewed at each reporting date, and the carrying amount is reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be utilised. The reduction is reversed to the extent that it becomes probable that sufficient taxable profit will be available.

(iii) Sales and Services Tax ("SST")

The net amount of SST being the difference between output and input of SST, payable to or receivable from the respective authorities at the reporting date, is included in other payables or other receivables in the statement of financial position.

INFORMATION ON OM SAMALAJU (CONT'D)

Registration No.: 201301005341 (1035184-W)

OM MATERIALS (SAMALAJU) SDN. BHD.
(Incorporated in Malaysia)

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

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.12 CONTINGENCIES

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Company.

Contingent liabilities or assets are not recognised in the statement of financial position of the Company.

2.13 FAIR VALUE MEASUREMENT

Fair value of an asset or a liability, except for share-based payment and lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

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

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. Fair value are categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at the measurement date.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: Unobservable inputs for the asset or liability.

The Company recognise transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

INFORMATION ON OM SAMALAJU (CONT'D)

Registration No.: 201301005341 (1035184-W)

OM MATERIALS (SAMALAJU) SDN. BHD.
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**NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021**

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

3.1 CRITICAL JUDGEMENTS IN APPLYING THE ACCOUNTING POLICIES

There were no major judgements made by the management in the process of applying the Company's accounting policies that have the most significant effect on the amounts recognised in the financial statements.

3.2 KEY SOURCES OF ESTIMATION UNCERTAINTY

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(i) Depreciation Of Plant And Equipment

The cost of an item of plant and equipment is depreciated on the straight-line method or another systematic method that reflects the consumption of the economic benefits of the asset over its useful life. Estimates are applied in the selection of the depreciation method, the useful lives and the residual values. The actual consumption of the economic benefits of the plant and equipment may differ from the estimates applied and this may lead to a gain or loss on an eventual disposal of an item of plant and equipment.

(ii) Impairment of financial assets

The Company assesses on a forward-looking basis the expected credit loss associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

The Company applies the approach permitted by MFRS 9, which requires the Company to measure the allowance for impairment loss for that financial asset at an amount based on the probability of default occurring within the next 12 months considering the loss given default of that financial asset.

Significant judgements are required in determining the impairment of the trade receivables under the ECL model. Impairment losses measured based on expected credit loss model are based on assumptions on the risk of default and expected loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the ECL model based on past collection records, existing market conditions as well as forward looking estimates as of the end of the reporting period.

INFORMATION ON OM SAMALAJU (CONT'D)

Registration No.: 201301005341 (1035184-W)

OM MATERIALS (SAMALAJU) SDN. BHD.
(Incorporated in Malaysia)

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

4 PROPERTY, PLANT AND EQUIPMENT

	Motor vehicles	Construction	Total
	RM	in progress	RM
Cost		RM	
At 1 January 2021	308,940	154,262,338	154,571,278
Addition	-	6,047,030	6,047,030
Written off	-	(19,377,796)	(19,377,796)
Transfer to other receivables	-	(3,106,644)	(3,106,644)
At 31 December 2021	<u>308,940</u>	<u>137,824,928</u>	<u>138,133,868</u>
Accumulated depreciation			
At 1 January 2021/31 December 2021	<u>308,940</u>	<u>-</u>	<u>308,940</u>
Accumulated impairment losses			
At 1 January 2021/31 December 2021	<u>-</u>	<u>46,661,513</u>	<u>46,661,513</u>
Net carrying amount	<u>-</u>	<u>91,163,415</u>	<u>91,163,415</u>
Cost			
At 1 January 2020	308,940	152,142,588	152,451,528
Addition	-	2,119,750	2,119,750
At 31 December 2020	<u>308,940</u>	<u>154,262,338</u>	<u>154,571,278</u>
Accumulated depreciation			
At 1 January 2020/31 December 2020	<u>308,940</u>	<u>-</u>	<u>308,940</u>
Accumulated impairment losses			
At 1 January 2020/31 December 2020	<u>-</u>	<u>46,661,513</u>	<u>46,661,513</u>
Net carrying amount	<u>-</u>	<u>107,600,825</u>	<u>107,600,825</u>

During the financial year ended 31 December 2021, additions to construction in progress included interest capitalised of RM2,230,980 (2020: Nil).

INFORMATION ON OM SAMALAJU (CONT'D)

Registration No.: 201301005341 (1035184-W)

OM MATERIALS (SAMALAJU) SDN. BHD.
(Incorporated in Malaysia)
**NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021**
5 OTHER RECEIVABLES

	2021	2020
	RM	RM
Amount due from a fellow subsidiary	11,743,439	11,880,747
Recoverable from a fellow subsidiary for project cost	28,140,904	-
GST receivable	-	1,464
	<u>39,884,343</u>	<u>11,882,211</u>

Amount due from a fellow subsidiary is unsecured and interest free.

6 CASH AND BANK BALANCES

	2021	2020
	RM	RM
Cash at bank	6,515,461	13,343,141
Short-term deposits	-	3,000,000
Cash and cash equivalents	<u>6,515,461</u>	<u>16,343,141</u>

The cash and bank balances are denominated in the following currencies:

	2021	2020
	RM	RM
Ringgit Malaysia	260,554	3,166,399
United States Dollar	6,036,812	1,216,064
Chinese Yuan	218,095	11,960,678
	<u>6,515,461</u>	<u>16,343,141</u>

The interest rate of the short-term deposits in previous financial year was 1.30% per annum with a 7 days maturity period.

7 SHARE CAPITAL

	Number of ordinary shares		Amount	
	2021	2020	2021	2020
	Unit	Unit	RM	RM
Issued and fully paid	<u>128,310,000</u>	<u>128,310,000</u>	<u>128,310,000</u>	<u>128,310,000</u>

INFORMATION ON OM SAMALAJU (CONT'D)

Registration No.: 201301005341 (1035184-W)

OM MATERIALS (SAMALAJU) SDN. BHD.
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**NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021**

7 SHARE CAPITAL (CONT'D)

The holders of ordinary shares are entitled to receive dividends from time to time, and are entitled to one vote per share at meetings of the Company.

8 OTHER PAYABLES

	2021	2020
	RM	RM
Third party	720,325	-
Accruals	6,540	6,100
Amount due to immediate holding company		
- interest bearing	33,638,952	17,004,702
- non-interest bearing	6,179,639	2,331,880
Amount due to fellow subsidiary	4,641	-
Amount due to a shareholder	34,151,548	31,604,103
	<u>74,701,645</u>	<u>50,946,785</u>

Amount due to immediate holding company, fellow subsidiary and shareholder are unsecured and repayable on demand.

Amounts due to shareholder and immediate holding company bear interest at a rate of 4% (2020: 4%) above LIBOR per annum and are denominated in USD.

9 OTHER (EXPENSES)/INCOME

	2021	2020
	RM	RM
Interest income	19,303	4,622
Gain/(loss) on foreign exchange – realised	117,406	(315,260)
– unrealised	(1,664,119)	1,084,187
Write-off of plant and equipment	(19,377,796)	-
	<u>(20,905,206)</u>	<u>773,549</u>

INFORMATION ON OM SAMALAJU (CONT'D)

Registration No.: 201301005341 (1035184-W)

OM MATERIALS (SAMALAJU) SDN. BHD.
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

10 LOSS BEFORE TAX

This is stated after charging/(crediting):

	2021	2020
	RM	RM
Auditors' remuneration	5,000	4,500
Interest income	(19,303)	(4,622)
(Gain)/loss on foreign exchange – realised	(117,406)	315,260
– unrealised	1,664,119	(1,084,187)
Interest on shareholders loan	-	1,793,483
Write-off of plant and equipment	19,377,796	-

11 INCOME TAX EXPENSES

	2021	2020
	RM	RM
Income tax:		
Current tax expenses	4,633	1,109
Total income tax expenses	4,633	1,109

The income tax expense is reconciled to the accounting loss at the applicable tax rate as follows:

	2021	2020
	RM	RM
Loss before tax	(22,009,330)	(2,975,414)
Tax at Malaysian statutory tax rate of 24% (2020: 24%)	(5,282,239)	(714,099)
Non-deductible expenses	5,315,049	975,413
Non-taxable income	(28,177)	(260,205)
Total income tax expenses	4,633	1,109

INFORMATION ON OM SAMALAJU (CONT'D)

Registration No.: 201301005341 (1035184-W)

OM MATERIALS (SAMALAJU) SDN. BHD.
(Incorporated in Malaysia)

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

12 RELATED PARTY TRANSACTIONS

12.1 IDENTITY OF RELATED PARTIES

Parties are considered to be related to the Company if the Company has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Company and the party are subject to common control.

The Company has a related party relationship with holding company, fellow subsidiaries and shareholders.

12.2 SIGNIFICANT RELATED PARTIES TRANSACTIONS

- The related party transactions of the Company are shown below:

	2021	2020
	RM	RM
Transaction with shareholders		
Interest on shareholders loan	<u>1,424,187</u>	<u>1,526,631</u>
Transactions with immediate holding company		
Service fees	1,886,081	1,617,417
Interest on shareholders loan	<u>806,793</u>	<u>266,852</u>

The Directors are of the opinion that the above transactions have been entered into in the normal course of business and have been established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

INFORMATION ON OM SAMALAJU (CONT'D)

Registration No.: 201301005341 (1035184-W)

OM MATERIALS (SAMALAJU) SDN. BHD.
(Incorporated in Malaysia)

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

13 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The financial risk management is integral to the development of the Company's business. The Company has in place the financial risk management policies to manage its exposure to a variety of risks to an acceptable level. The Company's principal financial risk management policies are as follows:

13.1 CREDIT RISK

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Company is exposed to credit risk primarily from its other receivables and cash and bank balances.

(i) Maximum Risk Exposure

As at the current and previous financial year end, the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial asset recognised in the statement of financial position.

(ii) Cash and bank balances

These banks and financial institutions have low credit risk. Consequently, the Company is of the view that the loss allowance is not material and hence, it is not provided for.

(iii) Amount due from a fellow subsidiary

The Company provides unsecured loans and advances to a fellow subsidiary. The Company monitors the ability of the fellow subsidiary to repay the loans and advances on an individual basis.

Generally, the Company considers loans and advances to a fellow subsidiary to have low credit risk. The Company assumes that there is a significant increase in credit risk when a fellow subsidiary's financial position deteriorates significantly.

As at the reporting date, there were no indications of impairment loss in respect of amount due from a fellow subsidiary.

INFORMATION ON OM SAMALAJU (CONT'D)

Registration No.: 201301005341 (1035184-W)

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

13 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

13.2 LIQUIDITY RISK

The Company's funding requirements and liquidity risk are managed with the objective of meeting business obligations on a timely basis. The Company monitors its cash flows and ensures that sufficient funding is in place to meet the obligations as and when they fall due.

The following table analyses the remaining contractual maturity for non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The weighted average effective interest rates of these non-derivative financial liabilities are disclosed in the respective notes.

	On demand or within 1 year RM	Total RM
31 December 2021		
Financial liabilities:		
Other payables	<u>74,701,645</u>	<u>74,701,645</u>
31 December 2020		
Financial liabilities:		
Other payables	<u>50,946,785</u>	<u>50,946,785</u>

13.3 INTEREST RATE RISK

Interest rate risk arises when the future cash flows or fair value will fluctuate due to the changes in interest rates related to financial assets and financial liabilities with floating interest rates.

The Company's financial instruments that are exposed to interest rate risk and the applicable effective interest rates are disclosed in the respective notes.

INFORMATION ON OM SAMALAJU (CONT'D)

Registration No.: 201301005341 (1035184-W)

OM MATERIALS (SAMALAJU) SDN. BHD.
(Incorporated in Malaysia)

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

13 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

13.3 INTEREST RATE RISK (CONT'D)

Exposure in interest rate risk

The interest rate profile of the Company's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period was:

	2021	2020
	RM	RM
Financial assets:		
Short-term deposits	-	3,000,000
Financial liabilities:		
Amount due to shareholders	(67,790,500)	(48,608,805)
Net financial liabilities	<u>(67,790,500)</u>	<u>(45,608,805)</u>

A 50 basis points (2020: 50 basis points) increase/decrease of the interest rate at the end of the reporting period would have impact on the Company's profit net tax for the year and total equity would have been RM258,000 lower/higher (2020: RM173,000 lower/higher). This assumes that all other variables remain constant.

13.4 FOREIGN CURRENCY RISK

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Company has transactional currency exposures that are denominated in United States Dollar ("USD") and Chinese Yuan ("CNY").

The Company's financial instruments that are exposed to currency risk and the extent of the exposures to currency risk are disclosed in the respective notes.

The Company ensures that the net exposure to foreign currency risk is kept to an acceptable level.

INFORMATION ON OM SAMALAJU (CONT'D)

Registration No.: 201301005341 (1035184-W)

OM MATERIALS (SAMALAJU) SDN. BHD.
(Incorporated in Malaysia)

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

13 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

13.4 FOREIGN CURRENCY RISK (CONT'D)

Exposure in foreign currency risk

	Cash and bank balances RM	Other payables RM
2021:		
United States Dollar ("USD")	6,036,812	(73,970,139)
Chinese Yuan ("CNY")	218,095	-
	<u>6,254,907</u>	<u>(73,970,139)</u>
2020:		
United States Dollar ("USD")	1,216,064	(50,940,685)
Chinese Yuan ("CNY")	11,960,678	-
	<u>13,176,742</u>	<u>(50,940,685)</u>

Sensitivity analysis for foreign currency risk

The following table demonstrate the sensitivity of the Company's profit net of tax to change in the USD and CNY exchange rates.

At the reporting date, a 4% (2020: 2%) and 6% (2020: 5%) strengthening of Ringgit Malaysia against USD and CNY respectively would increase/(decrease) the loss after tax by the amounts shown below. This analysis assumes that all other variables remain unchanged.

	Denominated in CNY RM	Denominated in USD RM	Total RM
31.12.2021			
Increase/ (decrease) in loss after tax	<u>13,086</u>	<u>(2,717,333)</u>	<u>(2,704,247)</u>
31.12.2020			
Increase/ (decrease) in loss after tax	<u>598,034</u>	<u>(994,492)</u>	<u>(396,459)</u>

At the reporting date, a 4% (2020:2%) and 6% (2020:5%) weakening of Ringgit Malaysia against USD and CNY respectively would have had the equal but opposite effect on the profit after tax, on the basis that all other variables remain unchanged.

INFORMATION ON OM SAMALAJU (CONT'D)

Registration No.: 201301005341 (1035184-W)

OM MATERIALS (SAMALAJU) SDN. BHD.
(Incorporated in Malaysia)**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021****14 FINANCIAL INSTRUMENTS****14.1 CATEGORIES OF FINANCIAL INSTRUMENTS**

Financial assets and financial liabilities are measured on an on-going basis at either fair value or amortised cost based on their respective classification. The principal accounting policies in Note 2.7 describe how the classes of financial instruments are measured, and how income and expense, including fair value gains and losses, are recognised. The following table analyses the financial assets and liabilities in the statement of financial position by the class of financial instruments to which they are assigned, and therefore by the measurement basis:

(i) Financial assets

	2021	2020
	RM	RM
Financial assets measured at amortised cost		
Other receivables	11,743,439	11,882,211
Cash and bank balances	<u>6,515,461</u>	<u>16,343,141</u>
	<u>18,258,900</u>	<u>28,225,352</u>

(ii) Financial liabilities

	2021	2020
	RM	RM
Financial liabilities measured at amortised cost		
Other payables	<u>74,701,645</u>	<u>50,946,785</u>

14.2 FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair value of cash and bank balances, other receivables and payables are reasonable approximation of their carrying amounts due to the relatively short-term nature of these financial instruments.

INFORMATION ON OM SAMALAJU (CONT'D)

Registration No.: 201301005341 (1035184-W)

OM MATERIALS (SAMALAJU) SDN. BHD.
(Incorporated in Malaysia)

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

15 CAPITAL MANAGEMENT

The primary objective of the Company's capital management is to maintain a strong capital base to support its business and maximise shareholder value.

The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions or expansion plans of the Company. To maintain or adjust the capital structure, the Company may adjust the dividend payment to its shareholder, return capital to its shareholder or issue new shares. No changes were made in the objectives, policies or processes during the year ended 31 December 2021 and 31 December 2020.

The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Company includes within net debt, other payables, less cash and bank balances. Capital includes equity attributable to the owner.

	2021 RM	2020 RM
Other payables	74,701,645	50,946,785
Less: Cash and bank balances	<u>(6,515,461)</u>	<u>(16,343,141)</u>
Net debt	<u>68,186,184</u>	<u>34,603,644</u>
Equity attributable to the owner, represent total capital	<u>62,876,212</u>	<u>84,890,175</u>
Capital and net debt	<u>131,062,396</u>	<u>119,493,819</u>
Gearing ratio(times)	<u>0.52</u>	<u>0.29</u>

16 SIGNIFICANT EVENT

The Covid-19 pandemic continues to spread widely through the year. The outbreak of the pandemic and the ongoing mitigating measures, primarily the Movement Control Order (MCO) implemented by the government have significantly affected the economy of the country in which the Company operates.

The high level of economic uncertainties in the market have increased the risk of recovery of certain assets of the Company and the existence of potential contingent liabilities. Where appropriate, the Directors have taken measures to re-assess and revise the carrying value of the affected balances in the financial statements. The Directors have also implemented various mitigating measures to preserve the Company's business continuation and liquidity.

The pandemic spread is rapid and evolving. It is plausible that the world will experience a prolonged recession resulting from the Covid-19 pandemic outbreak and there are still very high levels of uncertainty in the market. Under such circumstances, at this juncture it is still not possible to fully ascertain the full financial impact the pandemic may have on the Company. However, the Directors are of the opinion that the Company will be able to continue as a going concern for the next 12 months.

INFORMATION ON OM SAMALAJU (CONT'D)

Registration No.: 201301005341 (1035184-W)

OM MATERIALS (SAMALAJU) SDN. BHD.
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021**

17 AUTHORISATION FOR ISSUE OF THE FINANCIAL STATEMENTS

The financial statements of the Company were authorised for issue by the Board of Directors on
18 MAR 2022.

VALUATION CERTIFICATE

FAIR VALUATION CERTIFICATE

Presented by
Asia Equity Research Sdn Bhd,
a company licensed by
Securities Commission
Malaysia to provide advisory
in corporate finance and
investment advice.

Fair valuation for the **25%** equity interest in the following
companies:-

- (i) OM Materials (Sarawak) Sdn Bhd and
- (ii) OM Materials (Samalaju) Sdn Bhd

Independent Fair Valuation Certificate ("Valuation Certificate") is prepared by Asia Equity Research Sdn Bhd ("AER"), a company licensed by Securities Commission Malaysia in providing advisory in Corporate Finance and Investment Advice, for the board of directors of Cahya Mata Sarawak Berhad ("**CMS**" or "**the Company**"). This Valuation Certificate is an extract summary from our Valuation Report ("**Report**") dated 25 May 2022.

AER is not making any representation or warranty, expressed or implied, as to the contents of this Valuation Certificate. No liability whatsoever is accepted by AER for the accuracy of any information or opinions contained in this Valuation Certificate.

The directors of CMS are responsible to make available to us all relevant financial information pertaining to this fair valuation exercise, including informing us of any material changes which may have an impact on our valuation.

We have relied on information furnished to us by CMS group of companies, external information which are extracted from Bloomberg, S&P Global Market Intelligence, information published in public domain and our own analysis in order for us to prepare this Valuation Certificate.

The preparation of the Valuation Certificate is based on prevailing economic, market and other conditions which may change over time.

Our Valuation Certificate is prepared based on the information / representation supplied to us on valuation date is correct / accurate. The results of our appraisal is also dependent upon no material omission of any information / representation of which the inclusion of such information / representation may have significant effects on the fair valuation results appraised by us. We reserve the exclusive right to revise our Valuation Certificate considering any information that existed at the date of the Valuation Certificate but which becomes known to us subsequent to the date of the Valuation Certificate.

25 May 2022

VALUATION CERTIFICATE (CONT'D)

**ASIA EQUITY RESEARCH SDN BHD**

Registration No.: 201401027762 (1103848-M)

(License Number: eCMSL/A0330/2015)

Licensed to provide advisory in corporate finance and investment advice

Registered Office:-

46-3 Jalan PJU 8/5B,

Damansara Perdana,

48820 Petaling Jaya

Email: contact@aer.finance

Website: www.aer.finance

25 May 2022**CAHYA MATA SARAWAK BERHAD** (Registration No. 201601021838 (1192777-W))

Registered office: -

Level 6, Wisma Mahmud

Jalan Sungai Sarawak

93100 Kuching, Sarawak, Malaysia

ASCRIBING THE FAIR EQUITY VALUATION FOR THE TWENTY FIVE PERCENT EQUITY INTEREST IN OM MATERIALS (SARAWAK) SDN BHD AND OM MATERIALS (SAMALAJU) SDN BHD

On 6 MAY 2022, Cahya Mata Sarawak Berhad ("CMS") had engaged AER to perform an independent equity valuation to ascribe a fair value for the entire equity interest for the following:-

Item number	Name of company / description of land	Percentage of equity interest to be appraised	Abbreviation
1	OM Materials (Sarawak) Sdn Bhd	25%	OM Sarawak
2	OM Materials (Samalaju) Sdn Bhd	25%	OM Samalaju

*OM Sarawak and OM Samalaju are referred to as "Subject Companies".

Asia Equity Research Sdn Bhd ("AER") is licensed to provide advisory in Corporate Finance and Investment Advice by the Securities Commission of Malaysia.

Sources of information

This Valuation Certificate has been prepared by AER based on information (but are not limited to the list as stated below), as provided to us by the Subject Companies and are as listed below:-

- (i) Audited financial statements of OM Sarawak for Financial Year Ending 31 December ("FYE") FYE 2011, FYE 2012, FYE 2013, FYE 2014, FYE 2015, FYE 2016, FYE 2017, FYE 2018, FYE 2019, FYE 2020 and FYE 2021.
- (ii) Audited financial statements of OM Samalaju for FYE 2013, FYE 2014, FYE 2015, FYE 2016, FYE 2017, FYE 2018, FYE 2019, FYE 2020 and FYE 2021.

Further other documents referred to are as cited in this Valuation Certificate.

Although the information is obtained from sources considered as reliable by AER, we make no representation as to, and accepts no liability for any representations in relation to, the accuracy or completeness of the information contained in this Valuation Certificate.

VALUATION CERTIFICATE (CONT'D)

Declaration of independence

AER and/or its directors and staff who are involved in this exercise **do not** own any equity ownership in CMS's shares or involve in any advisory matters except being mandated to act as an Independent Valuer

Summary of the fair value of the entire equity interest in Subject Companies.

Based on the use of justified P/B approach shall translate to a fair equity value of **USD 105.3 million** and **USD 2.1 million** for a 25% equity stake in both subject companies.

Item number	Subject Companies	Fair value for the entire equity interest <u>after</u> applying a discount of non-controlling interest of 20% and discount for illiquidity of 25% in USD million	Fair value for the 25% equity interest <u>after</u> applying a discount of non-controlling interest of 20% and discount for illiquidity of 25% in USD million
1	OM Sarawak	421.2	105.3
2	OM Samalaju	8.4	2.1
	Total	429.6	107.4

The equivalent implied trailing P/B, P/E and EV/EBITDA for the Subject Companies are all within the range of the P/B, P/E and EV/EBITDA of the selected companies listed on listing exchanges that are involved in smelting plants in Malaysia ("**Comparable Companies**").

	Price to Book - Trailing P/B	Price to Earnings - Trailing P/E	Enterprise value to EBITDA - Trailing EV/EBITDA
Subject Companies based on fair value as appraised by AER	1.6 times	5.3 times	5.8 times
Comparable Companies	0.6 times – 2.4 times	3.9 times to 7.9 times	4.9 times to 7.6 times

Readers are advised to read the entire Valuation Certificate and specifically **Section 2.3, Section 3, Section 4, Appendix 1** and **Appendix 2**, on the key inputs, presentation of the detailed fair valuation results appraised by us and risk considerations that could affect the fair value of the appraised 25% equity interest in OM Sarawak and OM Samalaju. Please do not hesitate to contact the undersigned if you have any queries on the above matter.

Yours faithfully
ASIA EQUITY RESEARCH SDN BHD



ONG TEE CHIN, CFA, FRM, CAIA
DIRECTOR

VALUATION CERTIFICATE (CONT'D)

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VALUATION CERTIFICATE (CONT'D)

DEFINITIONS

Except where the context otherwise requires, the following definitions shall apply throughout this Valuation Certificate:

"β" or Beta	" β " or "beta" is a risk measurement that measures industry and financial risk of a listed company. The industry risk that are measured are general risk affecting a listed company, i.e., also known as systematic risk. It does not measure company specific risk. The beta measurement when the financial risk is excluded is known as unlevered beta, and the beta measurement that includes the financial risk element is known as levered beta.
"CAPM"	Capital Asset Pricing Model
"CMS"	Cahya Mata Sarawak Berhad (Co. No. 197401003655 (21076-T)
"Comparable Companies"	Selected companies listed on listing exchanges that are involved in smelting plants in Malaysia.
"FYE"	Financial year ended 31 December
"LAT"	Loss after tax.
"OM Samalaju"	OM Materials (Samalaju) Sdn Bhd (Co. No. 201301005341 / 1035184-W)
"OM Sarawak"	OM Materials (Sarawak) Sdn Bhd (Co. No. 201001031381 / 915304-H)
"PAT"	Profit after tax.
"r" or "k_e"	Cost of equity / required rate of return.
"RVA"	Relative Valuation Approach.
"SISB"	Samalaju Industries Sdn Bhd (Co. No. 200701025409 / 783430-V)
"Valuation Certificate"	Independent fair Valuation Certificate on appraising the fair value of the entire equity interest Subject Companies
"WACC"	Weighted Average Cost of Capital

VALUATION CERTIFICATE (CONT'D)

1. EXECUTIVE SUMMARY

Item no	Explanation on key message	Section reference
1	<p>Purpose and scope of work</p> <p>On 6 May 2021, CMS had engaged AER to perform an independent equity valuation to ascribe a fair value for the entire equity interest in the following companies:-</p> <ul style="list-style-type: none"> - OM Samalaju - OM Sarawak <p>OM Sarawak and OM Samalaju are referred to as “Subject Companies”.</p>	Section 2.1
2	<p>Results of valuation</p> <p>Based on the use of justified P/B approach, using a fair Price to Book multiple of 2.69 times and 1 time Price to Book applied on the audited net assets of OM Sarawak and OM Samalaju respectively as at 31 December 2021, and <u>after</u> applying a discount of non-controlling interest of 20% and discount for illiquidity of 25% shall translate to a fair equity value of USD 105.3 million and USD 2.1 million for a 25% equity stake in both subject companies</p>	Section 3
3	<p>Explanation of the approach and justification / rationales of using Justified Price to Book approach.</p> <p>Approach 1 OM Sarawak and OM Samalaju are both capital intensive companies. As at 31 December 2021, the carrying values of plant and machinery for OM Sarawak and OM Samalaju were RM 1,721 million and RM 91 million as compared with the total assets of RM 2,966 million and RM 138 million respectively.</p> <p>Justified price to book seeks to determine the fair Price to Book multiple given a company's return of equity, required rate of return by investors and annual sustainable growth rate.</p> <p>Approach 2 We have supplemented the determination of fair value of the 25% equity interest using justified price to book as appraised by us and computed the implied P/E, P/B and EV/EBITDA by substituting the numerator of the RVA multiples with the fair value as appraised using the justified Price to Book approach and compare the multiples with the range of the Comparable Companies.</p> <p>Non-suitability of dividend discount model, though it is also a preferred approach in owning a non-controlling stake. Though, dividend discount model is also a suitable approach to determine the fair value for a passive investor, this method requires a reliable basis to establish the dividend policy of the company subjected to fair valuation. We noted that OM Sarawak had commenced operation in 2014 had not declared</p>	Section 2.3

VALUATION CERTIFICATE (CONT'D)

	any dividend since inception until the latest available audited financial statements, i.e., FYE 31 December 2021. We also noted that OM Samalaju, is still in the construction phase and have not commenced its production.	
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2. BACKGROUND

2.1 INTRODUCTION AND TERMS OF REFERENCE

On 6 May 2021, CMS had engaged AER to perform an independent equity valuation to ascribe a fair value for the entire equity interest in the following companies:-

- OM Samalaju
- OM Sarawak

Collectively OM Samalaju and OM Sarawak are known as Subject Companies.

2.2 INFORMATION ON SUBJECT COMPANIES

Companies subjected to fair valuation exercise - OM Materials (Sarawak) Sdn Bhd and OM Materials (Samalaju) Sdn Bhd

```

graph TD
    CM[Cahya Mata Sarawak Berhad] -- 100% --> SI[Samalaju Industries Sdn Bhd]
    SI -- 25% --> OM_S[OM Materials (Sarawak) Sdn Bhd  
OM Sarawak]
    SI -- 25% --> OM_J[OM Materials (Samalaju) Sdn Bhd  
OM Samalaju]
    subgraph Subject_Companies
        OM_S
        OM_J
    end
    
```

Notes:-

1. Key financial metrics of results, extracted from the financial statements of OM Sarawak and OM Samalaju for FYE 31 December 2021 (audited)

	RM million FYE 31 December 2021 OM Sarawak Audited	RM million FYE 31 December 2021 OM Samalaju Audited	OM Sarawak
Revenue	1,804	-	- owns and operates a ferrosilicon and manganese alloy
PAT / (LAT)	351	(22)	smelter in Sarawak, East Malaysia that has an annual
Net assets	1,147	63	production capacity of approximately 200,000 to 210,000
EBITDA	515	(0.99)	MT of ferrosilicon (FeSi)
Property, plant and equipment	1,784	91	and
Cash and bank balance	78	7	approximately 250,000 - 300,000 MT of manganese alloy
Total borrowings	1,186	-	(Mn alloy)
Shareholders' loan extended by SISB to subject companies	9.4	34.8	
Net margin/(loss) %	19.5%	Not applicable	- the plant also consists of a sinter plant that has an annual
Return on Capital Employed, %	30.6%	-35.0%	design capacity to produce 250,000 MT of sinister ore.
Working capital management			
Trade receivable days	41	-	
Inventory days	261	-	
Trade payable days	153	-	
Cash conversion cycle	149	-	

Summarised by Asia Equity Research

Source: Annual reports of OM (Sarawak) and OM Samalaju.

VALUATION CERTIFICATE (CONT'D)

2.3 APPROACH USED TO VALUE THE SUBJECT COMPANIES.

CMS owns a 25% equity stake in both OM Sarawak and OM Samalaju. The other remaining 75% stake of OM Sarawak and OM Samalaju is held by OM Materials (S) Pte. Ltd, a company incorporated in Singapore and the ultimate holding company is OM Holdings Limited, a public company incorporated in Bermuda, listed on the Australian Securities Exchange and the main market of Bursa Malaysia Securities Berhad.

1. Justified price to book method.

OM Sarawak and OM Samalaju are both capital intensive companies. As at 31 December 2021, the carrying values of plant and machinery for OM Sarawak were RM 1,721 million and carrying value of construction work in progress of and OM Samalaju was RM 91 million as compared with the total assets of RM 2,966 million and RM 138 million respectively.

Justified price to book seeks to determine the *fair* Price to Book ("P/B") multiple given a company's Return of Equity ("ROE"), required rate of return ("r") by investors and annual sustainable growth rate ("g"). It is mathematically determined as listed below: -

Justified price to book	=	1	+	$\frac{ROE - r}{r - g}$
Justified P/B ratio				

Where: - ROE is the return on common equity, r is the cost of equity and g is the annual sustainable growth rate.

Captioned heading	Description	Value of input	Source of information
Return of equity	ROE	30.6%	For FYE 2021, OM Sarawak reported a PAT of RM 350.9 million and a net asset of RM 1,147.1 million shall translate to an ROE of 30.6%.
Cost of equity	r	12.00%	Industry analysis. See Appendix 4 of this Valuation Certificate.
Annual sustainable growth rate	g	1 %	Assuming a continuous steady state growth rate.
Justified P/B	Justified price to book Justified P/B ratio	$= 1 + \frac{ROE - r}{r - g}$ 2.69 times	Fair price to book multiple

VALUATION CERTIFICATE (CONT'D)

Notes: -

1. $2.69 \text{ times} = 1 + (30.6\% - 12\%) / (12.00\% - 1\%)$
2. The required rate of return for CMS determined based on Bloomberg on 22 May 2022 is higher at **12.86%** $[(9.582 - 4.322) \times 1.624 + 4.322]$

Fair value for 25% equity interest in OM Sarawak and OM Samalaju

Workings: -

Item number	Description	OM Sarawak	OM Samalaju	Notes
1	Fair price to book multiple	2.69 times	1 time	OM Samalaju has not commenced operation and had not reported any revenue since incorporation date. We have applied a minimum of 1 time P/B as the inputs of ROE could not be determined.
2	Audited net assets as at 31 December 2021, in RM million	1,147	63	From the audited financial statements of OM Sarawak and OM Samalaju.
3	Audited net assets as at 31 December 2021 in USD million . RM 4.3965 per USD as quoted by Bank Negara Malaysia on 20 May 2022	261	14	Row 2 divided by 4.3965
4	Fair value in USD million for the entire equity interest	702	14	OM Sarawak. $702 = 261 \times 2.69$ OM Samalaju $14 = 14 \times 1$
5	<u>Discount for non-controlling stake</u> Discount for owning a minority stake reduces	(140.4)	(2.8)	Based on an research as reported by the Chartered Financial

VALUATION CERTIFICATE (CONT'D)

	the value due to the inability to control the financial and operating policies of the subject company under valuation and hence a minority discount of 20% is applied.			Analysis Institute ("CFA"), it is quoted that the minority interest ranges from 20% to 30%. We have applied 20%
6	Fair value in USD million for the entire equity interest after applying a non-controlling interest discount of 20%.	561.6	11.2	
7	<u>Discount for illiquidity</u> This discount is applied for ownership of an illiquid company as opposed to a company that is listed on an exchange. We have applied a 25% discount	(140.4)	(2.8)	Based on an article produced by CFA, it is quoted that the minority interest ranges from 28% to 36%. Other authors have quoted a range of 20% to 30%. Hence, we have applied 25%
8	Fair value of the entire equity interest <u>after</u> applying a discount of non-controlling interest of 20% and discount for illiquidity of 25% in USD million	421.2	8.4	
9	Fair value of 25% equity interest in OM Sarawak and OM Samalaju in <u>after</u> applying a discount of non-controlling interest of 20% and discount for illiquidity of 25% in USD million	105.3	2.1	Row 8 x 25%

Note

From our analysis, we noted that for the period from FYE 2015 to FYE 2021, approximately 58% to almost 76% of the annual sales reported by OM Sarawak were sold to its holding

VALUATION CERTIFICATE (CONT'D)

company, which seems to indicate that the value of OM Sarawak is very much dependent on the 75% stake held by OM Holdings Limited's Group.

Conclusion: -

Based on the use of justified P/B approach, using a fair Price to Book multiple of 2.69 times and 1 time Price to Book applied on the audited net assets of OM Sarawak and OM Samalaju respectively as at 31 December 2021, and after applying a discount of non-controlling interest of 20% and discount for illiquidity of 25% shall translate to a fair equity value of **USD 105.3 million** and **USD 2.1 million** for a **25%** equity stake in both subject companies.

2. Dividend discount model

A suitable approach to value a non-controlling stake and with less involvement in the financial and operational matters is by the use of dividend discount approach. In this approach, the fair value of a company that is subjected to fair valuation is determined by determining by discounting the projected dividend stream based on the projected entitlement that an investor / owner owns in the company under valuation. However, this method requires a reliable basis to establish the dividend policy of the company subjected to fair valuation. We noted that OM Sarawak had commenced operation in 2014. From inception, OM Sarawak, had not declared any dividend until the latest available audited financial statements, i.e., FYE 2021. We also noted that OM Samalaju, is still in the construction phase and have not commenced its production.

Hence, we concluded that this approach is **not** appropriate to determine the fair value of OM Sarawak and OM Samalaju.

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VALUATION CERTIFICATE (CONT'D)

3.0 FINANCIAL AND VALUATION METRICS OF COMPARABLE COMPANY

Item number	Comparable Companies	Share price on 20 May 2022, USD	Market capitalisation as on 20 May 2022, USD million	Financial year end	Revenue, USD million	PAT/(LAT), USD million	Net assets, USD million	Net margin, %	ROE, %	P/E trailing	P/B trailing	EV/EBITDA trailing
1	Press Metal Aluminium Holdings Berhad	1.20	9,875	31 December 2021	2,639	240.5	930	9.1%	25.9%	42.4	11.0	24.6
2	Malaysia Smelting Corporation Berhad	0.85	359	31 December 2021	258	28.3	139	11.0%	20.3%	9.9	2.4	7.6
3	Ann Joo Resources Berhad	0.34	192	31 December 2021	575	58.3	317	10.1%	18.4%	3.9	0.6	4.9
4	OM Holdings Limited	0.60	440	31 December 2021	757	59.6	367	7.9%	16.2%	7.7	1.2	5.2
Note: We have excluded the Press Metal Aluminium Holdings Berhad as it is considered an outlier, for P/E, P/B and EV/EBITDA tabulations												
Average												
Median												
Minimum												
Maximum												
Source: S&P Global Pro By AER												

- The basis for selecting a Comparable Company is that the company must operate as smelter plant or manufacturing of end products from commodities, operating in Malaysia. The summary details of the four comparable companies are listed below:-

- (i) Press Metal Aluminium Holdings Berhad ("PMHB") - company operates through four segments: smelting and extrusion, trading, refinery and investment holding. Its primary products include aluminum ingots and billets, wire rods, and foundry alloys.
- (ii) Malaysia Smelting Corporation Berhad ("MSCB") - engages in the smelting tin concentrates and tin bearing materials in Malaysia.
- (iii) Ann Joo Resources Berhad ("AJRB") - manufactures hot metal and pig iron products; granulated slag and blast furnace off-gas products; billets; mild steel round, yield deformed, and deformed reinforcing bars; wire rods; equal angle, angle, round, flat, square, and engineering round bars; and black shafts.
- (iv) OM Holdings Limited ("OML") - engages in mining, smelting, trading, and marketing manganese ores and ferroalloys. As at LPD, OML owns 25% equity interest in the Subject Companies. OML Group also owns and operates Bootu Creek manganese ore mine located in the Northern territory of Australia.

- We noted that companies with market capitalisation of less than USD 500 million such as MSCB, AJRB and OML has a **lower** trailing P/E range, P/B range and EV/EBITDA range as from the table above. Hence, PMHB is excluded as an outlier.

- The Subject Companies under valuation has a reasonable historical information of operations and hence the income based multiple and cash flow based multiple such as P/E and EV/EBITDA respectively are **suitable and appropriate** to be used as a basis of valuation. Similarly, as all the Subject Companies are capital intensive in nature, the P/B is also a **suitable and appropriate** multiple to be used as a basis of valuation.

VALUATION CERTIFICATE (CONT'D)

3. FAIR EQUITY VALUE FOR 25% EQUITY INTEREST IN OM SARAWAK AND OM SAMALAJU

Based on the use of justified P/B approach, using a fair Price to Book multiple of 2.69 times and 1 time Price to Book applied on the audited net assets of OM Sarawak and OM Samalaju respectively as at 31 December 2021, and after applying a discount of non-controlling interest of 20% and discount for illiquidity of 25% shall translate to a fair equity value of **USD 105.3 million** and **USD 2.1 million** for a 25% equity stake in both subject companies.

The equivalent trailing P/B, P/E and EV/EBITDA is as tabulated below:-

	Price to Book - Trailing P/B	Price to Earnings - Trailing P/E	Enterprise value to EBITDA - Trailing EV/EBITDA
1	1.6 times	5.3 times	5.8 times
2	See W1 below	See W2 below	See W3 below

Workings:-

W1

Item number		USD million	Notes
1	The fair value of the entire equity interest <u>after</u> applying a discount of non-controlling interest of 20% and discount for illiquidity of 25% translate to USD 421.2 million.	421.2	P
2	The net assets of OM Sarawak as at 31 December 2021 of RM 1,147.1 million divided by divided by 4.3965 being the exchange rate of RM and USD on 20 May 2022.	260.9	B
3	P/B	1.61	

The trailing P/B of 1.61 times is **within** the range of the Comparable Companies of between 0.6 times to 2.4 times

VALUATION CERTIFICATE (CONT'D)

Workings:-

W2

Item number		USD million	Notes
1	The fair value of the entire equity interest <u>after</u> applying a discount of non-controlling interest of 20% and discount for illiquidity of 25% translate to USD 421.2 million	421.2	P
2	The PAT of OM Sarawak as at 31 December 2021 of RM 350.9 million divided by divided by 4.3965 being the exchange rate of RM and USD on 20 May 2022.	79.8	E
3	P/E	5.3	

Commentary:-

The trailing P/E of 5.3 times is **within** the range of the Comparable Companies of between 3.9 times to 9.9 times.

Workings:-

W3

Item number		USD million	Notes
1	The fair value of the entire equity interest <u>after</u> applying a discount of non-controlling interest of 20% and discount for illiquidity of 25% translate to USD 421.2 million.	421.2	E
2	The total borrowings of OM Sarawak as at 31 December 2021 of RM 1,186.0 million divided by divided by 4.3965 being the exchange rate of RM and USD on 20 May 2022.	269.8	D
3	The cash balance of OM Sarawak as at 31 December 2021 of RM 77.5 million divided by divided by 4.3965 being the exchange rate of RM and USD on 20 May 2022.	(17.6)	C
3	Enterprise value	673.4	EV = E+D-C
4	The EBITDA of OM Sarawak for FYE 31 December 2021 of RM 514.7 million divided by divided by 4.3965 being the exchange rate of RM and USD on 20 May 2022	117.1	EBITDA
5	EV/EBITDA	5.8	EV/EDBITDA

Commentary:-

The trailing EV/EBITDA of 5.8 times is **within** the range of the Comparable Companies of between 4.9 times to 7.6 times.

VALUATION CERTIFICATE (CONT'D)

4. RISK CONSIDERATION IN FAIR VALUATION ASCRIBED

The fair valuation ascribed for Subject Companies, could be affected by a number of major risk factors including as follows under the following broad categories amongst others: -

- (i) **Risk associated with future production prices**
Weaker than expected production and ferroalloy prices shall translate to a discount to a fair valuation as appraised by us. Similarly, stronger than expected future production and ferroalloy prices shall translate to a premium to a fair valuation appraised by us.
- (ii) Any unforeseen factors that resulted in the **non-satisfactory maintenance** of the smelting plant lead to any temporary or long term interruption has the effect of reducing the fair value ascribed by us.
- (iii) Any deviations in the major assumptions as listed in Section 2.3 of this Valuation Certificate from the base case assumptions shall have a positive and negative effects of the fair value as appraised by us.
- (iv) Any **unforeseen cost overrun** that resulted in lower return of equity shall represent a discount to the fair value ascribed by us.
- (v) Global and regional economic activity which is dependent on a number of factors such as **political and macro-economic factors** beyond the control of Subject Companies subjected to fair valuation exercise. Significant global events that affect the regional and global growth may translate to lesser business volumes and accordingly shall negatively affect the fair valuation. During such period, valuation metrics may also change as investors tend to become risk adverse in most asset classes of investments and hence requiring higher required rate of return in appraising its valuation during periods of uncertainties which translate to a lower fair value range.
- (vi) **Changes in investor's risk appetite** in the equity capital markets may contribute either positively or negatively to the Subject Companies subjected to fair valuation exercise. In circumstances that lead to risk aversion shall result in lesser weightings allocated to equity capital markets and hence causing the equity price to be lower than the fair value as ascribed. Conversely, in circumstances that lead to increasing risk appetite shall result in increased weights allocated to equity capital markets and hence causing the equity price to be higher than its fair value as ascribed.

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VALUATION CERTIFICATE (CONT'D)

Appendix 1 – Financial highlights of OM Sarawak

Principal activity: Processing, smelting and trading of ferro-alloy products.

	FYE 2014	FYE 2015	FYE 2016	FYE 2017	FYE 2018	FYE 2019	FYE 2020	FYE 2021
Revenue	-	174	482	1,632	2,379	1,944	1,522	1,804
Cost of sales	-	(196)	(471)	(1,334)	(1,907)	(1,800)	(1,420)	(1,246)
Gross Profit	-	(22)	11	298	472	144	102	558
PAT / (LAT)	21	(32)	(257)	(18)	254	(3)	(95)	350.9
Net assets	278	221	345	311	580	820	720	1,147.1
Cash	66	32	54	23	87	24	43	77.5
Total borrowings	871	1,347	1,594	1,466	1,545	1,286	1,176	1,186.0
Net margin, %	NA	-18.6%	-53.4%	-1.1%	10.7%	-0.2%	-6%	19%
Gross margin, %	NA	-13%	2%	18%	20%	7%	7%	31%
ROE, %	7.7%	-14.7%	-74.4%	-5.9%	43.8%	-0.4%	-13.2%	30.6%
Percentage of sales to holding company	NA	113%	59%	76%	75%	62%	66%	58%
Working capital management								
Inventory days	Not applicable as had not reported revenue	1,280	710	205	139	118	143	261
Trade receivable days		99	34	28	32	19	25	41
Trade payable days		1,103	634	191	100	71	131	153

Source: Extracted and analysed from audited financial statements

VALUATION CERTIFICATE (CONT'D)

Appendix 2 - Financial highlights of OM Samalaju

OM Materials (Samalaju) Sdn Bhd

FYE 31 December

RM million

Principal activity: Processing, smelting and trading of ferro-alloy products.

	FYE 2019	FYE 2020	FYE 2021
Revenue	-	-	-
Cost of sales	-	-	-
Gross Profit	-	-	-
PAT / (LAT)	1	(3)	(22)
Net assets	88	85	63
Cash	3	17	7
Total borrowings	-	-	-

Source: Extracted and analysed from audited financial statements

VALUATION CERTIFICATE (CONT'D)

APPENDIX 3 – Methodology adopted by AER in determining the unlevered beta of the companies involved in the smelting sector operating in Malaysia.

Unlevering and relevering betas

Betas calculated based on publicly traded companies reflect the actual capital structure of the related entity and are referred to as levered betas. To determine the unlevered beta for a particular industry, the comparable companies calculated betas obtained from Bloomberg are recalculated to remove the effects of the financial gearing, to determine the unlevered beta. The average risk adjusted unlevered beta is relevered based on the assumed capital structure of the proposed project under evaluation. The process of unlevering and relevering betas are determined using the Hamada Formula / Hamada's Equation.

$$\text{Beta } (\beta) \text{ asset (unlevered)} = V_E / [V_E + V_D(1-\text{tax})] * \text{Beta } (\beta) \text{ equity}$$

Beta (β) asset (unlevered)	Beta unlevered
Beta (β) equity (Adjusted beta)	Beta levered
T	Tax rate for the company
V _d	Percentage of debt in the capital structure at market value
V _e	Percentage of equity in the capital structure at market value

Source of reference: James R. Hitchner. Financial Valuation, Application and Models, pages 208, 209 and 210, Fourth Edition, Willey.

The unlevered beta determined for the companies in the smelting sector is then substituted into the financial mix of Subject Companies to determine the cost of equity.

VALUATION CERTIFICATE (CONT'D)

APPENDIX 4 – Cost of equity at 12.0%, unlevered β at 0.807 and levered β at 1.408 for OM Sarawak and OM Samalaju.

Hamada Equation $\text{Beta } (\beta) \text{ asset (unlevered)} = V_E / [V_E + V_D(1 - \text{tax})] \times \text{Beta } (\beta) \text{ equity}$									
Company	R ² 2 (Correlation r^2)	Beta ^{Note 1}	USD million			$V_E / [V_E + V_D(1 - \text{tax})]$	β unlevered	Cost of equity, %	$V_E / (V_E + V_D)$
			V_E ^{Note 2}	V_D ^{Note 3}	$V_D(1 - \text{tax})$				
Cahaya Mata Sarawak Berhad	0.1360	1.4301	274.1	222.8	169.3	0.62	0.884	11.8%	55.2%
OM Holdings Limited	0.0126	0.5799	440.0	303.0	242.4	0.64	0.374	7.4%	59.2%
Press Metal Aluminium Holdings Berhad	0.2118	1.2769	9,874.8	1,528.9	1,223.1	0.89	1.135	11.0%	85.6%
An Joo Resources Berhad	0.0916	1.5117	192.1	257.1	205.7	0.48	0.730	12.3%	42.8%
Median							0.807		
Average							0.781		
Note 1 - Beta as extracted from S&P Global Pro for a two year period based on daily measurement from 20 May 2020 to 20 May 2022									
Note 2 and Note 3									
The market value of equity and debt based on the latest available published results.									
Average β unlevered of the industry Subject companies 0.807									
Capital Asset Pricing Model									
OM Samalaju and OM Sarawak									
Note 4 - Annual expected market return as extracted from Bloomberg is 9.582% on 6 May 2022									
Note 5 - Risk free rate as extracted from Bloomberg is 4.322%. It is noted that the ten (10) year, Malaysian Government Securities is trading at an annual yield of 4.32% as at 5 May 2022									
Corporate tax for Malaysia is assumed at 24%									
Source: Bloomberg / Capital IQ / Bank Negara Malaysia website									
Analysed by Asia Equity Research									
Based on the audited financial statements as at 31 December 2022 for the aggregate of OM Samalaju and OM Sarawak									
RM million									
V_E 1,209.9									
V_D 1,186.0									
$V_D(1 - \text{tax})$ 901.4									
$V_E / [V_E + V_D(1 - \text{tax})]$ 0.57									
b levered 1.408									

END

SALIENT TERMS OF THE SSA

The salient terms of the SSA include the following:-

1. Sale and Purchase of Sale Shares and Repayment of Shareholder's Loans

1.1 Sale and Purchase of Sale Shares

- (i) On and subject to the terms of the SSA, SISB agrees to sell the Sale Shares and OMS agrees to purchase the Sale Shares, free from all encumbrances and together with all rights, benefits, entitlements and advantages attaching to them as at the Closing Date.
- (ii) SISB and OMS hereby agree that they shall not be obliged to complete the sale and purchase of any of the Sale Shares unless the purchase of all the Sale Shares are completed simultaneously.

1.2 Repayment of Shareholder's Loans

Subject to Closing having occurred, OMS shall further procure the Subject Companies to repay the Shareholder's Loans to SISB on the Closing Date in accordance with Section 2 below.

2. Timing and Method of Payment

Subject to SISB delivering to OMS the documents under Clause 5.5 and Clause 6.2 of the SSA, OMS shall pay the Disposal Consideration (after deducting a sum equivalent to 3% of the purchase price attributable to the OM Sarawak Shares ("**Retention Sum**") in accordance with Section 2A below and the stamp duty for the transfer of the Sale Shares and the repayment of the Shareholder's Loans, if applicable) and procure the repayment of the Shareholder's Loans by way of cash to SISB's designated bank account on the Closing Date.

2A. Real Property Gains Tax

This clause shall apply if the OM Sarawak Shares (or any part of it) are shares in a real property company as defined in the Real Property Gains Tax Act 1976 ("**RGPT Act**"). To the extent that any of the OM Sarawak Shares are shares in a real property company:-

- (i) SISB and OMS shall within the period stipulated in the Real Property Gains Tax Act 1976 submit or cause to be submitted to the Inland Revenue Board of Malaysia ("**IRB**"), their respective returns in the prescribed forms in relation to the sale and purchase of the OM Sarawak Shares, and forward a copy thereof to the other party and comply with all necessary directions that may be issued by the IRB. OMS agrees to cooperate with SISB in procuring OM Sarawak to allow SISB and its tax advisors reasonable access to the financial records of OM Sarawak to the extent reasonably required under the RPGT Act for the submission of the returns in relation to the sale and purchase of the OM Sarawak Shares.
- (ii) SISB and OMS agree and authorise the OMS to deduct and pay the Retention Sum, where required under the RPGT Act, to the IRB within sixty (60) days from the date of the SSA or such period as stipulated under the RPGT Act. Subject always, in the event that SISB delivers to OMS a copy of the duly completed and executed notice of non-chargeability (Form CKHT 3) pursuant to Section 13 of the RPGT Act within forty (40) days from the date of the SSA or such other period as stipulated under the RPGT Act, OMS shall not be authorised to deduct or pay the Retention Sum to the IRB.
- (iii) SISB hereby undertakes with OMS that SISB will bear and pay all real property gains tax chargeable under the RPGT Act on the disposal of the Sale Shares ("**RPGT Liability**"). In the event that the RPGT Liability exceeds the Retention Sum, SISB agrees that it will pay to the IRB the difference thereof upon notification of the amount of tax payable by the IRB. If there is an over-deduction of the Retention Sum by OMS as determined by the IRB, SISB agrees that it shall be responsible for seeking a refund of the excess deduction from the IRB.

SALIENT TERMS OF THE SSA (CONT'D)

- (iv) The Retention Sum remitted to the IRB shall be deemed to be payment made to SISB and in the event the SSA is terminated in accordance with the provisions of the SSA, SISB shall repay the Retention Sum to OMS within three (3) business days commencing from the date of the receipt of the refund of the Retention Sum by SISB from the IRB. SISB hereby undertakes to apply to the IRB for the refund of the Retention Sum within one (1) business day from the date of the notice of termination is issued pursuant to Section 7 below or Cut-off Date (as defined in Section 3.1 below) (as the case may be).
- (v) SISB shall indemnify and save harmless OMS against all losses suffered by or levied against OMS resulting from SISB's non-compliance with any of the provisions of the RPGT Act and/or in connection with any late or non-payment by SISB of the RPGT Liability and/or SISB's delay in repaying the Retention Sum to OMS in the event this SSA is terminated.

3. Conditions**3.1 Conditions Precedent**

The agreement to sell and purchase the Sale Shares contained in Section 1.1 above is conditional upon satisfaction or waiver (as the case may be) of the following conditions on or prior to the Cut-off Date:-

- (i) prior written consent, approval, waiver or letter of no objection (as the case may be) of the following third party(ies) for the proposed sale and purchase of the Sale Shares, the repayment of the Shareholder's Loans and the transactions contemplated under the SSA on terms acceptable to OMS:-
 - (a) the parties of the Third Amendment and Restatement Deed dated 6 May 2021 in respect of a Facilities Agreement originally dated 28 March 2013 and as amended and restated on 20 August 2015 and on 28 October 2016, amended on 6 December 2017 and amended and restated on 18 June 2019 ("**Facilities Agreement**") and any other ancillary agreement to the Facilities Agreement, including:-
 - (aa) Bank of China (Malaysia) Berhad, Export-Import Bank of Malaysia Berhad, RHB Bank (L) Ltd, Standard Chartered Bank Malaysia Berhad, Malayan Banking Berhad, RHB Bank Berhad, as existing lenders;
 - (bb) RHB Bank Berhad and Malayan Banking Berhad as existing issuing banks;
 - (cc) Standard Chartered Bank (Hong Kong) Limited acting as agent;
 - (dd) Standard Chartered Bank Malaysia Berhad acting as security agent and account bank; and
 - (ee) RHB Bank Berhad and Malayan Banking Berhad as FX Forward line providers;
 - (b) the parties of the Second Amendment and Restatement Deed dated 6 May 2021 in respect of the Project Support Agreement dated 28 May 2013, as amended and restated on 28 October 2016, subject to a confirmation deed dated 18 June 2019 and amended on 3 July 2020 ("**Project Support Agreement**") and any other ancillary agreement to the Project Support Agreement, including:-
 - (aa) Bank of China (Malaysia) Berhad, Export-Import Bank of Malaysia Berhad, RHB Bank (L) Ltd, Standard Chartered Bank Malaysia Berhad, Malayan Banking Berhad, RHB Bank Berhad, as existing lenders;
 - (bb) RHB Bank Berhad and Malayan Banking Berhad as existing issuing banks;
 - (cc) Standard Chartered Bank (Hong Kong) Limited acting as agent;

SALIENT TERMS OF THE SSA (CONT'D)

- (dd) Standard Chartered Bank Malaysia Berhad acting as security agent and account bank; and
 - (ee) RHB Bank Berhad and Malayan Banking Berhad as FX Forward line providers;
- (c) Sarawak Energy Berhad (formerly known as Syarikat SESCO Berhad) in accordance with the Third Amended and Restated Power Purchase Agreement dated 31 July 2019 between Sarawak Energy Berhad and OM Sarawak, as amended on 15 December 2020;
- (ii) Standard Chartered Bank Malaysia Berhad and the other financing parties to the Facilities Agreement agreeing in writing to:-
 - (a) the release of the charge over the OM Sarawak Shares on or prior to Closing; and
 - (b) the full written discharge of any proportionate guarantee executed by SISB and/or CMSB pursuant to the Facilities Agreement to take place after Closing,
 in each case, on terms acceptable to SISB and OMS;
- (iii) approval of the shareholders of OMS and OMH for the acquisition of the Sale Shares and the transactions contemplated under this SSA at a shareholders' meeting to be convened, if required;
- (iv) approval of the shareholders of SISB and CMSB for the disposal of the Sale Shares and the transactions contemplated under this SSA at a shareholders' meeting or an extraordinary general meeting (as the case may be) to be convened;
- (v) approval of the Australian Securities Exchange for the transactions contemplated under this SSA, if required;
- (vi) any regulatory approval under any licence, permit and/or registration held by the Subject Companies or deemed necessary by SISB and OMS in writing to facilitate the transactions contemplated under this SSA, if required; and
- (vii) the approval in writing of the board of directors of OMS and OMH for the acquisition by OMS of the Sale Shares and the approval in writing of the board of directors of SISB and CMSB for the disposal of the Sale Shares to OMS having been obtained and remaining valid and subsisting.

3.2 Non-Satisfaction / Waiver

- (i) SISB and OMS agree that:-
 - (a) the conditions set out in Section 3.1(ii), (iv), (v) and (vii) above cannot be waived; and
 - (b) any of other conditions set out in Section 3.1 above can only be waived, in whole or in part, by mutual written agreement between SISB and OMS.
- (ii) The party responsible for the satisfaction of the relevant conditions in Section 3.1 above shall inform the other party in writing immediately upon becoming aware of the satisfaction of such condition and in any event not later than five (5) business days thereafter.
- (iii) If any of the conditions in Section 3.1 above are not satisfied or waived on or before the Cut-off Date, this SSA shall terminate without the need for notice and SISB shall repay the Retention Sum to OMS in accordance with Section 2A(iv) above, thereafter neither SISB nor OMS shall have any claim against the other under it save for any claim arising from antecedent breaches of the SSA.

SALIENT TERMS OF THE SSA (CONT'D)

4. Pre-Closing**4.1 Adjudication of Transfers**

- (i) On the Unconditional Date, SISB and OMS shall: (i) execute the instruments of transfer of the Sale Shares in favour of OMS and in the form agreed by OMS (“**Transfer Forms**”), and (ii) deliver the executed Transfer Forms to SISB’s solicitor. SISB’s solicitor shall be authorised to submit a request to adjudicate or assess the stamp duty payable on the Transfer Forms at any time during the period commencing from the Unconditional Date.
- (ii) SISB shall pay the stamp duty assessed on the Transfer Forms after the notice of adjudication and/or assessment for the stamp duty payable on the Transfer Forms is issued at any time prior to the Closing Date.
- (iii) SISB’s solicitor shall keep the Transfer Forms and stamp certificates as stakeholder after the payment of the stamp duty, and shall not release the same until Closing takes place.

5. Closing**5.1 Obligations of the Seller on Closing**

- (i) On Closing, SISB shall deliver or make available to OMS the following:-
 - (a) the duly stamped, valid and registrable Transfer Forms; and
 - (b) the original share certificates held by SISB in respect of the Sale Shares.

5.2 Transfer of Sale Shares on Closing

SISB agrees that the legal and beneficial title to the Sale Shares (including all rights, benefits, entitlements and advantages attaching to the Sale Shares) shall be irrevocably and unconditionally transferred to OMS on Closing.

5.3 Breach of Closing Obligations

If SISB fails to comply with the obligations under Section 5.2 above, OMS shall be entitled (in addition to and without prejudice to all other rights or remedies available to OMS, including the right to claim damages) by written notice to the other on the date initially scheduled for Closing:-

- (i) to fix a new date for Closing, being not more than ten (10) business days after the date initially scheduled for Closing, in which case Section 5.2 above shall apply to Closing as so deferred (but provided that such deferral may only occur once);
- (ii) to proceed with Closing so far as practicable having regard to the defaults which have occurred; or
- (iii) to terminate the SSA and Section 7 below shall apply upon such termination.

5.4 Release of Guarantees

Subject to Closing having occurred, OMS and SISB shall use their best efforts to procure the full release (whether in the form of a guarantee release letter or a duly executed deed of release) of any proportionate guarantees executed by SISB and/or CMSB in favour of any financial institutions and/or service providers and/or vendors for the benefit of OM Sarawak and/or OM Samalaju within thirty (30) business days after the Closing Date.

SALIENT TERMS OF THE SSA (CONT'D)

6. Indemnities

- (i) Notwithstanding Closing and without limiting any other rights that OMS may have, SISB undertakes to OMS to indemnify and save harmless OMS or at OMS's option, either OM Sarawak and/or OM Samalaju, from and against losses of whatever nature and however arising (including without limitation all reasonable legal costs on a full indemnity basis), whether actual, contingent or otherwise, which OMS and/or OM Sarawak and/or OM Samalaju (as the case may be) may incur or suffer resulting from or arising out of or in connection with any breach of any representation and warranty given by SISB under clauses 7.1.1, 7.1.2, 7.1.3, 7.1.4, 7.1.5, 7.1.6 and 7.1.7 of the SSA.
- (ii) Notwithstanding Closing and without limiting any other rights that SISB may have, OMS undertakes to SISB to indemnify and save harmless SISB or at SISB's option, either OM Sarawak and/or OM Samalaju, from and against losses of whatever nature and however arising (including without limitation all reasonable legal costs on a full indemnity basis), whether actual, contingent or otherwise, which SISB and/or OM Sarawak and/or OM Samalaju (as the case may be) may incur or suffer resulting from or arising out of or in connection with any breach of any representation and warranty given by SISB under clauses 7.2.1, 7.2.2, 7.2.3 and 7.2.4 of the SSA.

7. Termination**7.1 Termination Events**

The SSA may be terminated at any time prior to Closing only in accordance with the following:-

- (i) by mutual written consent of SISB and OMS at any time;
- (ii) by OMS by giving notice in writing to SISB, if SISB is in material breach of any of SISB's warranties, SISB's undertakings or obligations and if such breach is capable of being remedied, SISB fails, refuses or neglects to remedy such breach within fourteen (14) days after written notice has been given to SISB by OMS providing particulars of the breach and requiring such breach to be remedied;
- (iii) by SISB by giving notice in writing to OMS if OMS is in material breach of any of OMS's warranties, OMS's undertakings or obligations under the SSA, and if such breach is capable of being remedied, OMS fails, refuses or neglects to remedy such breach within fourteen (14) days after written notice has been given to OMS by SISB providing particulars of the breach and requiring such breach to be remedied;
- (iv) in accordance with Section 3.2(iii) above; and/or
- (v) in accordance with Section 5.3(iii) above.

7.2 Consequences of Termination

- (i) Upon the written consent of SISB and OMS to terminate the SSA pursuant to Section 7.1(i) above, SISB shall repay the Retention Sum to OMS in accordance with Section 2A(iv) above and thereafter the SSA shall be terminated and consequently neither SISB nor OMS shall have any claim against the other.
- (ii) Upon issuance of a notice of termination:-
 - (a) by OMS pursuant to Section 5.3(iii) above or Section 7.1(ii) above, SISB shall repay the Retention Sum to OMS in accordance with Section 2A(iv) above and thereafter the SSA shall be terminated without liability on the part of OMS, and OMS shall be entitled to all rights and remedies available to OMS;

SALIENT TERMS OF THE SSA (*CONT'D*)

- (b) by SISB pursuant to Section 7.1(iii) above, SISB shall repay the Retention Sum to OMS in accordance with Section 2A(iv) above and thereafter the SSA shall be terminated without liability on the part of SISB, and SISB shall be entitled to all rights and remedies available to SISB.
- (iii) Notwithstanding Section 7.1 and 7.2 above, SISB and OMS agrees that:-
 - (a) monetary damages may not be a sufficient remedy for any breach or threatened breach of clauses 4.2.3, 5.5, 6.2, 6.3 and 9 of the SSA
 - (b) the other party shall be entitled to seek equitable relief, including injunction and specific performance, in the event of any such breach or threatened breach, in addition to all other remedies available.

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FURTHER INFORMATION

1. RESPONSIBILITY STATEMENT

This Circular has been seen and approved by the Directors of CMSB Group and that they individually and collectively accept full responsibility for the accuracy of the information given in this Circular and confirm that after making all reasonable enquiries to the best of their knowledge and belief, there are no other facts the omission of which would make any statement/information herein misleading.

2. CONSENTS

KAF IB, being named as the adviser to CMSB in relation to the Proposed Disposals, has given and has not withdrawn its written consent to the inclusion in this Circular of its name and all references thereto, where relevant, in the form and context in which they appear.

AER, being named as the Valuer for the Sale Shares, has given and has not subsequently withdrawn its written consent to the inclusion in this Circular of its name, the Valuation Report, valuation certificate in relation to the Sale Shares and all references thereto, where relevant, in the form and context in which they appear.

3. DECLARATIONS

KAF IB confirms that it is not aware of any circumstances that exist or are likely to exist which would give rise to a possible conflict of interest situation that affect or may affect its ability to act independently and objectively as the adviser to the Company for the Proposed Disposals.

AER confirms that it is not aware of any circumstances that exist or are likely to exist which would give rise to a possible conflict of interest situation that affect or may affect its ability to act independently and objectively as the Valuer to the Company for the Proposed Disposals.

4. MATERIAL COMMITMENTS AND CONTINGENT LIABILITIES**4.1 Material commitments**

As at the LPD, save as disclosed below, there are no material commitments incurred or known to be incurred by the Group that has not been provided for which, upon becoming enforceable, may have a material impact on the financial results/position of the Group:-

	RM'000
Acquisition of subsidiaries and associated companies	16,105
Acquisition of property, plant and equipment	4,895
Total	<u>21,000</u>

4.2 Contingent liabilities

As at the LPD, there are no other contingent liabilities incurred or known to be incurred by the Group that has not been provided for which, upon becoming enforceable, may have a material impact on the financial results/position of the Group, save for the proportionate guarantees of 25% executed by CMSB for the benefit of the Subject Companies which will be fully released within 30 business days after the Closing Date as disclosed in Section 2.5 of this Circular and the following:-

- (i) the proportionate corporate guarantee of 72.83% to Syarikat SESKO Berhad for Malaysian Phosphate Additives (Sarawak) Sdn. Bhd.'s obligations under its power purchase agreement; and
- (ii) the guarantee to a consortium of banks for Malaysian Phosphate Additives (Sarawak) Sdn. Bhd.'s obligations and liabilities for a credit facility of USD80.0 million (approximately RM351.08 million and RM64.80 million.

FURTHER INFORMATION (CONT'D)

5. DOCUMENTS AVAILABLE FOR INSPECTION

The following documents are available for inspection at the registered office of CMSB Level 6, Wisma Mahmud, Jalan Sungai Sarawak, 93100 Kuching, Sarawak during normal business hours from the date of this Circular up to and including the date of the EGM:-

- (i) the Constitution of CMSB and OM Samalaju as well as the Memorandum and Articles of Association of OM Sarawak;
- (ii) the letters of consent referred to in Section 2 of this Appendix V;
- (iii) the SSA, Valuation Report and valuation certificate in relation to the Sale Shares; and
- (iv) the audited financial statements of the CMSB Group and the Subject Companies for the past two (2) FYE 2020 and FYE 2021 as well as the latest unaudited financial statements of CMSB Group and the Subject Companies for FPE 2022.

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CAHYA MATA SARAWAK

CAHYA MATA SARAWAK BERHAD

(Registration No.: 197401003655/21076-T)

(Incorporated in Malaysia)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT an Extraordinary General Meeting (“EGM”) of Cahya Mata Sarawak Berhad (“CMSB” or the “Company”) will be held at Colosseum 2, Level 2, Pullman Kuching, No 1A, Jalan Mathies, 93100 Kuching, Sarawak on Friday, 26 August 2022 at 3:00 p.m. or any adjournment thereof for the purpose of considering and if thought fit, passing the following resolution, with or without any modifications:-

ORDINARY RESOLUTION

PROPOSED DISPOSALS BY SAMALAJU INDUSTRIES SDN. BHD. (“SISB”), A WHOLLY-OWNED SUBSIDIARY OF CAHYA MATA SARAWAK BERHAD, OF ITS ENTIRE 25% EQUITY INTERESTS IN OM MATERIALS (SARAWAK) SDN. BHD. (“OM SARAWAK”) AND OM MATERIALS (SAMALAJU) SDN. BHD. (“OM SAMALAJU”) TO OM MATERIALS (S) PTE. LTD. (“OMS”) FOR A TOTAL CASH CONSIDERATION OF USD120,000,000, INCLUDING THE SETTLEMENT OF ALL THE SHAREHOLDER’S LOANS, INCLUDING INTEREST, EXTENDED BY SISB TO OM SARAWAK AND OM SAMALAJU (“SHAREHOLDER’S LOANS”) (“PROPOSED DISPOSALS”)

“**THAT** subject to the approvals of the relevant authorities/parties, where relevant/required, being obtained for the Proposed Disposals, approval be and is hereby given to SISB to dispose of the following:-

- (i) 165,594,162 ordinary shares in OM Sarawak, representing 25% of the issued share capital of OM Sarawak, and 43,690,300 irredeemable convertible preference shares (“ICPS”) in OM Sarawak, representing 25% of the ICPS of OM Sarawak in issue; and
- (ii) 32,077,500 ordinary shares in OM Samalaju, representing 25% of the issued share capital of OM Samalaju,

for a total cash consideration of USD120,000,000, including the settlement of the Shareholder’s Loans and subject to the terms and conditions as set out in the conditional share sale agreement in relation to the Proposed Disposals dated 14 June 2022 entered into between SISB and OMS;

AND THAT the Directors of CMSB be and are hereby authorised to act for and on behalf of the Company and to take all such steps and do all such acts, matters and things (including entering into all such deeds, agreements, arrangements, transactions, undertakings, transfers and indemnities) as they may deem fit, expedient or in the best interest of the Company to implement, finalise and give full effect to the Proposed Disposals with full power to give all or any notices, directions, consents and authorisations in respect of any matter arising under or in connection with the Proposed Disposals and to assent to any conditions, modifications, variations and/or amendments relating to the Proposed Disposals as may be required by the relevant regulatory authorities.”

BY ORDER OF THE BOARD

SAMANTHA TAI YIT CHAN

SSM PC No.: PC 202008001023 (MAICSA 7009143)

Company Secretary

4 August 2022

Notes:

1. *A member entitled to participate and vote at the meeting is entitled to appoint a proxy (or in the case of a corporation, a duly authorised representative) to vote in his stead. If the proxy is not a member, he shall be any person and there shall be no restriction as to the qualification of the proxy. The instrument appointing a proxy shall be deemed to confer authority to demand or join in demanding a poll.*
2. *Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint a proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.*
3. *Where a member of the Company is an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991 which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.*
4. *The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing or, if the appointer is a corporation, either under its common seal or under the hand of an officer or attorney duly authorised.*
5. *The instrument appointing a proxy must be deposited at the Registered Office of the Company at Level 6, Wisma Mahmud, Jalan Sungai Sarawak, 93100 Kuching, Sarawak or at Boardroom Share Registrars Sdn Bhd, 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan not less than forty-eight (48) hours before the time set for holding the meeting or at any adjournment thereof. The lodgement of the Form of Proxy will not preclude you from attending and voting in person at the EGM should you subsequently wish to do so.*
6. *Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements, the Resolution set out in this Notice will be put to vote by poll.*
7. *For the purpose of determining a Member who shall be entitled to participate, speak and vote at the EGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd in accordance with Article 77(2) of the Company's Constitution to issue a General Meeting Record of Depositors ("ROD") as at 19 August 2022. Only a Depositor whose name appears in the Register of Members/ROD as at 19 August 2022 shall be entitled to participate at the said meeting or appoint a proxy to participate, speak and vote on his/her behalf.*
8. *Pursuant to Section 320 of the Act, this Notice is also available on the Company's website www.cmsb.my throughout the period beginning from the date of notice until the conclusion of the EGM.*
9. *By submitting the instrument appointing a proxy and/or representative, the Shareholder of the Company has consented to the use of such data for purposes of processing and administration by the Company (or its agents); and to comply with any laws, listing rules, regulations and/or guidelines. The Shareholder agrees that he/she will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the shareholder's breach of warranty.*

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Number of shares held:
CDS Account No.:
Email Address:



CAHYA MATA SARAWAK
CAHYA MATA SARAWAK BERHAD
 (Registration No.: 197401003655/21076-T)
 (Incorporated in Malaysia)

I/We (full name) _____

NRIC/Passport No./Co. No. _____ of (full address) _____

being a member / members of Cahya Mata Sarawak Berhad ("Company"), hereby appoint (full name & NRIC/Passport No./ Co. No.) _____

_____ of
 (full address) _____

or failing him / her, the Chairman of the Meeting, as my/our proxy to attend and vote for me/us and on my/our behalf at the Extraordinary General Meeting of the Company to be held at Colosseum 2, Level 2, Pullman Kuching, No 1A, Jalan Mathies, 93100 Kuching, Sarawak on Friday, 26 August 2022 at 3:00 p.m. or any adjournment thereof

My/our proxy is to vote on the resolution as indicated by an "X" in the appropriate spaces below. If this form is returned without any indication as to how the proxy shall vote, the proxy shall vote or abstain as he / she thinks fit.

	FOR	AGAINST
ORDINARY RESOLUTION - PROPOSED DISPOSALS		

Dated this _____ day of _____ 2022

Signature / Common Seal of shareholder

Notes:

1. A member entitled to participate and vote at the meeting is entitled to appoint a proxy (or in the case of a corporation, a duly authorised representative) to vote in his stead. If the proxy is not a member, he shall be any person and there shall be no restriction as to the qualification of the proxy. The instrument appointing a proxy shall be deemed to confer authority to demand or join in demanding a poll.
2. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint a proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
3. Where a member of the Company is an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991 which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
4. The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing or, if the appointer is a corporation, either under its common seal or under the hand of an officer or attorney duly authorised.
5. The instrument appointing a proxy must be deposited at the Registered Office of the Company at Level 6, Wisma Mahmud, Jalan Sungai Sarawak, 93100 Kuching, Sarawak or at Boardroom Share Registrars Sdn Bhd, 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan not less than forty-eight (48) hours before the time set for holding the meeting or at any adjournment thereof. The lodgement of the Form of Proxy will not preclude you from attending and voting in person at the EGM should you subsequently wish to do so.
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Fold this flap for sealing

Then fold here

AFFIX
STAMP

The Share Registrar
CAHYA MATA SARAWAK BERHAD
C/O BOARDROOM SHARE REGISTRARS SDN BHD

11th Floor, Menara Symphony
No. 5, Jalan Prof. Khoo Kay Kim
Seksyen 13, 46200 Petaling Jaya
Selangor Darul Ehsan

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