South Ocean
HOLDINGS

Integrated Annual Report 2021

Contents

About this report

South Ocean Holdings Limited ("South Ocean Holdings" or "SOH" or "the Group" or "the Company") is pleased to present its Integrated Annual Report for the year ended 31 December 2021.

Key data

South Ocean Holdings Limited
(Registration number 2007/002381/06)
Incorporated in the Republic of South Africa
Listed on the Johannesburg Stock Exchange
Share code: SOH
Listing Date: 2007
Sector: Electronic and Electrical Equipment
ISIN: ZAE000092748

Scope and boundary

This report provides a comprehensive overview of the activities and performance of South Ocean Holdings for the 12 months from 1 January 2021 to 31 December 2021. It includes an overview of the environment in which the Group operates, details of our business model and strategy, a broad-based operational report, and comprehensive reports on both financial and non-financial matters. These are intended to inform stakeholders of all material matters relevant to and affecting the Group, as well as to enable them to make an informed assessment of the Group's performance during the reporting period. They are also intended to give an informed view of our future prospects.

South Ocean Holdings is an investment holding company listed on the Johannesburg Stock Exchange and domiciled in South Africa. It comprises the following operating subsidiaries:

- South Ocean Electric Wire Company Proprietary Limited ("South Ocean Electric Wire Company" or "SOEW"), a manufacturer of low-voltage electrical cables; and
- Anchor Park Investments 48 Proprietary Limited ("Anchor Park Investments" or "Anchor Park"), a property holding company.

All references to the Group denote the holding company and its subsidiaries, both during the reporting period and during the current financial year. These businesses operate mainly in South Africa, but also have a limited footprint in the rest of Africa.

Corporate information

The Chief Executive Officer (CEO) of South Ocean Holdings is Mr Andre Smith and our Independent Non-Executive Chairperson is Mr Henry Pon.

Mr Smith may be contacted at:
South Ocean Holdings Limited
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Alrode
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We welcome feedback on this report and any suggestions for future reports. All comments and suggestions should please be addressed to Mr Smith.

The Six Capitals

South Ocean Holdings uses the Six Capitals of Sustainable Development model in order to accurately evaluate and report on both our financial and non-financial performance.

By looking beyond an understanding of capital as just a statement of assets on a balance sheet, we are able to harness the value of our people, knowledge, processes and relationships. This multi-capital framework connects our strategy, values, business model and metrics to broader socio-economic development goals. Details of capital inputs and outputs in these six key areas are provided in the body of this report.

Reporting framework

This report has been prepared in accordance with:

- International Financial Reporting Standards (IFRS);
- The Companies Act (No. 71 of 2008);
- JSE Listings Requirements;
- The King Report on Corporate Governance for South Africa (King IV); and
- The International Integrated Reporting Council's Integrated Reporting <IR> Framework.

Assurance

The non-financial content of this report was prepared by management and approved by the South Ocean Holdings Board of Directors with the assistance of its relevant committees. External assurance of non-financial matters was limited to the Broad-Based Black Economic Empowerment (B-BBEE) scorecard, which was verified by an accredited ratings agency, Dextra BEE and Consulting (Pty) Ltd.

The consolidated Annual Financial Statements, presented separately, were prepared internally by Mr Werner Basson (CFO) and audited by PricewaterhouseCoopers Inc., which expressed an unmodified opinion for the year ended 31 December 2021. The Annual Financial Statements were approved for issue by the directors on 31 March 2022.

Shareholders who would like to view the signed and audited Annual Financial Statements may arrange to do so at the Group's registered office.

Forward-looking statements

This report contains forward-looking statements that encompass both known and unknown risks and uncertainties. Should one or more of these risks materialise, or should any underlying assumptions prove incorrect, actual results may differ from those anticipated. Forward-looking statements apply only as of the date on which they are made and South Ocean Holdings does not undertake any obligation to update or revise any of them, whether as a result of new information, future events or otherwise.

Statement of responsibility

The Audit and Risk Management Committee and the Board of Directors acknowledge their responsibility to ensure the integrity of the information presented in this report. The Annual Financial Statements included in the report have, as specified, been audited by external auditors.

Henry KH Pon CA(SA)
Chairperson

Andre Smith
Chief Executive Officer

Natasha Lalla CA(SA)
Audit and Risk Management Committee Chairperson

Group at a glance

OVERVIEW

South Ocean Holdings is a well-established South African manufacturer and distributor of low-voltage electric cable and related products. It is a preferred supplier in the local market, servicing the building and construction industries, the mining industry, and the country's parastatals. It also exports into SADC.

As mentioned in the opening section, the Group has two operating subsidiaries:

- South Ocean Electric Wire Company Proprietary Limited, a manufacturer of low-voltage electrical cables; and
- Anchor Park Investments 48 Proprietary Limited, a property holding company.

INVESTMENT CASE

At South Ocean Holdings we have a solid investment case to offer our shareholders:

- We are a key player in the market sectors in which we operate.
- We have a stable, credible and highly experienced Board.
- We have knowledgeable and highly experienced management teams.
- We have a large and established customer base in the building and construction industries.
- We have growing customer bases in the mining industry and the parastatal sector.
- We are developing distribution channels into SADC.
- We are planning to open up distribution channels into other African countries.
- We have strong relationships with key suppliers.
- We are continually investing in more manufacturing capacity.
- We are committed to Research and Development (R&D) of products for emerging markets such as electric vehicles and renewable energy.
- We are committed to being a good corporate citizen based on compliant corporate governance functions and structures that are independently audited.
- We have strong and enduring relationships with the financial institutions we use.
- We continue to reduce manufacturing cost and increase efficiencies.

VISION

Our vision is to position the Group as a major market player and preferred supplier in South Africa and in selected African countries based on product quality and superior customer service.

MISSION

At South Ocean Holdings, we aim to:

- **maximise the profitability of our subsidiaries through strategic management in order to deliver excellent returns for shareholders;**
- **respond to changing market dynamics, secure cost efficiencies, and focus on growing the business in both established and new markets;**
- **manufacture, import, and supply consistently high-quality products;**
- **provide excellent customer service; and**
- **create an environment that develops our employees and enables them to attain their true potential.**

VALUES

Our values, which have remained consistent for many years, are an expression of our business strategy and sustainability objectives. Every component of our ecosystem, including customers, employees and shareholders, is vital to our sustainability, growth, and success. Everything we do is therefore based on a foundation of integrity and ethics, as well as a commitment to being a good corporate citizen.

Our values are expressed through:

Customer excellence

- Customers are the cornerstone of our business and are essential to sustainable success.
- Our business is rooted in long-term, mutually respectful relationships with our customers.
- We are dedicated to satisfying customer needs and have the appropriate people and systems in place to achieve this.

Employee satisfaction

- We support and show concern for our employees.
- We actively involve employees in managing their work processes and career growth.
- We aim to develop and advance our employees so that each employee can realise their full potential.
- We value, encourage, and actively strive to create diversity.
- We promote honesty and open debate.
- We promote awareness of fraudulent practices and dishonest conduct so that employees can be an integral part of living our values of honesty and integrity.
- We facilitate, encourage, and monitor both individual performance and co-operation within teams.

Integrity and ethics

- We comply with all appropriate legal and regulatory frameworks and guidelines.
- We subscribe to and actively create and support a culture of good corporate governance.
- We act ethically, with honesty and integrity.

Corporate responsibility

- We actively and consistently contribute to the improvement of the communities in the areas in which we operate.
- We subscribe to business practices that are fair and just and which minimise the business's impact on the environment.

Empowerment

- We aim to empower our employees with appropriate skills and knowledge.
- We provide equal opportunities for them to grow in a supportive environment.
- We provide support and mentorship for our employees through the Human Resources department.
- We ensure that employees are aware of their rights in terms of the Basic Conditions of Employment Act (No. 75 of 1997).
- All employees are free to join a union of their choice or to choose not to join a union.

Strategy

STRATEGY FOR VALUE CREATION

At South Ocean Holdings, we aim to be a successful and sustainable group that produces quality products to the highest standards and provides excellent customer care. We also aim to deliver reliable returns for all of our stakeholders, make a positive contribution to the communities in which we operate, be a good corporate citizen, and fulfil our responsibility as a custodian of the natural environment.

Our strategy is reviewed quarterly to take into account the rapidly changing environment in which the Group operates. The most recent review was conducted in March 2022.

At its core, the strategy is based on three conceptual pillars that reflect our commitment to sustainability, good corporate governance, responsible risk management, manufacturing excellence, and the care and advancement of employees. Progress in relation to strategy is monitored on an on-going basis against well-defined financial and non-financial indicators.

South Ocean Holdings is a strategically focused and robust entity that, despite operating in highly challenging socio-economic conditions, remains a resilient investor, manufacturer, designer, developer and distributor.

STRATEGIC PILLARS

The three strategic pillars are designed to:

1 **Secure sustainable returns for stakeholders**

We focus on innovation, quality, and efficiency in order to secure sustainable returns in the short, medium, and long term, and to deliver benefits to all of our stakeholders.

2 **Secure our position as a respected and influential player in the cable and wire manufacturing and related accessories market**

We consistently aim to maintain a leadership position in the market sectors and segments we serve. We do this through organic growth and, where appropriate, through mergers or acquisitions.

3 **Develop a globally competitive business**

We consistently assess and streamline our business in order to ensure that we remain competitive within the markets and segments we serve.

CRITICAL RISKS

Critical challenges for the Group are:

- maintaining a positive cash flow;
- maintaining and improving profitability;
- managing disruptions to the supply chain, both locally and internationally;
- managing disruptions to operations;
- improving our B-BBEE rating; and
- managing the impact of the poor economic climate, volatile exchange rate, unpredictable rand copper price (RCP), and unstable political environment.

Board of Directors

EXECUTIVE DIRECTORS

Andre Smith (56)

Higher National Diploma: Mechanical Engineering

Chief Executive Officer

Andre is a qualified mechanical engineer with 30 years of experience in the cable industry. He has been employed in several senior management and executive positions in the manufacturing, sales, export, and technical areas of the industry. He has visited and trained in cable factories around the world, including in the US, Europe, Australia, China, and Korea.

Andre is a proven strategic thinker with extensive experience in business strategy; new product development; operational, asset, quality, and people management; Six Sigma processes; and lean management principles.

He joined the South Ocean Holdings Board on 1 March 2021 and was appointed CEO.

Werner Basson (39)

BAcc, BAcc (Hons), CA(SA)

Chief Financial Officer

Werner is a qualified chartered accountant who completed his articles at one of the 'big four' audit and advisory firms. He later gained managerial experience with the firm before joining a JSE-listed group as CFO in 2012. Since then, he has gained valuable experience in several different industries.

He joined the South Ocean Holdings Board in September 2020 and was appointed CFO.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Kwok Huen (Henry) Pon (85)

BCom, CA(SA)

Independent Non-Executive Director and Chairperson

Henry, a chartered accountant, member of the South African Institute of Chartered Accountants, and member of the Independent Regulatory Board of Auditors, entered the profession in 1962. During his many years of practice, he has worked in several different commercial and industrial sectors, gaining extensive experience in finance, tax, auditing, accounting, and management.

He joined the South Ocean Holdings Board in November 2007 and was appointed Chairperson in April 2014. He serves on the Audit and Risk Management Committee, the Remuneration Committee, and the Nominations Committee, of which he is the Chairperson.

Hung-Lung (Eric) Li (69)

MSc (Industrial and System Engineering) (USA)

Independent Non-Executive Director and Deputy Vice Chairperson

Eric began his career in Silicon Valley, where he worked in the software engineering and semi-conductor manufacturing sectors for more than 20 years. In 2004, he joined Hong-Tai Electric Industrial Company Limited ("Hong-Tai"), which is headquartered in Taiwan, as the Vice President of its Information Technology Center (ITC). In 2008, he was seconded to start and manage Hong-Tai's Photovoltaic Business Unit, returning to the ITC as Chief Information Officer in 2014. He retired from that position in 2017.

Eric was appointed as an alternate director to Choice Pan in 2000, as a non-executive director in 2009, and as Deputy Vice Chairperson in 2016. He serves on the Audit and Risk Management Committee, the Nominations Committee, and the Remuneration Committee, of which he is the Chairperson.

INDEPENDENT NON-EXECUTIVE DIRECTORS CONTINUED

Melanie Chong (45)

BCom, BCom (Hons), CA(SA)

Independent Non-Executive Director

Melanie is a chartered accountant with extensive business, risk management, and auditing experience. She completed her articles at one of the 'big four' auditing firms and is a former director of a JSE-listed resources company as well as the former Vice President of the Businesswomen's Association of South Africa. She is currently a consultant contracted to optimise the finance team at a large construction company.

Melanie was appointed as an independent non-executive director on 28 June 2019. She has previously served on the Board in the same capacity and formerly served as the Chairperson of the Audit and Risk Management Committee, the Remuneration Committee, and the Social and Ethics Committee. She was re-appointed to the Remuneration Committee on 27 January 2022.

Jen-Hao (Kevin) Yeh (48)

BSc (Actuarial Science)

Independent Non-Executive Director

Kevin is a certified financial planner, a member of the Financial Planning Institute of Southern Africa, and a Top of the Table member of the Million Dollar Round Table. He began his career in 1996 and has extensive experience in financial modelling, financial planning, investments, investor education, insurance pricing, employee benefits, and business management. He is a member of the Taiwan Chamber of Commerce.

Kevin was an independent non-executive director of South Ocean Holdings from February 2016 to May 2017. He re-joined the Board in the same capacity in June 2019 and serves on the Nominations Committee.

Natasha Lalla (47)

BCom, BCom (Hons), CA(SA)

Independent Non-Executive Director

A chartered accountant, member of the South African Institute of Chartered Accountants, and member of the Institute of Internal Auditors of South Africa, Natasha also holds a post-graduate diploma in Advanced Banking (2003) and a certificate in International Treasury (2012).

Natasha began her career as an auditor at one of the country's largest accounting firms in January 1998. She later left the accounting profession to join one of the four big commercial banks in South Africa as a financial accountant, transitioned to the Internal Audit Department and then progressed to various managerial roles, with her last one being Head of Internal Audit for the Corporate and Investment Banking (CIB) division. She is currently the Regional Head of Internal Audit at Remgro Limited.

Natasha was appointed to the South Ocean Holdings Board in June 2014. She serves as Chairperson on both the Audit and Risk Management Committee and the Social and Ethics Committee.

NON-EXECUTIVE DIRECTORS

Lawrence Chen (44)

MBA

Non-Executive Director

Lawrence began his career in Hong Kong's equity capital market, where he worked on the marketing strategy for and execution of IPOs and SPOs. He participated in more than 40 projects between 2009 and 2013, when he joined Hong-Tai Electric Industrial Company Limited ("Hong-Tai") as Portfolio Manager of the investment department. He later established the Development and Training Center at Hong-Tai. In this position, he was in charge of peripheral products development, as well as in providing support with cost-saving, process optimisation, and IP portfolio management.

Lawrence is a director of Hong-Tai, which is a major shareholder in South Ocean Holdings. He joined the Board as a non-executive director on 1 March 2022.

Johannes Van Rensburg (59)

BCom (Accounting), BCom (Hons), MCom (Business Management)

Non-Executive Director

Johannes has been a director and partner at Eureka DIY Solutions for the past twenty years. He and his sales team have been pivotal in developing the company from a small start-up into the powerhouse it is today.

He is a passionate, pioneering leader with first-class communication skills and has a 30-year track record as a successful manager. He has a natural flair for strategy and his experience will always ensure that clear objectives (KPIs) are defined and implemented.

Johannes joined the Board as a non-executive director on 10 March 2021.

ALTERNATE NON-EXECUTIVE DIRECTORS

Shin-Nan (Michael) Yeh (63)

BSc (Mechanical Engineering)

Alternate Non-Executive Director

Michael is a qualified mechanical engineer with 38 years of experience in the cable industry. He joined Hong-Tai Electric Industrial Company Limited in 1993 as the project manager in charge of technical cooperation projects with Japanese cable manufacturers, including Sumitomo Electric Industries Limited, Mitsubishi Electric Wire Company Limited, and Fujikura Company. He held this position for ten years. He later worked in the cable industry in mainland China for a further ten years, where he implemented comprehensive technical and management improvement in several cable factories.

Michael joined the board of South Ocean Holdings in March 2022 as an alternate director to Lawrence Chen.

Daphne JC Pan (38)

BSc (Hotel and Tourism Management), Certificate in Finance

Alternate Independent Non-Executive Director

Daphne started her career in the sales department of an international hotel chain in Taiwan in 2005. After completing post-graduate studies in finance in 2009, she joined a real estate firm in New York City, where she worked as a project manager on the development of various real estate assets, including an hotel. She has a wide range of experience in real estate valuation and in the financing of real estate projects. Daphne is now a manager of real estate development and financing at a private investment company.

She was appointed as an alternate director to Edward Pan in August 2014. Mr Pan resigned in February 2016, at which time Daphne was appointed as an alternate director to Hung-Lung (Eric) Li. On 20 November 2019, she resigned as Eric Li's alternate director and became the alternate director to Melanie Chong.

Chairperson's report

We are strongly positioned to take advantage of opportunities in both the local and African markets and to grow our capacity to service demand in all of the markets in which we operate.

Like businesses at home and abroad, South Ocean Holdings experienced significant challenges throughout 2021 but was nevertheless able to gain market share, expand into new markets, and deliver a very positive performance.

While some of the challenges of the previous period, such as the impact of the COVID-19 pandemic, became more manageable in 2021, a number of other issues directly affected our ability to operate during certain periods. Load shedding, in particular, profoundly affected operations and, with the risk of interruptions to the electricity supply expected to increase rather than decrease, we have taken a decision to implement a hybrid solar solution at our manufacturing facility, which will make us more independent of the national grid.

Two further setbacks during the course of the year included the impact of July's civil unrest on our supply chain and the impact of an industry strike in October on business continuity. In the first instance, shipments of raw material were delayed in harbours affected by the unrest and road transportation to our manufacturing plant in Gauteng took much longer than usual. In the second instance, our factory had to be closed for the duration of the strike, costing us invaluable work hours.

We were, however, in a strong position to mitigate the disruption to our supply chain caused by the unrest as we have, for some years, held strategic stocks of raw materials to offset the risk of unexpected events. In the case of the closure due to the strike, the factory was fully operational the day after the strike ended and, due to our focus on productivity in recent years, we were able to regain lost ground fairly quickly.

On a socio-economic level, we continue to experience low economic growth, high levels of unemployment, exchange rate fluctuations, and low levels of business and investor confidence, all of which have an impact on the environment in which we operate. Within this context, we continue to focus on strengthening our business fundamentals, managing risks proactively, and planning for growth both locally and in the rest of Africa.

Our ability to take advantage of an ongoing realignment of the low-voltage electric wire segment in South Africa has, in fact, enabled us to gain market share and has contributed significantly to our growth in both revenue and profit in 2021. Strategic partnerships concluded during the course of the year and shortly after year-end are also opening up new markets for us. As a result of these and other deals still under negotiation, exports are likely to account for a greater percentage of our sales going forward.

Our positive performance under difficult circumstances is attributable to the knowledge and experience of the Group's executive directors, the cohesive and forward-looking approach of our management team, and the steadfastness, loyalty, and hard work of our staff. I commend all of them for their contribution to our sustainability and success in 2021.

Although we are facing persistently low economic growth in South Africa as well as the global shock resulting from the conflict between Russia and Ukraine, we are optimistic about our outlook for 2022.

We will continue to review our strategy as circumstances change and to take advantage of new opportunities as they present themselves. By year-end, we will be less vulnerable to power supply disruptions but continue to remain concerned about such issues as policy uncertainty, political instability, and the continuing scourge of corruption and mismanagement in government. In both our governance and operational procedures, we continue to take a proactive approach to managing these risks.

Macroeconomic factors

One of the greatest macroeconomic challenges we face remains the poor performance of the local economy and the risk of the country falling into a sovereign debt trap, especially in the wake of the fiscal impact of the pandemic. Despite showing promising growth in the third and fourth quarters of 2021, GDP has still not recovered to its pre-pandemic levels and we face a protracted period of recovery that is almost certainly going to continue to impact on socio-economic stability.

This will be exacerbated by rising food, fuel, and electricity prices, which will continue to have an inflationary effect and a direct impact on every South African household. The country's high level of unemployment which, at the time of writing, is at an all-time high of 35.3% by the normal definition and 46.2% by the expanded definition, is also of deep concern. Effectively, this means that nearly half of the working population is not formally employed; a situation that is clearly unsustainable.

Conversely, while both local and international investors continue to be cautious, especially in the wake of July's unrest, there are some signs that the situation is improving in key sectors such as mining, manufacturing, agriculture, and the digital economy. Growth in these sectors will have a positive knock-on effect throughout the economy, especially in construction and infrastructure development. This will receive a further boost from the implementation of the National Infrastructure Development Plan 2050, the first phase of which was gazetted in March 2022.

Fluctuations in the value of the rand will continue to be a risk but, like all other business risks we face, this is actively managed using mechanisms such as limited advance ordering procedures and appropriate exchange rate insurance. Cheap imports will also continue to pose a threat to the electrical wire segment as a whole, especially as it is highly commoditised. Regulatory improvements and more stringent monitoring of sub-standard imports therefore continue to be urgently needed.

Internationally, the effects of the war in Ukraine are already starting to be felt, but it is too early to tell what their full nature and extent will be. What is clear is that the world economy will be adversely affected. This will lead to a shortage of supplies and therefore to increases in the prices of commodities like copper. We are, however, comfortably positioned to control that situation when it arises.

Business challenges

The business challenges of the past five years notwithstanding, we have continued to implement our strategy of focusing on our core competencies, on improving productivity, on building resilience, on expanding into new markets, and on exploring opportunities to extend our product range. This strategy, together with stringent cost and operational control and management, has enabled us to become increasingly productive and to report a 178% increase in profit to R75.08 million (2020: R26.96 million) for the reporting period, as well as to declare a dividend per share of 9.00 cents (2020: 3.00 cents).

In 2020, SOEW was in a position to purchase machinery from a company that had gone into liquidation as a result of the lockdown and the equipment we procured was commissioned in 2021, significantly adding to our manufacturing capacity. This contributed markedly to our success during the reporting period as it enabled us to take advantage of demand-side shortages precipitated by the lockdowns of both 2020 and 2021.

On a broader basis, the ongoing consolidation of the low-voltage electric wire industry has been beneficial to the Group, enabling us to gain new customers and move into new jurisdictions. We will continue to seek out and take advantage of the opportunities presented by this consolidation, always mindful that the competitive situation may change as we emerge from the pandemic.

On a regulatory level, we were able to improve our Broad-Based Black Economic Empowerment (B-BBEE) status from Level 6 to Level 4 in December 2019 and have been able to maintain it at that level since then. We are now focusing on improving our status to a higher level.

Governance

From a governance point of view, SOH is fully compliant with all relevant legislation as well as with the principles and guidelines outlined in the King Report on Corporate Governance for South Africa (2016) (King IV). We also continue to comply with all of the Department of Trade and Industry's B-BBEE Codes of Good Practice. Compliance is constantly monitored, and both the Board and management actively support continuous improvement in standards and practices.

From a transformation perspective a tenth of the Board is made up of people of colour, while at management level, 34% of employees are people of colour. At workforce level, the percentage is 53%, which more closely reflects the demographics of the country.

In terms of gender, 30% of senior managers are female and 7% of the general staff complement is female which, to some extent, reflects the nature of the business and the sector in which it operates. The Group is strategically committed to an on-going process of transformation at all levels of the business.

The health, safety and well-being of employees is also one of our top priorities. Safety in the workplace is constantly emphasised and all staff regularly undergo safety training. The stringent controls specified by the Controller of Safety, Health, the Environment and Quality (SHEQ) are carefully adhered to and monitored, and we have a doctor on call during working hours to attend to any serious medical issues.

In addition, we continue to adhere to all COVID-19 management protocols and to educate and advise our staff on both risk and mitigation factors. And while we encourage our employees to avail themselves of the national vaccination programme, we have not made it compulsory for everyone to be vaccinated. A range of other healthcare support, including advice on HIV/Aids, is available at our on-site clinic.

Group results

As already mentioned, the Group had to face a number of unprecedented events during the course of the year, but flexibility in operational management and the dedication of our staff enabled us to weather these storms and to close on a positive note.

Revenue from on-going operations increased by 15% to R2.002 billion (2020: R1.743 billion). Gross profit increased by 108% to R175.5 million (2020: R84.3 million), while operating profit increased by 195% to R112.2 million (2020: R38.0 million).

The sale of the loss-making Radiant subsidiary in 2019 has enabled the Group to regain a sustainably profitable position and we intend to continue to build on that.

The value of the Group's assets increased to R755.45 million during the reporting period from R694.34 million in the previous period, while the tangible net asset value per share increased by 14% to 279.1 cents per share (2020: 245.1 cents per share). Cash flow remains well managed and the Group is appropriately positioned to fund on-going operations.

Based on these fundamentals, SOH continues to be a going concern and its financial statements for 2021 received an unmodified opinion from its auditors, PricewaterhouseCoopers Inc.

Outlook

Like all South African companies, the Group continues to face a high level of uncertainty and, as in 2021, there are too many variables in play for us to make accurate predictions about performance in 2022. Strategic and operational developments over the past two years have nevertheless restored the Group to profitability and we feel confident that we will not only remain profitable, but increase our revenue during the course of the current period.

We continue to review and adjust our strategy as necessary to secure our sustainability and profitability, and to enable the Group to grow in both existing and new markets. At present, demand for low-voltage electric wire continues to exceed supply and this is a favourable position for us to be in. We are therefore focusing on meeting the demand represented by our large order book and on upweighting capacity in order to service new markets in Africa. These will, to some extent, offset the risk inherent in the South African market, as will an increasing focus on innovation and product development.

From an operational point of view, we will continue to implement our objectives under the guidance of a strong executive team, maintain stringent control over expenditure, reduce wastage during the production process, and adhere to our goal of continuous improvement in standards, processes, product quality, and customer service. This will be supported by on-going training and development throughout the organisation.

We are strongly positioned to take advantage of opportunities in both the local and African markets and to grow our capacity to service demand in all of the markets in which we operate.

Changes to the Board

There were a few changes to the composition of the Board during the course of the year, some of which were reported as post year-end events in the 2020 Integrated Annual Report:

- Andre Smith was appointed as Chief Executive Officer with effect from 1 March 2021.
- Johannes van Rensburg was appointed as a non-executive director with effect from 10 March 2021.
- Barend Petersen resigned as director and was appointed as alternate to Johannes van Rensburg on 10 March 2021 and resigned as alternate to Johannes van Rensburg on 12 July 2021.
- Chieh-Fu (Jeff) Chen and his alternate, Jacky Liu, resigned as directors of the Board with effect from 27 January 2022.
- Lawrence Chen was appointed as a non-executive director with effect from 1 March 2022.
- Shin-Nan (Michael) Yeh was appointed as alternate to LL (Lawrence) Chen with effect from the same date.

I would like to thank the members who resigned during the period for their committed service and wise counsel. I would also like to welcome Lawrence Chen and Michael Yeh to the Board. I wish you both a long and successful tenure.

Dividend and executive remuneration

A dividend of 9.00 cents per share was declared on 9 March 2022 (FY2020: 3.00 cents per share). We are pleased to have been able to declare a dividend for two years in a row after several years of being unable to do so.

Executive remuneration is carefully monitored and maintained within a market-related range. Comprehensive details are given in the Remuneration Report.

Appreciation

In conclusion, I would like to extend my sincere thanks to the Group's Board of Directors for their hard work and resilience in meeting the challenges that 2021 presented, as well as for their on-going commitment to securing our sustainability, profitability, and growth. A special word of thanks is due to our CEO, Andre Smith, and our CFO, Werner Basson, who have been so diligent in applying their solid approach to the day-to-day management of the Group. They have been ably assisted by several members of the Board, who have extensive financial and operational experience.

I would similarly like to express the Board's appreciation to both management and staff for their part in enabling us to increase our revenue and maintain our profitability under such difficult operating and trading circumstances.

Last, but certainly not least, sincere thanks are due to our valued customers, suppliers, advisors, business partners, banking partners, shareholders and stakeholders for their continued support and commitment to SOH and its subsidiaries. We look forward to another successful year in 2022.

Henry KH Pon CA(SA)
Chairperson

Chief Financial Officer's report

> SOEW accounts for all of the Group's reported revenue and the increase of 15% was due to an increase in demand for our products as well as improvements to the production process that were designed to meet this demand.

Overview

It is my pleasure to present this report on the business performance of South Ocean Holdings (SOH) for the year ended 31 December 2021. As indicated in the About Us section of this report, SOH is an investment holding company that has two operating subsidiaries, namely South Ocean Electric Wire Company (SOEW), a manufacturer of low-voltage electrical cables, and Anchor Park, a property holding company. It also has a foreign procurement company and a dormant company.

As Mr Pon has mentioned in his report, SOH continued to operate under challenging conditions resulting from both local and international conditions and events throughout the reporting period. Of these, protracted periods of load shedding, the disruptions caused by the civil unrest in July and the industry strike in October had the greatest negative impact on the business. During the strike, in particular, the business was unable to operate at all and suffered financial losses as a result.

The effect of this was offset by a high level of demand for our products, which enabled us to improve our revenue even though we intermittently experienced supply side shortages.

Financial performance

Group revenue for the year ended 31 December 2021 increased by 15% (2020: 12%) to R2.002 billion (2020: R1.743 billion), while gross profit increased by 108% (2020: 34%) to R175.49 million (2020: R84.29 million). Operating profit increased by 195% (2020: 534%) to R112.19 million (2020: R38.08 million).

Group profit before tax increased by 269% (2020: 222%) to a profit of R106.08 million (2020: R28.71 million) compared to the prior year. Basic earnings per share increased by 179% (2020: 270%) to a profit of 36.93 cents (2020: 13.25 cents), with headline earnings per share increasing by 176% (2020: 422%) to 36.81 cents (2020: 13.32 cents). Total comprehensive profit for the year amounted to R75.08 million (2020: R26.96 million), an increase of 178%.

SOEW accounts for all of the Group's reported revenue and the increase of 15% was due to an increase in demand for our products as well as improvements to the production process that were designed to meet this demand. Improved efficiencies and cost containment also ensured that the company was able to maintain and improve its profitability.

Anchor Park's revenue is derived mainly from Group companies, as it leases its properties to fellow subsidiaries.

As in previous years, more revenue was generated in the second half of the year than in the first. This is a well-established seasonal pattern and is expected to continue for the foreseeable future. There were no acquisitions or disposals during the reporting period.

A non-routine event that occurred during the year was a forensic investigation prompted by a report from external whistle-blower. FTI Consulting was appointed to conduct the investigation in April 2021 and later submitted a report to the Board. This was audited by PwC, the Group's auditors, and the findings have been reported in the annual financial statements.

Macroeconomic context

While average inflation was at its lowest since 2004 in 2020 (3.3%), partly due to an unexpectedly strong economic recovery from impact of COVID-19 in the second half of the year, the average inflation rate for 2021 was 4.5%, higher than for either 2020 or 2019 (4.1%). This was driven mainly by increases in transport costs and affected consumers struggling to deal with the impact of the various lockdowns and the country's high unemployment rate, undoubtedly contributing to the civil unrest in July.

Together with political and fiscal uncertainty, the cost to the economy of widespread corruption, and the expected increase in the frequency of load shedding during 2022, factors such as these continue to define the socio-economic reality in which we operate and to contribute to a climate of uncertainty.

It is within this context that SOH is actively pursuing a policy of expansion into Africa, where there is a growth in demand for our products. This is therefore not only a strategic growth strategy but a risk mitigation strategy as well. At an operational level, we will continue to focus on reducing costs and using technology to drive growth, productivity, and greater efficiencies in a sustainable way, which we anticipate will improve the profitability of our subsidiaries and therefore of the Group.

In addition, we continue to focus on improving our B-BBEE rating and on transformation within the business, both of which are required by the market in which we operate. The Group's current Level 4 B-BBEE status does not reflect its views of transformation and this process is receiving dedicated attention from the Board.

The impact of COVID-19

The Group continues to adhere to the best-practice COVID-19 management measures published by both the World Health Organization and the National Institute for Communicable Diseases. We believe that curbing the spread of the novel coronavirus and its variants is a collective responsibility and, as a committed corporate citizen, SOH will continue to play an active part in managing the impact that it has, both within the business and within the communities in which we operate.

Prospects

A full analysis of the Group's financial performance for the reporting period is given in the Annual Financial Statements included in this report. As indicated in our Corporate Governance Report, these were prepared on the basis of accounting policies applicable to a going concern. This assumes that funds will be available to finance future operations and that the realisation of assets and the settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The directors are confident that the business will be able to continue as a going concern throughout the current period and well into the foreseeable future.

Werner Basson
Chief Financial Officer

Chief Executive Officer's message

New segments, sectors and business opportunities are opening up for us and, from a strategic perspective, we intend to continue identifying these in order to strengthen and grow the business around our core competencies.

Reflecting on 2021

In reflecting on the 2021 financial year, there can be no doubt that it proved to be just as challenging as the previous year, for many of the same reasons. During these two periods, we saw radical changes taking place in the socio-economic environment and, consequently, in the way in which businesses operate, both locally and internationally.

In order to remain sustainable and competitive, we at South Ocean Holdings have had to be nimble in our response to evolving challenges, and flexible in our strategic and operational approach.

Strategy

At the start of the reporting period, a strategy was developed to enable us to respond to the rapid changes taking place within the operating environment. In response to developing issues during the course of the year, we undertook a strategic review in August 2021 and a further review in March 2022 at the start of the current financial year. The intention of these reviews was to revisit both our long-term strategy and our tactical objectives in order to mitigate risks and position ourselves to take advantage of developing opportunities in both existing and new markets.

Business decisions taken between 2018 and 2021 have placed us in a sound position not only to secure and grow our business, but also to expand into new and lucrative markets in Africa. In a related way, our commitment to innovation, quality, efficiency, learning, co-operation, and hard work at all levels of the business have seen us through a series of disruptions that have truly tested our mettle.

New segments, sectors and business opportunities are opening up for us and, from a strategic perspective, we intend to continue identifying these in order to strengthen and grow the business around our core competencies. The success of this approach is evident in our results for 2021, which are examined in detail in the CFO's report.

Operational review

The fact that we have been able to adjust to such rapidly changing circumstances is testament to the resilience of the business, the institutional knowledge of our executives and management, and the unfailing commitment of our staff. And while such times of radical disruption are difficult to navigate, they also present new opportunities, which we are proud to have been able to take advantage of and develop.

Facing the challenges

On the challenge side of the equation, the most significant disruptions included many days of load shedding (rolling power cuts), civil unrest, an industry strike, and the ongoing impact of the COVID-19 pandemic.

In the first instance, the Group experienced 55 days of load shedding during the course of the year, which affected our ability to operate fully and efficiently on those days. Historically, we have managed the impact of load shedding by drawing power from different substations, but the power supply situation in South Africa has become so uncertain that we have taken a decision to invest in our own on-site power-generating capacity.

We have therefore recently completed the first phase of a R42 million project to install a hybrid solar system that will add 1.7MW of capacity to our manufacturing site at Alrode in Gauteng. The entire project was designed by our own engineers, who have an in-depth knowledge of our needs as a business, and the first phase will be concluded at the end of April 2022 at a cost of R11 million. The second phase, which will account for the balance of the budget, is due to be completed in November 2022. In reducing our dependence on the national grid, this project will enable us to secure our production processes against the interruptions caused by load shedding. It will also enable us to reduce the amount of scrap produced during the production process, which will reduce our environmental impact and improve our ROI.

The second most significant challenge of the year was the civil unrest that occurred in the provinces of Gauteng and KwaZulu-Natal during July 2021, which significantly disrupted our supply chain. All of the copper we use in our manufacturing processes and many of the other raw materials we use are imported and are shipped through the Port of Durban in KwaZulu-Natal.

On 12 July 2021, when the unrest made it impossible to operate the Ports of Durban and Richards Bay or to transport containers along the major routes connecting these ports to the industrial heartland of Gauteng, the Transnet National Ports Authority and Transnet Port Terminals declared a *force majeure* and temporarily closed down both facilities.

While limited services were resumed on 14 July, many container ships had to be rerouted to the Ports of Gqeberha and Ngqura in Gqeberha (formerly Port Elizabeth) and notable backlogs developed at Durban and Richards Bay. As authorities were grappling with this situation, a further *force majeure* had to be declared at the Ports of Cape Town, Durban, Gqeberha and Ngqura on 21 July due to a cyberattack experienced by Transnet (SOC). This was only fully lifted on 2 August, further delaying the landing and transportation of raw materials.

It is for reasons such as these that SOH has, for some time now, held strategic stocks of raw materials. This practice enabled us to minimise the impact of these events on production, although in this instance we did have to amend our shift cycles to accommodate the effects of the delays.

A further event that impacted on production was the labour strike that was declared on 5 October 2021. This came about as a result of an industry-wide dispute over wage increases that arose during the routine collective bargaining process and we were unable to operate for the duration of this action.

Identifying the opportunities

While such times of radical disruption are difficult to navigate, they also present new opportunities. The unexpected consolidation of the local electric wire segment that began in 2020 continued in 2021, opening up opportunities in new sectors and segments for us, especially in the mining and parastatal sectors.

Demand for our products, which have an established reputation for quality, outstripped supply in the second half of 2020 and we continue to have a large back-order book. Our focus during the past year has therefore been on increasing manufacturing capacity and improving productivity, which we have done by augmenting plant and equipment and by implementing new shift rotations. Additional machinery purchased in 2020 was commissioned in 2021 and, as already mentioned, we have been working to secure our power supply. The new shift rotations introduced during the course of the reporting period are working well and are enabling us to catch up on back orders.

In addition, we continue to work on process improvement and on waste reduction, both of which have a direct impact on our bottom line.

All of these actions, supported by the hard work and commitment of our people, have enabled us to post positive results for the period, despite the many challenges that we faced, as well as to declare a dividend for the second year in a row.

As a business, we have come through the pandemic stronger, more productive, and more resilient than we were before and this is testament not only to the strength of our business model, but also to the quality of our management and the dedication of our people. New challenges are sure to present themselves during 2022, but we are well positioned not only to survive but to thrive.

The competitive environment

While we have been able to benefit from the realignment of the electric cable market, we obviously need to be constantly alert to competitive activity and to the potential this has to impact on our business. Some of our competitors have also benefitted from the reconfiguration of the market and, like us, are expanding their operations. And, of course, imports especially from the Far East and Zambia remain a factor to be taken into account, especially if there is an improvement in their quality.

Conversely, the construction sector is likely to be highly active during 2022 as infrastructure projects put on hold during the pandemic are given the green light and as buildings damaged during the civil unrest of 2021 undergo repairs. These are both positive developments for us, especially in the niche within which we operate.

Macroeconomic factors

We cannot, however, lose sight of the fact that the South African economy, like economies around the world, has been deeply affected by the pandemic as well as by recent events at home. We also have to bear in mind that GDP has not yet recovered to pre-pandemic levels and that unemployment and poverty remain serious issues in our society.

In addition, we have yet to see the full effect of the conflict between Russia and Ukraine especially, in our case, on the international supply of copper and other raw materials.

On a positive note, the manufacturing and mining sectors continue to recover well from the events of the past two years and this is a good indicator for our business. The demand for electric wire also continues to grow in Africa and the fact that we are now entering new jurisdictions will have a positive effect on the business in both the short-and the long-term.

We also intend to continue to focus on manufacturing integration and are planning to take an ownership stake in Icembu, which supplies SOH with the plastic we use in our manufacturing processes. This will further strengthen our supply chain and help us to mitigate against unexpected shocks. The deal will further strengthen our B-BBEE profile and support our focus on transformation, both areas in which we have a commitment to continuous improvement.

Going forward, it is our intention to identify opportunities to implement backwards integration in order to further strengthen the business. As part of our growth strategy, we will also continue to be alert to suitable merger and acquisition opportunities, both in South Africa and in the rest of Africa, and to explore opportunities to extend our product range.

Sustainability and integrated reporting

In line with the guidelines set out in the King Report on Corporate Governance for South Africa (2016) ("King IV"), we will continue to report not only on financial matters, but to provide non-financial information on issues such as corporate citizenship, transformation, sustainable development and industry regulation, all of which are material to stakeholders. In order to align our reporting with international best practice, we will continue to be guided by the Six Capitals of Sustainable Development, which provide a widely accepted benchmark for listed companies around the world.

Further information is available in the Corporate Governance section of this report.

Outlook

While the outlook remains uncertain for 2022, we have a strong advance order book and continue to streamline our administrative and production processes in response to environmental factors, making us more efficient and productive. We are well positioned to take advantage of the opportunities that presented themselves during the reporting period and to identify new ones during the current period.

Some of the challenges we expect to face include fluctuations in the copper price, on-going load shedding, the impact of cheap imports, political and policy instability, and a volatile exchange rate. We have, however, planned for all of these risks and have procedures in place to manage them as they arise.

From a brand perspective, productivity, quality management, and customer service will continue to be our key focus areas. We will also continue to explore opportunities in Africa as moving into new territories is one of the most immediate ways to secure growth.

Similarly, we will continue to explore opportunities to access large contractors serving government, the parastatals, and corporates, especially those working on infrastructure projects.

The broader socio-economic context within which we operate is naturally beyond the direct control of the Group. Persistently low economic growth, low business confidence, and low levels of investment are all of concern but, again, we have plans in place to deal with the risk associated with these factors. We therefore anticipate a positive and productive year.

Appreciation

In concluding, I would like to thank the Chairperson and my colleagues on the Board, who have provided consistent support and invaluable input throughout the reporting period, which was my first full year in office. In the same way that it takes a village to raise a child, it takes a team to run a business successfully and I am proud to be part of such a strong team.

Special thanks are due to our CFO, Werner Basson who, as always, has been extraordinarily generous in sharing his knowledge and experience with me. His input and support throughout such an unprecedented time have been invaluable.

I would also like to extend my heartfelt thanks to our valued shareholders, partners, suppliers, and customers for their trust in us and their continuing support. It is their unwavering commitment that has enabled us to navigate such a difficult period in our company's history so successfully and to ensure that the Group is sustainable and in a sound position to secure both short-and long-term growth and profitability.

And last but definitely not least, I would like to extend my thanks to every one of our staff, whose hard work and dedication to the business have enabled us to report yet another successful year. You are the backbone of our business and your efforts are recognised and appreciated.

Andre Smith
Chief Executive Officer

Five-year review

GROUP PERFORMANCE AND SEGMENTAL ANALYSIS

	2021	2020	2019	2018	2017
GROUP STATEMENT OF COMPREHENSIVE INCOME					
Net revenue (Rm)	**2 001.5**	1 748.8	1 566.1	2 008.9	1 728.8
Operating profit/(loss) (Rm)	**112.2**	43.4	(7.4)	33.0	(15.2)
Net profit/(loss) after taxation (Rm)	**75.1**	26.9	(15.9)	(3.7)	(57.4)
GROUP STATEMENT OF FINANCIAL POSITION					
Shareholders' equity (Rm)	**567.3**	498.2	471.3	488.8	472.0
Non-current liabilities (Rm)	**75.2**	59.5	61.3	73.4	84.6
Current liabilities (Rm)*	**113.0**	136.6	173.2	296.7	328.3
Total liabilities (Rm)	**188.2**	196.1	234.5	370.1	412.9
Non-current assets (Rm)	**207.5**	229.6	306.8	277.6	297.5
Cash and cash equivalents (Rm)*	**140.0**	20.7	15.8	37.5	30.3
Other current assets (Rm)	**408.0**	444.0	383.2	543.7	557.1
Total assets (Rm)	**755.5**	694.3	705.8	858.8	884.9
SHAREHOLDER RETURNS					
Earnings/(loss) per share (cents)	**36.93**	13.25	(7.80)	(1.95)	(36.67)
Headline earnings/(loss) per share (cents)	**36.83**	13.32	(4.14)	3.74	(35.93)
Dividend per share (cents)	**9.0**	3.0	–	–	–
Net tangible asset value per share (cents)	**279.1**	245.1	231.8	240.5	301.8
Total operating profit/(loss) margin (%)	**5.6**	2.5	(0.5)	1.6	(0.9)
Cash generated/(utilised) for the year (Rm)	**126.3**	39.48	(20.0)	6.4	8.5
Number of shares in issue (millions)	**203.3**	203.3	203.3	203.3	156.4

Subsidiaries

SOUTH OCEAN ELECTRIC WIRE COMPANY PROPRIETARY LIMITED ("SOEW")

SOEW is a manufacturer and distributor of a full range of low-voltage electrical cables, from those typically used in households to those used in industrial applications in which higher current ratings are required. Our product range includes general-purpose insulated wire, a range of flexible conductors, steel wire armoured cables, flat-twin and earth cables, aluminium conductor steel reinforced (ACSR) cables, aerial bundle conductors (ABC), and surface wire.

All of our products are manufactured at the SOEW plant in Alrode, Gauteng, where best-practice quality controls are in place. We also distribute directly to our clients, using our own fleet of trucks and delivery vehicles. Our direct clients are electrical wholesalers and distributors who, in turn, supply the building, construction, large industrial, mining, and retail sectors.

During the reporting period, we entered into a strategic partnership in Mozambique, the DRC and Zambia and, shortly after year-end, we entered into an equity partnership in Namibia. We are now distributing products to these jurisdictions as well.

As at 31 December 2021, SOEW employed 438 people, including manufacturing, engineering, administration, marketing, warehousing, skilled, and semi-skilled personnel. By the end of February 2022, this had been reduced to 375 due to a restructuring process.

Our competitive advantage as a company is based on the low-cost and efficient production processes we apply, ensuring that we produce superior products, maintain reliable distribution, and deliver excellent customer service. These key strategic deliverables have enabled us to remain competitive despite the challenging market conditions that have prevailed in South Africa for many years.

Products

SOEW's comprehensive product range includes:

- Bare copper earth wire
- General purpose house wire
- Flat-twin and earth cables
- Surface wiring
- Twin illumination cable
- Cabtyre
- Single core flex
- Solid panel wire
- Flex power
- Ripcord
- Mains cord
- Submersible pump cable
- Nitrile trailing cable
- PVC nitrile welding cable
- Flame retardant (FR) armoured cable
- Low halogen (LH) armoured cable
- Flame retardant (ECC) armoured cable
- Armoured cable (FR) 1.8/3.3kv
- Single core double-insulated PVC cable
- Single core double PVC AWA PVC cable
- Aluminium conductor
- Aluminium conductor steel reinforced (ACSR)
- Low-voltage aerial bundle conductor (ABC)
- Conduit pipe

The SOEW advantage

- SOEW is a 100% local manufacturer.
- Our company is ISO 9001:2008 compliant.
- All of our products conform to the SANS 1507, SANS 1574, SANS 1576, SANS 1418 and SANS 61386 (PVC 20mm^2 and 25mm^2 conduit) quality standards.
- All of our products are quality tested and approved by the SABS.
- We have a 24-hour maintenance team on-site to ensure production consistency, quality, and reliability.
- We offer competitive pricing and proven customer service.
- Half of the workforce has been employed for at least 10 years, so we have retained valuable institutional knowledge.
- We adhere to the highest health and safety standards using our integrated Safety, Health, Environment and Quality Management (SHEQ) System.
- We procure from and empower local suppliers.
- We promote skills development and knowledge transfer.
- Our manufacturing processes are specifically designed to minimise their impact on the environment.

ANCHOR PARK INVESTMENTS 48 PROPRIETARY LIMITED

("ANCHOR PARK")

Anchor Park is an investment holding company that holds the Group's property assets. Our three properties in Alrode house SOEW's manufacturing operations and plant, as well as the South Ocean Holdings head office.

DIRECTORS AND MANAGEMENT

Andre Smith (56)

Higher National Diploma: Mechanical Engineering

Chief Executive Officer

Andre is a qualified mechanical engineer with 30 years of experience in the cable industry. He has been employed in several senior management and executive positions in the manufacturing, sales, export, and technical areas of the industry. He has visited and trained in cable factories around the world, including in the US, Europe, Australia, China and Korea.

Andre is a proven strategic thinker with extensive experience in business strategy; new product development; operational, asset, quality, and people management; Six Sigma processes; and lean management principles.

He joined the South Ocean Holdings Board in March 2021 and was appointed CEO.

Werner Basson (39)

BAcc, BAcc (Hons), CA(SA)

Chief Financial Officer

Werner is a qualified chartered accountant who completed his articles at one of the "big four" audit and advisory firms. He later gained managerial experience with the firm before joining a JSE-listed group as CFO in 2012. Since then, he has gained valuable experience in several different industries.

He joined the South Ocean Holdings Board and was appointed CFO in September 2020.

Michèle Lobley (36)

General Manager: Sales

Michèle has 15 years of experience within the cable manufacturing sector and joined SOEW in 2006 as an internal sales consultant. She was appointed as a sales representative in 2009, as Senior Internal Sales Representative in 2013, and as Internal Sales Manager in 2016. She has recently been promoted to General Manager: Sales and has successfully completed the Management Advancement Programme at Wits Business School.

Michèle is very customer-centric and is a sales-driven individual with a proven track record within the SOEW Marketing and Sales Department.

Johan Prinsloo (48)

Divisional Director: Factory and Operations

Johan was appointed Divisional Director of Factory Operations at SOEW in January 2021. He initially joined the company as an electrician in 1999. He was appointed Technical Manager in 2006, Production Manager in 2009, and Divisional Director: Factory and Operations in 2010. He resigned effective 31 May 2017 and re-joined SOEW in 2021.

He is a qualified millwright by trade and has 22 years of cable and technical experience.

Thelma Tshivhase (42)

Head: Human Resources

Thelma has 16 years of experience in human resources management, specifically in skills development facilitation, training and development, industrial relations, recruitment, talent management, change management, performance management, B-BBEE and employment equity. She gained her experience in a number of industries, including engineering, manufacturing, the metal industry, and services.

Her qualifications include a BTech in Human Resources Management. She has also successfully completed the Management Advancement Programme and the Executive Development Programme at the Wits Business School.

She joined the company as Human Resources Manager in October 2017 and was promoted to Head: Human Resources in March 2020.

OPERATIONAL REPORT

Overview

As mentioned in the reports by the Group executives, several factors had a significant impact on operations during the course of the year. The most notable of these were load shedding, the civil unrest in July, the industrial action in October, and the impact of the second and third waves of the COVID-19 pandemic. These were exacerbated by an unstable economic environment, currency fluctuations, and disruptions to both national and international supply chains. They were, however, mitigated by an ongoing consolidation of the electrical wire market, which has been precipitated by the pandemic.

During the course of the reporting period, Walroflex was placed under business rescue and Arberdare Cables closed its low-voltage manufacturing facility in Johannesburg. This opened up business opportunities for SOEW, especially in the mining, large industrial and parastatal sectors.

Together with increased demand in the manufacturing and trade sectors, this enabled the Group to post a 15% increase in revenue for the period and to declare a dividend of 9.00 cents per share.

Going forward, one of the greatest business challenges we face is the potential loss of work days due to load shedding. As reported by the Group executives, we are acutely alert to this risk and are in the process of reducing our dependency on the national grid by installing a hybrid solar system that will add a capacity of 1.7MW to our manufacturing site in Alrode.

A less quantifiable risk is the risk of disruption to the copper and aluminium supply chain in the wake of the conflict between Russia and Ukraine. This risk relates to the fact that most of our copper supply is imported and that a significant percentage of it originates in the Russian Federation. Labour and civil unrest could also affect our ability to transport raw materials from the country's major ports to our inland manufacturing site. With factors such as these in mind we have, for several years, had a policy of maintaining a strategic stock of raw materials to ensure that the business can remain operational during unexpected events.

On the plus side, demand for our products is expected to continue increasing, especially now that we have entered into partnership agreements with companies in SADC. We are also continuing to explore similar partnership agreements in other African countries, where demand is increasing rapidly.

Purchase of new machinery during the course of 2020 and continuing production process reviews throughout 2020 and 2021 have also placed us in a strong position to be able to extend our footprint, both within South Africa and beyond our borders.

People

In the wake of October's strike, SOEW took a decision to restructure the business and began a Section 189 retrenchment process. A total of 53 people were retrenched between November 2021 and February 2022, with 39 people opting to take voluntary severance packages. The remaining staff received statutory retrenchment packages.

From an occupational health and safety point of view, we are proud to have maintained a good record, with 24 incidents having been recorded during the course of the year (2020: 23 incidents). Employee health and safety remains a top priority at SOEW and we follow all statutory and best-practice guidelines in this aspect of our business.

With regard to collective bargaining, the three-year wage agreement concluded in August 2017 remained in place until June 2020, when the unions representing workers in our sector agreed to extend it for a further year due to the pandemic. Negotiations towards a new agreement commenced in September 2021, but deadlocked at the beginning of October, when a strike was declared. All operations had to be discontinued for the duration of the strike, which came to an end on 21 October 2021.

Further information relating to staffing at both Group and subsidiary level is available in the Human Capital section of this report.

Outlook

While the country's economic recovery in the last two quarters of 2020 and the first two quarters of 2021 exceeded expectations, events in the second half of the year had a direct impact on growth and, by year-end, GDP had still not recovered to pre-pandemic levels. Growth is expected to remain muted throughout 2022, with economists predicting only a 2% growth rate for the year.

Although SOEW is well positioned to take advantage of the opportunities available to us locally and in neighbouring countries, we are mindful that economic instability is likely to persist well into the foreseeable future. As a result, immediate planning remains largely tactical, focusing on such fundamentals such as managing input costs, production efficiency, and cash flow.

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Wealth creation and sustainability

OVERVIEW

At South Ocean Holdings, we aim to add value, create wealth and secure long-term sustainability by transforming six capital inputs into outputs (products and services) that result in positive outcomes (profits, dividends and other results) for all stakeholders. The six capitals of sustainability are financial capital, manufactured capital, intellectual capital, human capital, social and relationship capital, and natural capital.

This internationally recognised framework, developed by the Technical Task Force of the International Integrated Reporting Council (IIRC), is designed to provide a standardised model to secure long-term business sustainability, as well as to ensure that companies make a real contribution to broader socio-economic development and sound environmental management. The framework is widely used in integrated reporting as it enables listed entities to report on performance in a broader way than traditional reporting standards have previously allowed for.

By reporting in this way, we aim to provide stakeholders with:

- a meaningful assessment of the long-term viability of our strategy and business model;
- in-depth information about inputs, outputs, and outcomes;
- a comprehensive overview of the effective allocation and management of business and natural resources; and
- an overview of our governance framework.

VALUE-ADDED STATEMENT	2021 R'000	2020 R'000	2019 R'000	2018 R'000	2017 R'000
Revenue	**2 001 546**	1 748 796	1 566 078	2 008 869	1 728 794
Paid to suppliers and providers of services	**(1 611 377)**	(1 459 298)	(1 338 301)	(1 653 233)	(1 521 589)
Value added	**390 169**	289 498	227 777	355 636	207 205
Income from investment	**6 815**	4 230	9 794	7 958	8 167
Total value created	**396 984**	293 728	237 571	363 594	215 372
Distributed as follows:					
Employees	**133 645**	125 999	115 324	155 489	129 485
Providers of capital	**6 333**	9 725	15 723	24 551	26 988
Government taxes	**132 961**	89 475	87 718	134 827	88 175
Retained for growth	**124 045**	68 529	18 806	48 727	(29 276)
Depreciation, amortisation and impairment	**24 381**	19 584	14 943	26 420	11 916
Deferred taxation	**24 582**	22 006	19 724	25 971	16 158
Retained earnings (Accumulated loss)	**75 082**	26 939	(15 861)	(3 664)	(57 350)
Total value distributed	**396 984**	293 728	237 571	363 594	215 372
Value-added statement ratio analysis					
Number of employees	**438**	473	431	586	622
Revenue per employee (R'000)	**4 570**	3 697	3 634	3 428	2 779
Value added per employee (R'000)	**891**	612	528	607	333
Average salary per employee (R'000)	**305**	266	268	265	208

Financial capital

ORGANISATIONAL EQUITY

Financial capital, as defined by the IIRC's International Integrated Reporting (<IR>) Framework, is the pool of funds an organisation has access to in order to ensure that it is managed as a going concern. This includes both equity and debt financing. The analytical focus here is on our sources of funding, how funding is converted into outputs through added-value processes, and the financial outcomes of these processes.

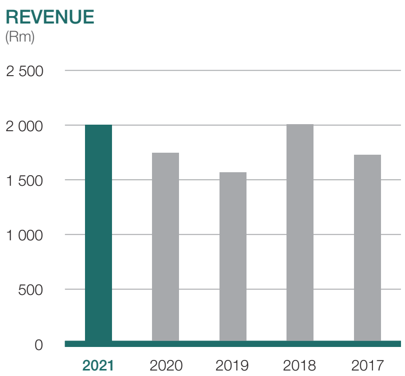
From an equity point of view, we have 203.3 million shares in issue (2020: 203.3 million) and a market capitalisation as at 31 December 2021 of R262.3 million (2020: R79.3 million).

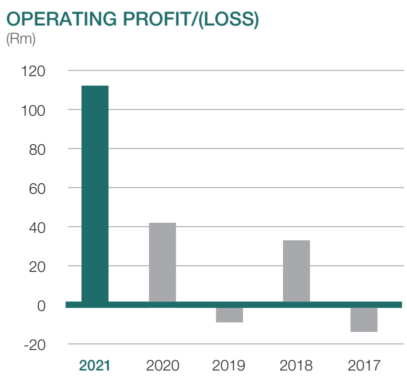
We also make use of capital inputs that were previously considered to be non-monetary variables, but which have increasingly become monetised, such as water. A comprehensive analysis of our water usage is given in the relevant section below.

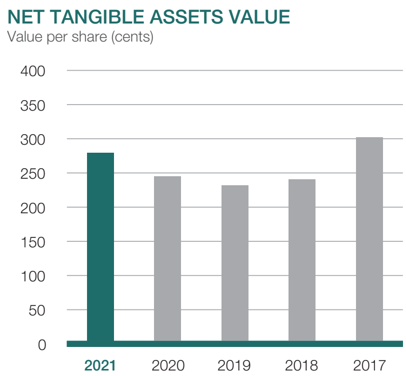
ADDED VALUE

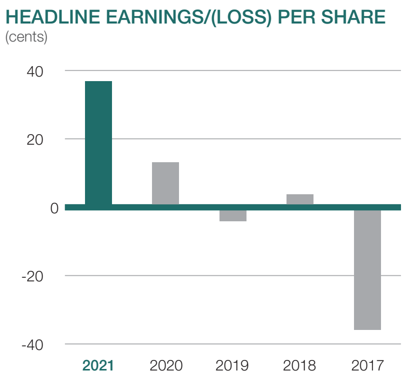
We add value, create wealth, and secure sustainability by using the financial capital at our disposal to manufacture high-quality products, run an efficient distribution system, offer competitive pricing, deliver superior customer service, empower our staff, support external stakeholders, adhere to accepted principles of good governance, and be a responsible custodian of the natural environment.

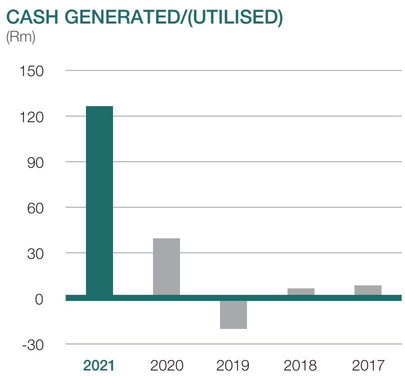
Our financial outcomes are a result of all of these activities.

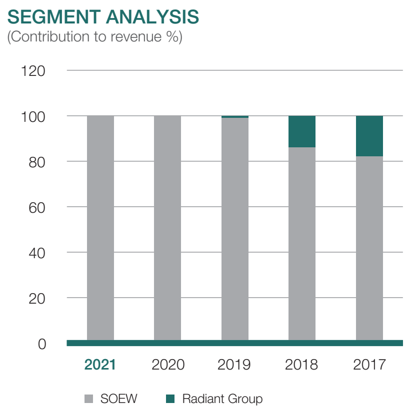












Manufactured and intellectual capital

MANUFACTURED CAPITAL

Infrastructure, equipment, and tools

Manufactured capital is defined in the International <IR> Framework as human-created, production-oriented equipment and tools, but also includes infrastructure either owned or leased by the organisation as well as any public infrastructure such as the road network that it is able to make use of.

Added value

Like all other manufacturers in South Africa, we have had to navigate challenging and uncertain market conditions in recent years.

In the 2021 financial year, the total value added was R397.0 million (2020: R293.7 million) and the value added per employee was R891 000 (2020: R612 000).

Our financial contribution to society is summarised in the value-added statement in the preceding section of this report.

Product range

Our operating subsidiary, SOEW, manufactures a comprehensive range of low-voltage electrical wire and related accessories, as outlined in the section giving details of the Group's subsidiaries.

Product quality

Product quality has always been the cornerstone of our success, with SOEW being certified as compliant with ISO 9001: 2015 Quality Management Standards.

As mentioned elsewhere in this report, the products produced by SOEW also conform to the SANS 1507, SANS 1574, SANS 1576, SANS 1418 and SANS 61386 (PVC 20mm^2 & 25mm^2 conduit) quality standards. To ensure strict adherence to quality standards, we have quality control facilities and a testing laboratory on-site at our Alrode plant. We also have a 24-hour on-site maintenance team, which monitors production consistency, quality, and reliability.

INTELLECTUAL CAPITAL

Protecting knowledge resources

The International <IR> Framework highlights the fact that intellectual capital and knowledge management are essential to securing an organisation's long-term earning potential and to sustaining its competitive advantage.

The intellectual capital value chain involves making use of the output of research and development activities to add value in various areas of the business, most notably by using proprietary processes and procedures to create products and services. It also involves the effective management of an organisation's knowledge resources. These include employee competencies, customer relationship management procedures, financial management procedures, and ICT resources. All of these can, of course, be compromised by illegal or unethical behaviours and practices.

This demonstrates the fact that there is obviously a relationship between intellectual capital, human capital, and social and relationship capital. The reports on these capitals in this section give insight into how we manage and secure our intellectual capital. Our stable and time-tested governance procedures also protect the intellectual capital that secures our leadership position in the market.

Human capital

OVERVIEW

Managing the skills vested in skill and experience

We regard the management of human capital and the creation of value in this aspect of our business as essential to the successful delivery of our strategic objectives. The value vested in the skills, abilities, and productivity of our employees is critical to our sustainability, growth, and development.

We therefore actively invest in developing all of our staff; enhancing human capital through training and development, competitive remuneration, and incentive schemes. We also strive to create a motivating and inclusive work environment, in which the value of employees is acknowledged and in which they feel appreciated. We offer many development opportunities that inspire employees to advance their careers.

Despite the challenges the year 2021 presented, we continued to focus on building a resilient and engaged workforce by strengthening and enhancing the skills, experience, diversity, and productivity of our employees. We did this by investing significantly in sponsored study programmes, technical learning programmes, learnerships, and critical skills development.

The transformation and empowerment of historically disadvantaged employees, in particular, is regarded as being pivotal to our long-term success, and we have initiated a number of targeted interventions to ensure that employees in this demographic benefit from skills development and improvement.

We are also committed to a process of meaningful transformation within the business. This objective is supported by intensified recruitment, the development and retention of candidates from historically disadvantaged groups, and focused measures to enhance gender equality. We aim to be compliant with all laws and regulations designed to ensure that our business reflects the country's demographics and this is a particular focus in our recruitment practices.

As far as labour relations are concerned, we continue to maintain constructive relationships with all of the unions to which our employees belong. Our aim is to create an inclusive working environment and to ensure that all employees work together towards achieving this objective.

As at 31 December 2021, we were employing 438 full-time staff, excluding executive directors (2020: 473). A resizing process was undertaken shortly after year-end and, as at the time of writing, the Group employs 375 people. We constantly strive to increase efficiencies in human capital management and to maintain the flexibility necessary to adapt to prevailing economic conditions.

EMPLOYMENT EQUITY AND DIVERSITY

We are dedicated to creating a diverse workforce by attracting and developing previously disadvantaged people, women, and employees with disabilities. Our diversity figures for the reporting period were:

Black permanent employees	Black management
Male – 77% Female – 11%	Male – 30% Female – 5%
5 Disabled employees	**6** Disabled learners

EMPLOYEE DEVELOPMENT

We are very proud to be able to partner with our employees in their development. We actively encourage staff at all levels to improve their skills and experience, and we provide appropriate mechanisms for them to do so.

Continuing education

In 2021, 131 employees including executives, managers, office staff and factory staff had the opportunity to enhance their skills by studying further (2020: 107). Some enrolled for courses offered by the Wits Digital Campus, the university's online continuing education platform. We provided both financial and academic support for employees undertaking further studies in this way and are proud to announce that they achieved a 99% pass rate.

Bursaries

In addition to educational support for employees, we offer a number of bursaries for suitably qualified dependents. We offered seven bursaries to the dependents of employees in 2021.

Learnerships

On a broader basis, we also funded learnerships for six disabled and unemployed learners with the aim of upskilling them and bringing them into the formal workplace. On completing these learnerships, the beneficiaries had the additional opportunity to participate in an accelerated learning programme designed to improve their chances of being employed immediately after the learning process. In addition to paying their courses fees, we provided learnership beneficiaries with stipends to cover their day-to-day expenses.

Supervisors and foremen were also able to benefit from a separate learnership programme designed to enhance and strengthen their skills.

Training

We continue to invest in various training programmes to ensure that the skills of our workforce are consistently being enhanced. The total invested in training during the reporting period was R1.4 million (2020: R1.3 million).

EMPLOYEE INCENTIVES

As a Group, we offer both short- and long-term incentives, the details of which are set out in full in the Remuneration Report. Staff also benefit from performance-related and attendance bonus schemes. Attendance bonuses are paid out at year-end to qualifying employees.

Short- and long-term incentives are paid out in March of each year after having been approved by the Remuneration Committee.

FREEDOM OF ASSOCIATION

In compliance with the Constitution of the Republic of South Africa, we uphold the right of employees to exercise freedom of association and collective bargaining. We recognise trade unions that are sufficiently representative of our employees and give formal assurance that our staff may associate with employee representative organisations and trade unions or, indeed, choose not to do so.

Our Code of Conduct encourages employees to refrain from performing acts that conflict with freedom of association. There were no violations of freedom of association and collective bargaining during the year

The number of employees belonging to trade unions in 2021 was as follows:

Trade union	2021	2020	2019	2018
NUMSA	**327**	296	255	318
Solidarity	**5**	6	5	8
Number of employees who are members of unions	**332**	302	260	326
Percentage employees who are members of unions (%)	**75.8**	63.8	60.3	55.6

SAFETY, HEALTH, ENVIRONMENT AND QUALITY (SHEQ)

Safety is a way of life for us. We believe that zero harm is not only possible but attainable through dedicated focus and teamwork. Compliance with safety rules and procedures, which include the mandatory use of personal protective gear, is rigorously enforced.

Instances of workplace injuries and accidents are fully investigated and, where necessary, steps are taken to avoid future incidents. There are currently no outstanding claims that require employees to be compensated for health and safety matters.

Occupational health and safety standards are governed by national occupational health and safety regulations. In order to ensure a balanced management approach, we have health and safety committees in various areas of the business and it is their function to ensure that we abide by these regulations.

The committees include representatives from senior management, as well as health and safety representatives selected from all levels of staff. Meetings are scheduled on a regular basis, depending on the working environment and requirements.

The committees report compliance issues and safety incidents to the Management Committee and make recommendations on areas for improvement. The appointment of safety representatives and first-aid practitioners, as well as the oversight of processes necessary to ensure the safe operation of factory equipment, are all functions that are delegated to these committees.

Safety

We facilitate and oversee the training of first-aid and fire-fighting representatives to ensure that, in the event of an accident, there are always trained personnel immediately on hand to assist their colleagues.

Over the past three years, there has been an increase in the number of safety incidents recorded. In 2021, 24 incidents were recorded, up from 23 in 2020. Management takes each of these incidents very seriously. All injured employees who require medical attention are provided with appropriate treatment and, where needed, time off work for recovery.

The following table gives details of all safety incidents recorded during the course of the reporting period:

Injury incidents (permanent staff)	Number of employees
Minor injuries	24
Total number of employees injured	24
Incidents requiring time off work	24
Employees who received medical attention	2

Health

We value the lives of our employees and believe that preventative measures have an important role to play in securing their health. As in previous years, a number of awareness programmes and campaigns were undertaken during 2021 to ensure that employees have the knowledge to detect both acute and chronic conditions early. We also encourage employees to adopt a generally healthy way of living, partly through a programme of communications designed to inform them of the risks associated with various lifestyle choices. This is supported by access to our on-site clinic.

Since the advent of the COVID-19 pandemic, we have also adhered to all mandated management protocols. As part of this, we have a comprehensive communications programme in place to inform employees about risk factors and mitigation measures. We also provide information about vaccination and encourage employees to take advantage of the national vaccination programme.

In 2017, we conducted a comprehensive health and wellness survey to determine the basis for a long-term health management approach. Since then, we have established a formal health and wellness programme to assist employees with any health and psycho-social issues they may be experiencing.

HIV and Aids

HIV and Aids awareness programmes are available to all employees. Everyone is encouraged to attend regular educational sessions, to take the necessary precautions to prevent infection, and to regularly check their HIV status. The HIV status of employees is strictly confidential and the HIV prevalence rate amongst staff is not released for publication.

Lead poisoning

Stringent safety precautions are taken for any employees who come into contact with lead during the course of their work and blood screenings are conducted twice a year to ensure that they are lead-free. If an employee's blood tests indicate the presence of lead in their blood, that person is moved out of the department until blood tests indicate that they are lead-free again.

Noise surveys

Noise-level screenings are routinely done on all existing equipment and on any new equipment before it is introduced into the plant. This is done by an independent company that specialises in monitoring noise levels in industrial installations. Employees are also required to wear ear plugs at all times when working on the factory floor.

SECURITY PRACTICES

We ensure that all employees are aware of and fully understand the Group's security policies and practices. Stock loss control personnel and third-party security providers are all given formal training to acquaint them with these security policies and practices.

One security violation was reported during the course of the year where scrap of a immaterial value and quantity was stolen. The relevant authorities were informed and the personnel involved dismissed.

STAFF TURNOVER

The table below gives a summary of the various reasons why employees left the company:

Reason for leaving (number of employees)	2021	2020
Resigned	**12**	5
Dismissed	**3**	4
Absconded	**1**	1
Death	**2**	4
Retrenched	**–**	3
Other	**8**	6
	26	23

New employment (number of employees)	2021	2020
Replacements and growth	**14**	43

ABSENTEEISM

Employees are encouraged to maintain a healthy work-life balance and various types of paid leave are offered to facilitate this. The following table indicates the average leave allowance employees are entitled to:

Leave type	Number of days
Annual leave (general employees)	15 days – An additional five days for longer than five years' service
Annual leave (directors)	20 days – An additional 5 days for longer than five years' service
Sick leave	30 days over a three-year period
Maternity leave	Up to four months (unpaid)
Family responsibility leave	Three days (MEIBC members can accumulate family responsibility leave up to a total of nine days)
Study leave (approved courses)	Two days per paper

The following chart details the total number of leave days taken during the reporting period:

Leave type (days taken)	2021	2020
Annual leave	**6 190**	8 724
Family responsibility leave	**299**	287
Maternity leave	**65**	–
Sick leave	**1 477**	1 369
Unpaid leave	**3 468**	–
Total number of leave days taken	**11 499**	10 380
Average number of leave days per employee	**26**	22

EXTERNAL STAKEHOLDERS

We engage regularly, openly and honestly with all stakeholders involved in and affected by the Group's operations. This enables us to build good relationships with these stakeholders, as well as to align development plans with their needs. These interactions also provide us with the opportunity to identify and report on important issues raised by both individual stakeholders and communities.

The stakeholder engagement map below graphically represents some of the communications strategies and channels we have employed in our stakeholder management process. Stakeholders are categorised as either primary, secondary, or tertiary, depending on their level of interaction with the Group.

Level	Group of stakeholders	Issues	Method of communication
Primary These stakeholders are vitally important to us as we have the greatest direct impact on them and, vice versa, they have the greatest direct impact on our business.	Employees	Our ability to pay salaries on time. Our performance as a group, which impacts on employee livelihoods. Providing a safe working environment for all our employees. Actively upskilling and promoting employees from previously disadvantaged communities.	The intranet, union meetings, shop steward meetings, face-to-face meetings, communication boards and internal newsletter.
	Investors	Returns on their investment.	The Annual General Meeting, bi-annual results meetings,the Integrated Annual Report the corporate website and Investment updates on SENS.
	Board	The Board carries the ultimate responsibility for the Group's decisions and for its accountability to investors.	Quarterly meetings and briefings for the Chairperson and the Board on matters of significance between meetings.
	Customers	Our ability to supply quality products on time.	Advertisements, the corporate website, the Integrated Annual Report, exhibitions and catalogues.
	Bankers	Our ability to continuously service long- and short-term borrowings.	Providing an integrated annual report and information, as required.
Secondary These stakeholders have the ability to directly impact the success of our business.	Suppliers	Our ability to procure from suppliers and settle debt as agreed.	Regular meetings, the annual industry show, and periodic communications from the respective business managers.
	Government	Our ability to pay all taxes due timeously and in adherence to all legislative requirements.	Specific meetings, Industry forums and adherence to legal reporting requirements.
	JSE	Adherence to JSE regulations.	Providing information as required.
	Unions	The fair implementation of wage agreements and incentives.	Union meetings, shop steward meetings and engaging in negotiations.
Tertiary These stakeholders have the ability to affect the brand's reputation.	Media	Positive and negative publicity.	Media releases and presentations.

Social and relationship capital

A SUCCESSFUL COMPANY IN A SUCCESSFUL SOCIETY

We strive to be a successful group that contributes to creating and sustaining socio-economic development in South Africa. We have all of the appropriate structures, policies and procedures in place to achieve this.

SOCIAL AND ETHICS COMMITTEE

The Social and Ethics Committee is a formal sub-committee of the Board and was established in terms of Section 72 of the Companies Act. It operates under mandate from the Board within approved terms of reference. It is the role of the Committee to ensure that the Group engages in sustainable social, ethical, health, safety, and transformation practices that are aligned to the Companies Act, other legal requirements, and accepted codes of best practice. It places specific emphasis on empowerment in respect of ownership, procurement, employment equity, and skills development.

During the reporting period, the Committee was made up as follows:

N Lalla: Chairperson
KH Pon: Member
A Smith: Chief Executive Officer (Appointed effective 1 March 2021)

The Divisional Director, CFO and Human Resources Manager also attend the Committee meetings by invitation.

Meetings

The Social and Ethics Committee meets at least twice a year unless additional meetings are required.

Reporting

The Chairperson of the Committee reports to the Board on its proceedings after each meeting. She also attends the Annual General Meeting to report on its functions and activities and to respond to any questions from stakeholders.

Responsibilities

The monitoring function of the Social and Ethics Committee applies, amongst others, to matters relating to:

- Social and economic development, with specific reference to:
  - the 10 principles defined in the United Nations Global Compact;
  - the Organisation of Economic Cooperation and Development ("OECD") recommendations regarding corruption;
  - the Employment Equity Act; and
  - the Broad-Based Black Economic Empowerment Act.
- Good corporate citizenship, with a particular focus on:
  - the promotion of equality, the prevention of unfair discrimination, and the elimination of corruption;
  - contributions to the development of the communities in which the Group operates and in which our products are sold; and
  - sponsorships and donations.
- The environment, health, and public safety.
- The impact of the Group's activities and of our products or services.
- Consumer relationships, including our advertising and public relations.
- Labour and employment, including:
  - the Group's standing in terms of the International Labour Organisation's ("ILO's") protocols on decent work and working conditions; and
  - our employment relationships and our contributions towards the educational development of its employees.
- Drawing matters within its mandate to the attention of the Board, if and as required.
- Reporting on matters within its mandate at the Annual General Meeting.

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EMPLOYMENT EQUITY COMMITTEE

We monitor adherence with the Employment Equity Act on an ongoing basis through our Employment Equity Committee, which is made up of a senior management representative, a shop steward and elected employee representatives for the different categories of staff. We are fundamentally committed to ensuring that our workforce profile mirrors the demographics of the country.

During the reporting year, the categorisation of employees according to their workforce profile was as follows:

	WHITE		ACI*		NON-RESIDENT		TOTAL	
	2021	2020	**2021**	2020	**2021**	2020	**2021**	2020
Total workforce	**52**	48	**391**	435	**10**	9	**453**	492
Less: non-executive directors and non-permanent staff	**–**	–	**(10)**	(15)	**(5)**	(4)	**(15)**	(19)
	52	48	**381**	420	**5**	5	**438**	473
Gender profile								
Male	**38**	37	**333**	366	**4**	4	**375**	407
Female	**14**	11	**48**	54	**1**	1	**63**	66
	52	48	**381**	420	**5**	5	**438**	473
Occupational level								
Directors	**3**	1	**1**	3	**–**	–	**4**	4
Male	**3**	1	**–**	–	**–**	–	**3**	1
Female	**–**	–	**1**	3	**–**	–	**1**	3
Senior management	**6**	5	**8**	4	**3**	3	**17**	12
Male	**4**	3	**7**	3	**3**	3	**14**	9
Female	**2**	2	**1**	1	**–**	–	**3**	3
Professionally qualified and middle management	**29**	27	**70**	76	**2**	2	**101**	105
Male	**21**	21	**60**	67	**1**	1	**82**	89
Female	**8**	6	**10**	9	**1**	1	**19**	16
Skilled and technical staff	**10**	9	**66**	67	**–**	–	**76**	76
Male	**7**	7	**59**	59	**–**	–	**66**	66
Female	**3**	2	**7**	8	**–**	–	**10**	10
Semi-skilled and unskilled staff	**4**	6	**236**	270	**–**	–	**240**	276
Male	**3**	5	**207**	237	**–**	–	**210**	242
Female	**1**	1	**29**	33	**–**	–	**30**	34
	52	48	**381**	420	**5**	5	**438**	473
Disability profile								
Disabled	**–**	–	**5**	6	**–**	–	**5**	6
Male	**–**	–	**5**	6	**–**	–	**5**	6
Female	**–**	–	**–**	–	**–**	–	**–**	–
Non-disabled	**52**	48	**376**	414	**5**	5	**433**	467
Male	**38**	37	**328**	360	**4**	4	**370**	401
Female	**14**	11	**48**	54	**1**	1	**63**	66
	52	48	**381**	420	**5**	5	**438**	473
Age profile								
Under 30	**7**	5	**17**	16	**–**	–	**24**	21
Male	**2**	2	**12**	10	**–**	–	**14**	12
Female	**5**	3	**5**	6	**–**	–	**10**	9
Over 30, but less than 50 years	**42**	33	**334**	395	**5**	5	**381**	433
Male	**33**	26	**296**	348	**4**	4	**333**	378
Female	**9**	7	**38**	47	**1**	1	**48**	55
Over 50 years	**3**	10	**30**	9	**–**	–	**33**	19
Male	**3**	9	**25**	8	**–**	–	**28**	17
Female	**–**	1	**5**	1	**–**	–	**5**	2
	52	48	**381**	420	**5**	6	**438**	473

*ACI = African, Coloured and Indian

Unfair discrimination in the workplace is actively discouraged and, where instances of such discrimination are encountered, management acts decisively as soon as the matter has been identified and/or raised.

Whenever there are vacancies within the Group, preference is given to existing employees in order to maintain continuity and a smooth equity management process.

BROAD-BASED BLACK ECONOMIC EMPOWERMENT (B-BBEE)

We regard B-BBEE and transformation as essential to achieving our strategic objectives. We have therefore consistently made improvements to our B-BBEE score and we are currently Level 4 compliant. We continue to work towards obtaining a higher level of accreditation.

In the area of preferential procurement, we have considerably increased our spend with key categories of suppliers, including black-owned businesses (businesses with a 51% or higher black ownership), companies owned by black women (with a 30% or higher black female ownership), and companies that are defined as Qualifying Small Enterprises (QSE) and Exempt Micro Enterprises (EME). These efforts are supported by our formal supplier development programme.

We are optimistic that we will be able to improve on this further during the current period.

CORPORATE SOCIAL INVESTMENT

We are committed to making sustainable contributions to and uplifting communities in the areas in which we operate. We do this primarily through a process of enterprise and socio-economic development, which is facilitated by accelerating the sustainability and financial independence of black-owned enterprises. This is supported by additional financial assistance for community-based development programmes, such as the New Beginnings Care Centre ("NBCC").

CSI spend

Our CSI spend during the year was made up of grants to the value of R3.3 million (2020: R1.5 million).

Political party policy

We fully endorse the principles and institutions that ensure a free and democratic society. It is, however, our policy not to make any donations to or in favour of any political party.

New Beginnings Care Centre

The primary beneficiary of our socio-economic development programme is the NBCC, which is situated in Boksburg, and which offers a range of services aimed at stabilising and empowering destitute individuals.

The centre, which has an average residency rate of approximately 300 individuals, provides homeless people of all ages with accommodation, food, and structured programmes designed to assist them in integrating back into mainstream society. It also provides a crèche and educational support for children under 18 and helps adult residents to find jobs that will enable them to regain their independence and rebuild their lives.

In addition, the NBCC offers a rehabilitation programme to individuals who are struggling with substance abuse and distributes food on a daily basis to approximately 120 community feeding schemes.

We source all of our casual and part-time labour from the NBCC and are proud to be part of an initiative that is making a difference in so many lives.

Yes Programme

Our Yes Programme employs previously disadvantaged people under the age of 35. Participants are recruited, upskilled, and employed for a period of 12 months. We currently employ 30 people through this initiative.

ENTERPRISE DEVELOPMENT

Enterprise development is another critical focus for us as it is a powerful means of creating jobs and alleviating poverty. As already mentioned, we focus in particular on supporting sustainable businesses owned by black people, especially black women. We assist these businesses by supplying stock at no charge, which can then be sold on to their customers at a profit. We have continued to do this despite facing some of the most financially challenging times we have ever faced in recent years.

HUMAN RIGHTS

We ensure that all employees are afforded the dignity and respect they deserve, as enshrined in the Bill of Rights. We diligently ensure that none of our policies and procedures infringe on the rights of employees as articulated in all applicable legislation.

CHILD LABOUR

We procure materials, products, and services from a number of suppliers who are domiciled in various jurisdictions, each governed by a different legislative framework. We strongly reject the use of child labour by any of our suppliers as this is a violation of human rights. While monitoring labour practices across a wide range of suppliers in foreign jurisdictions can be difficult, to date we have not encountered instances of the use of child labour among our suppliers.

Natural capital

TOWARDS A GREENER AND CLEANER FUTURE

In line with the guidelines outlined in King IV, we regard the protection and conservation of the environment as a fundamental aspect of doing business.

Climate change

We recognise the impact of climate change on the natural environment and actively seek opportunities to mitigate our own environmental impact. A task team regularly measures the carbon impact of our manufacturing processes and our vehicles. We operate within the required environmental limit required and have no negative impact on the environment that will directly or indirectly affect climate change.

Environmental impact assessment and carbon footprint analysis

Due to the pandemic, our usual environmental impact assessments and our annual carbon footprint analysis were not undertaken during the reporting period as service providers did not want to perform on-site assessments. The assessments and analysis are scheduled to take place during 2022.

Energy usage

During the course of the year, SOEW, our manufacturing subsidiary, used 24.78MWh of electricity (2020: 13.31MWh). This translates into 0.016 MWh per hour worked (2020: 0.011 MWh per hour worked).

Water management

Our manufacturing processes use very little water and, in this respect, we have only a minor impact on the environment. During the course of the year, we used 7 337 kilolitres of water (2020: 6 973 kilolitres), translating into an average of 0.009 kilolitres per hour worked (2020: 0.009 kilolitres).

While our manufacturing processes have very little impact on biodiversity and the environment, we make every effort to conserve water on a Group-wide basis and to educate our employees on the importance of keeping water usage to a minimum.

Waste management

We have a policy of re-using materials before undertaking any recycling or disposal. Only waste that cannot be re-used is disposed of and this is done in an environmentally safe manner. We use specialist companies to handle the disposal of hazardous materials, such as used oil from manufacturing machinery, and paper recycling bins are situated throughout our factories, testing facilities, and offices.

A portion of the total scrap generated during the year included PVC scrap, which was recycled and reused in the production process. The balance of the PVC scrap and the copper scrap was sold. We aim to keep cable scrap to a minimum and, where it is unavoidable, we sell it on as a financial recovery measure.

Used soluble and lubricating oils, which are a by-product of the manufacturing process, are disposed of through a third party, which either recycles or disposes of them in an environmentally safe manner. During 2021, 16 000 litres of both soluble and lubricating oil was generated and disposed of (2020: 12 726 litres).

Industrial waste generated and disposed of during the course of the year totalled 1 426 000 kilograms (2020: 1 094 500 kilograms). Some soil was also disposed of from the manufacturing site. In order to minimise waste in all categories, we adhere to a planned maintenance schedule designed to maximise the operating efficiency of all our equipment over its lifetime.

Finally, we attempt to keep refuse to a minimum and we recycle as much as possible. During the course of the year, a total of 1 428m^3 of refuse was generated (2020: 1 189 m^3).

Risk report

RISK MANAGEMENT POLICY STATEMENT

The Board is committed to a process of risk management that is aligned to the principles of good corporate governance, as set out in King IV and the Companies Act. This is defined as a structured, systematic and comprehensive process designed to:

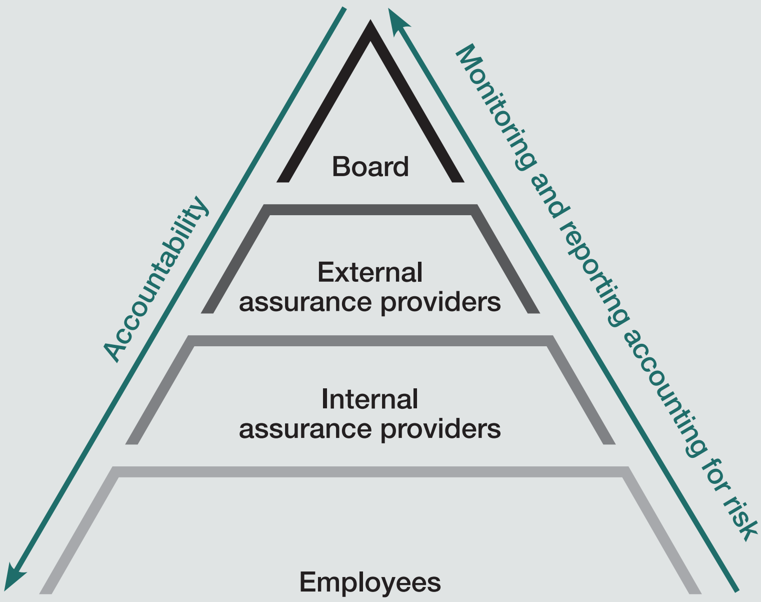
- identify potential risks that may affect the Group;
- prioritise and effectively manage these risks within clearly defined risk appetite parameters; and
- provide reasonable assurance regarding the achievement of organisational objectives.

ENTERPRISE RISK MANAGEMENT PRINCIPLES

The following principles underpin our risk management processes:

- Although the Board is accountable for the entire process of risk management, it is the responsibility of all employees to embed and maintain effective risk management, control, and governance processes throughout the organisation.
- Effective risk management is conducted within the approved risk management framework and structures. These have been tailored to our specific circumstances and form part of our daily operational activities.
- Risk identification, risk assessment, risk mitigation, and risk monitoring are ongoing and evolving processes and form an integral part of our daily decision-making.
- Quarterly risk reporting provides a balanced assessment of significant risks and the effectiveness of internal control in managing these risks.
- Through the skilled application of high-quality, integrated risk analysis and management, our employees exploit risk to enhance opportunities, reduce threats, and sustain a competitive advantage. As a group, we take calculated risks subject to tolerance limits.

Governance structure



ENTERPRISE RISK MANAGEMENT PHILOSOPHY

Our enterprise risk management philosophy is defined by the following features:

- We are committed to proactive risk management as a discipline that is intended to create value, protect stakeholders and assets, and promote long-term sustainability. The risk management practice is founded on the ethical values of responsibility, accountability, fairness, and transparency.
- We have a formal risk management policy in place to ensure that there is a standardised approach to and understanding of risks and risk management throughout the Group.
- The Board has the overall responsibility for the governance of risk. The Audit and Risk Management Committee assists the Board with risk management oversight. The Board discloses undue, unexpected, or unusual risks in the Integrated Annual Report each year and provides an opinion on the effectiveness of the risk management processes.

RISK MANAGEMENT FRAMEWORK

Our risk management framework has been approved by the Board and it includes a comprehensive implementation plan. The Board delegates responsibility for the implementation of the plan to the CFO and reviews the risk policy, risk framework, and implementation plan annually.

As a Group, we adhere to ISO 31000:2009 risk management principles and guidelines and use ISO 73:2009 risk management principles to define risk-related terms.

RISK APPETITE

South Ocean Holdings has a low appetite for risk. The Board therefore prioritises organisational resilience and sustainability over aggressive risk-taking and management does not seek out exposure to risk in order to drive short-term financial performance or growth. Management must always ensure that decision-making and risk exposure is maintained within the parameters approved by the Board.

PRINCIPAL RISKS AND MITIGATIONS

Nature of Risk	Cause and effect	Risk Rating:	Mitigating Actions
Business interruption	**Cause:** Any *force majeure* resulting from such events as a pandemic, civil unrest, labour action, a cyberattack, a radical disruption of the power or fuel supply, or a radical disruption of our supply chain. **Effect:** Any of these factors could lead to the cessation of operations, a critical loss of revenue, or business failure.	CRITICAL (2020: CRITICAL)	• Many of the factors that can impact on our ability to operate are beyond our immediate control, but we proactively plan for the eventualities listed and have policies in place to mitigate their effects should they occur. • We adhere to all COVID-19 regulations currently in place and will adhere to any similar regulations government may put into place in the future in response to a national health crisis. • We have a well-defined crisis management policy, which is reviewed annually and which will come into effect if we have to declare a *force majeure* due to civil unrest. • We adhere to all collective bargaining procedures and agreements and, in the event of a strike, whether protected or not, our crisis management policy will be applied. • We constantly review our IT risk in accordance with international best practice and in cooperation with local and international partners. An IT crisis management policy is in place and this will be applied immediately in the event of a cyberattack. • We are in the process of implementing a R42 million on-site hybrid solar power system to mitigate the risk of ongoing load shedding or catastrophic power failure. • We have a policy of maintaining strategic stocks of raw materials and a diversified supply chain in order to mitigate the risk of disruptions to our supply chains.
Loss of profitability	**Cause:** The poor economic climate, both in South Africa and internationally; the unstable political environment in South Africa; civil unrest; disruptions to local and international supply chains; the volatile exchange rate; the unstable rand copper price; poor sales; significant customer returns; and a decline in gross profit. **Effect:** Any of these factors could lead to an unsustainable loss of profitability or business failure.	EXTREME (2020: CRITICAL)	• Many of the factors that can impact on profitability are beyond our immediate control, but we proactively plan for the eventualities listed and have policies in place to mitigate their effects should they occur. • We are taking advantage of the current consolidation of the electric wire segment in order to secure our market position and expand our footprint within South Africa. • We are entering into strategic partnerships in DRC, Zambia, Mozambique and Namibia in order to extend our footprint and enhance profitability. • We are exploring appropriate mergers and acquisitions that will enable us to integrate our supply chain and minimise the risk associated with using third-party suppliers. • We maintain a high level of quality control in order to minimise the risk of returns. • We nurture our customer relationships. • We are have plans in place to expand our product range. • We consistently develop and execute marketing plans to position our products within the electric wire market and to increase sales. • We maintain diversity in our revenue stream. • We consistently develop and support excellent sales teams.

Nature of Risk	Cause and effect	Risk Rating:	Mitigating Actions
Non-compliance with B-BBEE legislation	**Cause:** Non-compliance with B-BBEE legislation or a low B-BBEE rating. **Effect:** Either of these factors could lead to a loss of customers. The related inability to tender for public sector contracts would result in a loss of revenue.	EXTREME (2020: CRITICAL)	• We have a comprehensive B-BBEE strategy in place to ensure that we consistently comply with legislation and can improve our B-BBEE rating. • Preferential procurement assessments are undertaken on an ongoing basis to ensure that we procure goods and services from suppliers with a high B-BBEE rating. • Black-owned and black women-owned enterprises are being identified as suppliers and for development assistance. • We are investigating and entering into strategic partnerships in both South Africa and the rest of Africa, which will enable us to improve our B-BBEE rating. • Employment policies are consistent with our employment equity targets.
Unstable cash flow	**Cause:** A volatile exchange rate and unstable RCP, an increase in the cost of sales, reduced margins, high levels of debt, and/or reduced profitability. **Effect:** Any of these factors could lead to a critical cash flow crisis or business failure.		• Reasonable fluctuations in the exchange rate and the RCP are taken into account when developing the annual budget. • Reasonable increases in the cost of sales is also taken into account when developing the annual budget. • Collections are closely monitored to identify distressed customers. • Working capital expenses are properly controlled.
Unstable electricity supply	**Cause:** Continuing interruptions in the electricity supply. **Effect:** This has the potential to impact on manufacturing operations and affect business continuity, potentially impacting on profitability and even sustainability.		• All of our offices are equipped with back-up generators to ensure business continuity during load shedding and other power outages. • Manufacturing operations require capacity that cannot be supplied by generators, but the factory sources electricity from multiple substations to ensure that production can continue if one of these substations goes off-line or ceases to be functional. • We are in the process of implementing a R42 million on-site hybrid solar power system to mitigate the risk of ongoing load shedding or catastrophic power failure.
Loss of data or corruption of the Group's IT systems	**Cause:** Power outages and/or improper backup procedures. **Effect:** This could lead to the corruption or loss of data and/or IT security may be ineffective.		• Critical IT services are outsourced to a proven and capable IT company. • All backups are done offsite. • Controls are in place to ensure that backups are complete. • IT personnel monitor the servers continuously for viruses and hacking attempts. • Adequate firewalls are in place to prevent infiltration by unknown parties. • An IT crisis management policy is in place and this will be applied immediately in the event of a cyberattack.
Loss of significant customers and/or a decline in sales	**Cause:** Failure to compete successfully in a highly competitive environment. **Effect:** This could result in the loss of one or more significant customers and/or a general decline in sales.		• We continuously monitor exchange rates and the business's expenditure against budget. • We take foreign exchange rate cover at the best possible rates on all foreign purchases in order to minimise the impact of exchange rate losses. • Sales are spread out across a number of significant customers and we monitor the debtors' book closely.

Nature of Risk	Cause and effect	Risk Rating:	Mitigating Actions
Unpredictable and/or unstable legislative and/or regulatory environment	**Cause:** Unexpected or unpredictable changes to the country's legislative and/or regulatory regimes. **Effect:** These factors could impact on our ability to operate effectively.	EXTREME	• We monitor business processes on an ongoing basis to ensure there that are no transgressions. • Staff are trained in order to raise awareness of Competition Commission regulations. • Further training is conducted on an ongoing basis to ensure that staff are fully aware of and compliant with changes in legislation.
Industrial action	**Cause:** Labour disputes and/or strikes. **Effect:** Interruption of operations and loss of revenue.		• Our business continuity plan outlines the actions to be taken in the event of a strike or other industrial action. • Non-union factory workers and office staff are used to maintain business continuity in the event of a strike or other industrial action.
Loss of key staff	**Cause:** Competitive offers from other companies or disputes. **Effect:** This would impact on the Group's knowledge base and ability to operate effectively.		• We have comprehensive job descriptions and succession plans in place for all key staff to mitigate against the loss of these staff for any reason. • Short- and long-term incentive schemes are in place to encourage the retention of key staff.
A breakdown in the supply chain or long periods of disruption	**Cause:** Changes in or disputes with suppliers and/or disruptions in international supply chains due to global events such as military conflict. **Effect:** This would impact directly on our ability to operate, our profitability, and potentially our sustainability.	MEDIUM (2020: MEDIUM)	• We consistently use formal and proven supplier relationship management processes. • We also use formal processes to drive strategic value through innovation, optimum risk management, and highly effective supply chain management. • We have a policy of maintaining a strategic stock of raw materials to mitigate against external events that may have an impact on our supply chain. • We are alert to the possibility and have controls in place to mitigate the risk.
Non-compliance with JSE regulations	**Cause:** Non-compliance with the rules and regulations defined by the JSE for all companies that trade on the exchange. **Effect:** This could lead to trading being suspended, to a loss of revenue and reputation, and even to business failure.	LOW (2020: LOW)	• The Board, the Committees of the Board, the Company Secretary, the Group's auditors, and independent external suppliers are all tasked with ensuring that the Group and its subsidiaries remain compliant with JSE regulations. Compliance is closely monitored.
Misappropriation of assets due to fraud and/or corruption	**Cause:** Internal or external fraud and/or corruption. **Effect:** This could impact on effective financial management, reputation, and even sustainability.		• To mitigate against fraud and corruption, we have a whistle-blowing hotline in place and all staff are aware of our whistle-blowing policy. • We have a clear segregation of duties throughout the Group. • The approval of the directors is necessary before assets can be removed from the premises. • There are strict security control in place at all exit points.
A default by a major debtor and/or a significant insurance exclusion	**Cause:** Debtor default and/or insurance exclusion. **Effect:** These factors could impact on effective financial management and even sustainability.		• Sales are spread out across a number of significant customers and we monitor the debtors' book closely. • 80% of the debtor's book is insured through the Credit Guarantee Insurance Corporation of South Africa Limited.

Remuneration report

PART 1: REMUNERATION POLICY

South Ocean Holdings' Remuneration Policy is aligned with the guidelines set out in King IV, and complies with both the Companies Act and the JSE Listing Requirements. As a Group, we have an integrated approach to remuneration and we aim to ensure that there is an appropriate balance between the interests of shareholders and other stakeholders, as well as between our strategic and operational requirements.

Our remuneration policy is designed to:

- support the implementation of our business strategy;
- provide attractive and market-related remuneration;
- motivate and reinforce individual and team performance; and
- demonstrate equitable remuneration related to job description, responsibility, and personal performance.

The policy aims to ensure that remuneration is:

- market-related and competitive;
- performance-related;
- appropriate to the value delivered in each job category and at every level; and
- compliant with best-practice governance in both concept and practice.

This, in turn, is designed to:

- attract, motivate and retain skilled and talented people, especially in key positions;
- support our position as an employer of choice; and
- encourage and reward superior performance.

No major changes were made to the Remuneration Policy during the reporting period and established key performance indicators (KPIs) remain aligned to our strategy and goals.

Remuneration Committee

The Remuneration Committee operates under mandate from the Board, which assesses its composition annually in order to ensure that it has the appropriate mix of skills, knowledge, and experience to operate effectively. The Committee complies with all legal requirements and governance guidelines.

Composition

The Remuneration Committee is made up of two independent non-executive directors and one non-executive director, all of whom have the qualifications and experience to fulfil their duties.

Meetings

Committee meetings are held at least twice a year unless additional meetings are required. The Chief Executive Officer and the Chief Financial Officer attend the meetings by invitation, but do not participate in discussions related to their own remuneration.

Reporting

The Chairperson reports on proceedings to the Board after each meeting and attends the Annual General Meeting to respond to any questions from stakeholders that relate to the Committee's areas of responsibility.

Roles and responsibilities

The Committee does not assume the functions of management, which remain the responsibility of the executive directors and senior management. Its primary task is to assist the Board in ensuring that the remuneration of directors and executives is fair and market-related.

The Remuneration Report in this section provides a detailed overview of our remuneration practices. It deals mostly with the remuneration of directors and senior management.

Remuneration of non-executive directors

Terms of service

Non-executive directors, including the Chairperson, are appointed by the shareholders at the Annual General Meeting, but interim appointments are permitted within the framework of the Remuneration Policy during the course of the year. Interim appointees retire at the next Annual General Meeting, when they may make themselves available for re-election.

According to the terms of the Group's memorandum of incorporation, one-third of the non-executive directors may make themselves available for re-election each year, under the condition that, should a director be appointed as an executive director or as an employee of the Group in any other capacity, they shall not, while they continue to hold that position or office, be subject to retirement by rotation and they shall not, in that case, be taken into account in determining the rotation or retirement of directors.

Further, once a director has served for nine or more years, they may continue to serve in an independent capacity if the Board concludes that they exercise objective judgement and there is no interest, position, association, or relationship which, when judged from the perspective of a reasonable and informed third party, is likely to influence unduly or cause bias in decision-making. The assessment must be made each year after the nine-year period.

The independence of the non-executive directors is evaluated annually and the evaluation performed for 2021 has confirmed their independence.

Fees

Group policy is to pay competitive fees that are aligned to skill, experience, and the time commitment required from the non-executive directors. Fees are benchmarked against a comparison group of JSE-listed companies. Non-executive directors are entitled to be compensated for travel and subsistence when travelling on official business, but there is no contractual agreement to compensate them for loss of office.

Non-executive directors do not receive short-term incentives and do not participate in any long-term incentive schemes. Their fees are proposed by the Remuneration Committee on an annual basis and voted on by shareholders at the Annual General Meeting. There are no retirement provisions for non-executive directors.

Remuneration of executive directors and senior management

Our remuneration philosophy is to pay executive directors, senior managers, and staff market-related remuneration that is intended to motivate them, encourage sustainable performance, and secure retention. In terms of remuneration policy, above-average remuneration accrues only to employees who demonstrate a preparedness to accept the challenges of the enterprise and who excel in the achievement of the objectives of the enterprise.

Remuneration package

The remuneration packages of executive directors and senior managers are made up of:

- a guaranteed package;
- a performance-linked bonus;
- a short-term profit-sharing bonus; and
- a long-term incentive scheme.

Guaranteed package

A total cost-to-company package for each director and senior manager is determined annually based on the market value of his or her position. It is awarded on the assumption that performance targets are higher than they were in the preceding year and that these targets will be met. The guaranteed pay is calculated at between 75% and 80% of the total cost-to-company package for directors and at 92.4% for senior managers.

Performance bonus

Directors and senior managers are required to enter into performance contracts that clearly define individual key performance areas linked to the strategic objectives of the business. The contracts and related performance ratings are reviewed by the executive directors and reports are made to the Remuneration Committee. The Committee provides insight into how risks are being managed and controlled, as well as into succession planning at both Group and subsidiary levels.

Performance ratings based on KPIs are the basis on which the annual performance bonus is paid. For directors, this is calculated at between 20% and 25% of the total cost-to-company package, while for senior managers, it is calculated at 7.6% of total package.

Profit-sharing bonus

Executives and senior managers employed by the Group participate in a profit-share pool if profit before taxation exceeds targeted earnings for the year. This policy was proposed by the Remuneration Committee and approved by the Board.

Target earnings are defined as the inflation-adjusted moving average of earnings for the past three years multiplied by a growth factor equal to expected inflation. For the purposes of the profit-sharing bonus scheme, a nominated percentage of the excess earnings of the Group and its subsidiary is allocated to be shared by eligible participants.

Long-term incentive scheme

A long-term incentive scheme has been in place at South Ocean Holdings since 1 January 2009. The objective of this scheme is to align the interests of directors and senior managers with those of shareholders and to retain the key people who are responsible for leading the organisation.

The incentive scheme is a share-appreciation rights scheme in terms of which each participant receives a cash bonus based on equity growth. It does not confer any rights on employees to acquire, hold, or subscribe for shares at any time, and does not in any way dilute the shareholdings of existing or future shareholders.

The features of the scheme are as follows:

- There are separate schemes for the Group and its subsidiary, SOEW.
- Share appreciation rights are defined in relation to the issued shares of each entity at the commencement of each financial year.
- Each share appreciation right relates to one issued share.
- In the case of the Group scheme, eligible participants were allocated rights based on the value of ordinary shares which, in turn, is based on the volume-weighted quoted share price during the month preceding the allocation.
- Beneficiaries of the Group scheme receive a cash bonus at the end of a defined holding period, which is equal to the difference between the value of those shares at the beginning of the period and the value of the shares at the end of the period.
- In the case of SOEW, eligible participants are allocated rights:
  - in relation to a certain value of the shares of the company (75% of the allocation);
  - in terms of a valuation of the shares of the company which, in turn, is based on its financial results over the preceding three financial years;
  - based on the shares of the holding company (25% of the allocation) which, in turn, is based on the volume-weighted quoted share price during the month of December in the previous year;
  - a cash bonus at the end of a defined holding period equal to the difference between the value of those shares at the beginning and end of the holding period; and
  - the holding period of allocations being three years, which may be extended to four years at the third year of each allocation at the option of the participant.
- The quantum of the allocations is in the range between 33.3% and 83.3% of the annual guaranteed pay of each participant in the years following.

Annual review by the Remuneration Committee

The total cost-to-company package for all executive directors is reviewed annually by the Remuneration Committee based on market information and individual competency assessments.

The Committee is also mandated to review on an annual basis the Remuneration Policy as it applies to all executive and senior managers who are members of the Executive Committee or a management committee.

Executive directors' remuneration from related companies

Executive directors' remuneration paid for 2021 was as follows:

Company	2021 R'000	2020 R'000
South Ocean Holdings Limited	**5 250**	5 246

Details of the remuneration of individual executive directors are given in the notes to the Annual Financial Statements in this report.

Non-executive directors' remuneration

The fees for non-executive directors paid during 2021 were as follows:

	Fixed fee per annum 31 December 2021 R'000
Chairperson	**553 227**
Deputy Vice-Chairperson	**319 157**
Non-Executive Director	**184 410**
Chairperson of the Audit Committee	**276 613**
Member of the Audit Committee	**59 763**
Chairperson of the Remuneration Committee	**85 055**
Member of the Remuneration Committee	**59 763**
Chairperson of the Social and Ethics Committee	**85 055**
Member of the Social and Ethics Committee	**59 763**
Chairperson of a Special Committee	**R3 586/hour**
Member of a Special Committee	**R2 152/hour**

Details of the remuneration of individual non-executive directors are given in the notes to the Annual Financial Statements in this report.

Interest of directors in the share capital of the Group

The details of individual directors' interest in the share capital of the Group is disclosed in the Directors' Report on page 56.

Interest of directors in contracts

The directors have certified that they had no material interest in any transaction of any significance with the Group or its subsidiaries.

Share Appreciation Scheme

Details of the Share Appreciation Scheme are set out in the notes to the Annual Financial Statements in this report.

Prescribed officers of the Group who are not executive directors

King IV recommends that the salaries of the prescribed officers excluding executive directors should be disclosed. These officers have been identified and their earnings, including any bonus and share appreciation rights paid out, have been disclosed. Remuneration, benefits, and incentives paid in 2020 and 2021 are set out in the notes to the Annual Financial Statements in this report.

Service contracts and severance pay

The Group enters into formal service contracts with all non-executive directors.

Executive directors, executive managers, and senior managers are subject to South Ocean Holdings' standard terms and conditions of employment, and have notice periods that vary between 30 and 90 days. In line with Group policy, no director is compensated for loss of position and none of the directors have special termination benefits.

Our policy when terminating the services of an individual for operational reasons is to pay a minimum of one week of the annual cost of employment for each completed year of service.

Provident fund and Group life cover

Employees who are not members of the Metal Engineering Industry Bargaining Council (MEIBC) are contributing to the AlexForbes Access Retirement Fund and their contributions vary between 6.6% and 15% of their basic salaries. Employees who are members of the Metal Engineering Industry Bargaining Council belong to the Metal Industries Pension Fund or the MEIBC Provident Fund and their contributions amount to 14.6% of their basic salaries.

Employees also contribute to a funeral policy that covers funeral costs for the employee or for close family members in the event of death. This is packaged with a risk policy, which pays out between three and five times the employee's gross annual salary in the event of death or permanent disability.

Shareholder agreement

The Group's Remuneration Policy and related implementation plan is presented to shareholders for consideration and approval at each Annual General Meeting, as recommended by King IV. In the event that 25% or more of the votes cast are against either the Remuneration Policy resolution or the implementation plan resolution, executive management will engage with shareholders to ascertain the reasons for the dissenting vote.

Where considered appropriate, non-executive directors may participate in these engagements with selected shareholders and executive management may then make specific recommendations to the Board as to how the legitimate and reasonable objections of shareholders might be addressed, either in the Remuneration Policy or through changes to the way in which the policy is implemented.

Remuneration Committee members

The Remuneration Committee members in 2021 were:

- HL Li: Chairperson
- KH Pon: Member
- CF Chen: Member

Non-binding advisory vote

Shareholders are requested to cast a non-binding advisory vote on the Remuneration Policy as contained in this report.

PART 2: IMPLEMENTATION OF REMUNERATION POLICY

Executive directors' remuneration

Guaranteed pay: basic remuneration and benefits

In determining the cost-to-company increases for executive directors in 2021, the Board considered the average increases to general staff and also used relevant market data. Benchmarks were selected based on a number of factors including, but not limited to, the company size and the complexity of comparable listed companies with reference to market capitalisation, turnover, profitability, number of employees, and sector.

The increases for the executive directors were as follows:

- Chief Executive Officer: 25.0%
- Chief Financial Officer: 5.5%

Details of the remuneration paid to executive directors in office for the year ended 31 December 2021 are set out in the notes to the Annual Financial Statements in this report.

Short-term incentive outcomes

Executive directors and prescribed officers' short-term incentives for 2021, which were paid in the 2022 financial year, were as follows:

Company	2021 R'000	2020 R'000
A Smith	**1 042**	–
W Basson	**799**	–
C Govender	**–**	223
Y Mahomed	**–**	201

Long-term incentive outcomes

The number of shares allocated to directors and prescribed officers as at 1 January 2021 are given in the table below. Each participant will receive a cash bonus based on the equity value growth at the end of the three-year holding period.

	SOH shares
Allocation price	R0.25
A Smith	4 922 197
W Basson	2 745 243

Non-executive directors' remuneration

Payment of non-executive remuneration for the reporting period was as per the 2021 Annual General Meeting.

The fees for non-executive directors for the 2022 financial year are proposed as follows:

	Fixed fee per annum 31 December 2022 R
Chairperson	**580 888**
Deputy Vice-Chairperson	**335 115**
Non-Executive Director	**193 630**
Chairperson of the Audit Committee	**290 443**
Member of the Audit Committee	**62 751**
Chairperson of the Remuneration Committee	**89 308**
Member of the Remuneration Committee	**62 751**
Chairperson of the Social and Ethics Committee	**89 308**
Member of the Social and Ethics Committee	**62 751**
Chairperson of a Special Committee	**R3 765/hour**
Member of a Special Committee	**R2 260/hour**

Non-binding advisory vote

Shareholders are requested to cast a non-binding advisory vote on the remuneration implementation plan as contained in this report.

Approval

This remuneration report was approved by the Board of South Ocean Holdings.

Corporate governance report

OVERVIEW

South Ocean Holdings recognises that it has a fiscal and fiduciary responsibility to adhere to all relevant laws, regulations, and guidelines in the territory or territories in which it operates. The Board, the executive, and management are responsible for constantly monitoring compliance with laws and regulations and internationally accepted governance practices, as well as for ensuring that a robust framework is in place to provide for effective implementation.

Within this context, the Group constantly strives to entrench a culture of good governance and responsible corporate citizenship. This is to ensure that all decisions are taken in an ethical, fair, and transparent manner that supports accountability to the law and all of the Group's stakeholders.

A detailed summary of how the Group adheres to the guidelines outlined in King IV, the Companies Act, and all other legal requirements is available on its web site.

Corporate responsibility

All decisions related to material matters are approved by the Board. These include, but are not limited to, decisions regarding the allocation of the capital resources needed to optimise the return on shareholders' investment, as well as the authorisation of procurement, capital expenditure, property transactions, borrowings, and investments (other than where pre-approved materiality levels, which have been identified by the Board, have been given to management).

Statement of compliance

South Ocean Holdings regularly undertakes assessments of its application of King IV. The Group's governance processes are well established and comply with all of the applicable principles and guidelines set out in King IV.

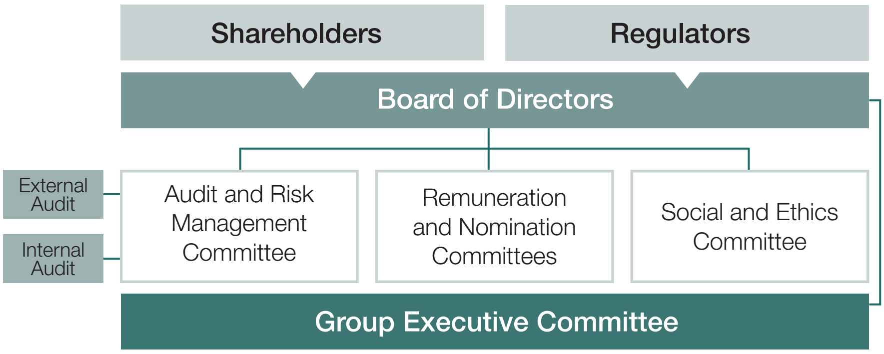
A report on the application and disclosure of all King IV principles is available on the South Ocean Holdings web site.

Board of directors

Composition and responsibilities

The Board is made up of nine directors, with two being executive directors and the remainder being non-executive directors. In accordance with King IV, five of the seven non-executive directors are independent.

GOVERNANCE STRUCTURE



BOARD AND COMMITTEES OF THE BOARD

BOARD OF DIRECTORS

KH Pon (Chairperson):
Independent Non-Executive Director
HL Li (Deputy Vice Chairperson):
Independent Non-Executive Director
M Chong:
Independent Non-Executive Director
N Lalla:
Independent Non-Executive Director
JH Yeh:
Independent Non-Executive Director
CF Chen:
Non-Executive Director[1]
LL Chen:
Non-Executive Director[2]
J van Rensburg:
Non-Executive Director[3]
DJC Pan:
Alternate Independent Non-Executive Director to M Chong
B Petersen:
Alternate Independent Non-Executive Director to Johannes van Rensburg[4]
J Liu:
Alternate Non-Executive Director to CF Chen[1]
SN Yeh:
Alternative Non-Executive Director to LL Chen[2]
A Smith:
Executive Director, Chief Executive Officer[5]
WP Basson:
Executive Director, Chief Financial Officer

REMUNERATION COMMITTEE

HL Li:
(Chairperson): Independent Non-Executive Director
KH Pon:
Independent Non-Executive Director
CF Chen:
Independent Non-Executive Director[1]
M Chong:
Independent Non-Executive Director[2]

NOMINATIONS COMMITTEE

KH Pon:
(Chairperson): Independent Non-Executive Director
HL Li:
Independent Non-Executive Director
JH Yeh:
Independent Non-Executive Director

SOCIAL AND ETHICS COMMITTEE

N Lalla:
(Chairperson): Independent Non-Executive Director
KH Pon:
Independent Non-Executive Director
A Smith:
Executive Director[5]

AUDIT AND RISK MANAGEMENT COMMITTEE

N Lalla:
(Chairperson): Independent Non-Executive Director
KH Pon:
Independent Non-Executive Director
HL Li:
Independent Non-Executive Director

1 Resigned effective 27 January 2022.
2 Appointed effective 1 March 2022.
3 Appointed effective 10 March 2021.
4 Resigned effective 12 July 2021.
5 Appointed effective 1 March 2021.

Changes to the Board during the course of the year and immediately following year-end were as follows:

- Andre Smith was appointed as Chief Executive Officer effective 1 March 2021.
- Johannes van Rensburg was appointed as a non-executive director effective 10 March 2021.
- Barend Petersen resigned his position as a director effective 10 March 2021 and was appointed alternate non-executive director.
- Barend Petersen resigned his position as an alternate non-executive director effective 12 July 2021.
- Jeff Chen resigned his position as a non-executive director effective 27 January 2022.
- Jacky Liu resigned his position as an alternate non-executive director to Jeff Chen effective 27 January 2022.
- Lawrence Chen was appointed as a non-executive director effective 1 March 2022.
- Michael Yeh was appointed as an alternate non-executive director to Lawrence Chen effective 1 March 2022.

Members of the Board are appointed by the Group's shareholders, although the Board also has the authority to appoint directors in order to fill any vacancy that may arise from time to time. These appointments, which are a matter for the Board as a whole, are made according to a formal and transparent process defined by Board policy and are subject to ratification by shareholders at the next Annual General Meeting.

While members of the Board are appointed based on their skills, experience, and level of contribution to the activities of the Group, diversity considerations are taken into account. The Board recognises that, being a South African-based company, it is important for South Ocean Holdings to consider the racial and gender diversity of the directors and has set targets to ensure appropriate representation by black and female directors on the Board. These targets are reviewed from time to time to ensure consistently diverse representation.

Members of the Board are required to uphold the highest ethical standards and the Board takes all appropriate measures to ensure that its members abide by these standards. It values the Group's standing as a good corporate citizen and makes every effort to preserve this standing.

The Board holds final responsibility for monitoring and reporting on the effectiveness of the Group's system of internal controls. It is assisted by the Audit and Risk Management Committee in discharging this responsibility.

Appointment process

Directors are appointed through a formal and transparent process that includes background checks. Appointments to the Board and recommendations for re-election to the Board are proposed by the Nominations Committee and are considered by the Board as a whole. All appointments are subject to shareholder approval and ratification. The Group's Memorandum of Incorporation allows the Board to remove any director by giving written notice signed by the majority of the directors. This process does not require shareholder approval.

Board Charter

The responsibilities of the Board are fully outlined in a formal Board Charter ("Charter"). The Charter sets out the powers of the Board and provides a clear definition of the responsibilities and accountability of Board members, both collectively and individually.

The Charter is reviewed from time to time and is evaluated in line with any changes in legislation and governance guidelines. It does not provide for a maximum number of Board members, but does mandate that the Board continuously evaluate itself in order to ensure it is capable of fulfilling its duties and responsibilities.

Board processes

The role of the Board is to establish, review and monitor the implementation of strategic objectives, approve major asset disposals and capital expenditure, and oversee the Group's systems of internal controls, governance, and risk management.

Management information is supplied to the Board timeously so that it can fulfil its duties and carry out its responsibilities appropriately and correctly. This includes financial and non-financial information, which enables the Board to consider both quantitative and qualitative performance. The Board also has unrestricted access to all of the Company's information, records, documents, and property. Non-executive directors have access to management without the need to have an executive director in attendance.

The daily management of the Group's affairs is delegated to the Chief Executive Officer, who co-ordinates and oversees the implementation of Board policies through the Executive Committee. Full and effective control over all Group operations is nevertheless maintained by the Board at all times.

Evaluation of Board performance

A questionnaire-based evaluation is undertaken annually by the directors. This provides for assessment of the performance of the Board, the Chairperson, the Chief Executive Officer, the Chief Financial Officer, individual directors, and all of the committees of the Board.

The Chairperson discusses the results of these reviews with the Board and he, in turn, receives feedback on his performance from the members of the Board.

Responses from the 2021 evaluation process indicate that the Board is well balanced, that its size and composition are adequate for the effective management of the Group, and that the members have the relevant knowledge required to fulfil the leadership role required of them. The directors are of the opinion that Board meetings are well organised and efficiently run, and that all relevant aspects of the Group's businesses are dealt with thoroughly by the Board and its various committees.

Succession planning

The Nominations Committee evaluates the pool of skills, knowledge, and experience on the Board, and identifies the capabilities required for individual Board appointments. The Committee also makes recommendations for appointments to the Board, including recommendations for appointments to the committees of the Board. Appointments to the Audit and Risk Management Committee and to the Board are subject to shareholders' approval. A succession plan for the Chairperson and Chief Executive Officer is in place.

Meetings

Board meetings are held quarterly or more frequently, if required. Directors are provided with all necessary information in advance in order to enable them to discharge their duties. Any director may request additional matters be added to the agenda. Proceedings at Board meetings are properly recorded and minutes are circulated to all Board members for review prior to being approved. In addition to this, executive and non-executive directors meet formally on a regular basis.

Attendance at meetings

A minimum of five Board meetings are scheduled per financial year and additional meetings may be convened if and when necessary. Four Board meetings were held in 2021.

The following table details the attendance by each director at Board meetings held during the reporting period:

	Attendance of meetings in 2021			
Director	10 Mar	19 May	4 Aug	17 Nov
KH Pon	✓	✓	✓	✓
HL Li	✓	✓	✓	✓
N Lalla	✓	✓	✓	✓
M Chong	✓	✓	✓	✓
JH Yeh	✓	✓	✓	✓
CF Chen•	✓	✓	✓	✓
DJC Pan	✓	✓	✓	♦
B Petersen*	✓	♦	♦	♦
J van Rensburg**	✓	✓	✓	✓
A Smith◊	✓	✓	✓	✓
WP Basson	✓	✓	✓	✓

✓ Present
♦ Not present
* Resigned effective 12 July 2021
• Resigned effective 27 January 2022
◊ Appointed effective 1 March 2021
** Appointed effective 10 March 2021

Non-executive directors

Non-executive directors do not have fixed terms of appointment, but are required to retire by rotation and are eligible for re-election by shareholders at Annual General Meetings.

All of the directors retire at the first Annual General Meeting after their initial appointment and a third of the directors, namely those who have been in office the longest, retire annually. They are eligible for re-election at the same meeting.

Non-executive directors are not involved in the day-to-day operations of the Group. All non-executive directors have a fiduciary responsibility to represent the best interests of South Ocean Holdings and all of its stakeholders. The Group's non-executive directors contribute to the Board's deliberations and decisions. They have the skills and experience necessary to exercise judgement in areas such as strategy, performance, transformation, diversity, and employment equity.

Mr Pon and Mr Li have been directors for more than nine years, in accordance with King IV, the Board has considered their independence and their deep knowledge of the business and is of the view that Mr Pon and Mr Li continue to exercise objective judgement on all matters and there is no interest, position, association or relationship which, when judged from the perspective of a reasonable and informed third party, is likely to influence unduly or cause bias in their decision-making.

Executive Directors

Executive directors are permanent employees of the Group and are subject to a notice period of between one and three months, depending on the terms of their contracts. The Chief Executive Officer and Chief Financial Officer are both executive directors and are responsible for the daily operations of the Group.

Chairperson

Mr Henry (KH) Pon is the Group's Independent Non-Executive Chairperson and his role is separate from that of the Chief Executive Officer. It is his responsibility to set an ethical tone for the Board and to ensure that the Board operates efficiently and in a focused way as a unit.

He is also responsible for the leadership of the Board as outlined in King IV, including for presiding over meetings and for ensuring the integrity and effectiveness of the Board's processes. He must ensure that no single director dominates Board meetings or discussions relating to the Group's business, that all relevant matters are discussed, that the opinions of all directors are solicited and freely expressed, and that discussions lead to appropriate decisions.

The role of the Chairperson is defined in the Board Charter and his ability to deliver on this role and add value to the Group is assessed annually by the Board. The Chairperson is subject to re-election annually. When appointing a candidate to this position, the Board considers the number of other positions of this nature held by the candidate and ensures that there is a formal succession plan in place.

Chief Executive Officer

Andre Smith is the Chief Executive Officer. He is responsible for the operational management of the Group and his responsibilities include, among others:

- developing and recommending to the Board a vision and long-term strategy for the Group that will secure its sustainability and deliver value for all stakeholders;
- developing and recommending to the Board annual business plans and budgets that support the long-term strategy;
- managing the affairs of the Group in accordance with its values and objectives; and
- managing the affairs of the Group in accordance with the general policies and specific decisions of the Board.

The Chief Executive Officer chairs and facilitates all Executive Committee meetings. He is not a member of Audit and Risk Management Committee or the Remuneration Committee, but attends the meetings of these committees by invitation.

Company Secretary

Mr WT Green is the Company Secretary and it is his responsibility to provide the members of the Board with the legal, ethical, and practical guidance needed to assist them in fulfilling their joint and individual mandates. The Board has considered and is satisfied with his qualifications, competence, and expertise.

The Company Secretary, who is accountable directly to the Board, is responsible for:

- ensuring that Board procedures are followed and reviewed regularly;
- ensuring that the rules and regulations that govern the conduct and processes of the Board are complied with;
- maintaining and submitting statutory records in accordance with legal requirements;
- guiding the Board as to how its responsibilities should be properly discharged;
- keeping abreast of and informing the Board of current and new developments regarding corporate governance practice; and
- ensuring compliance with all legal and regulatory requirements, including the JSE Listings Requirements.

All directors have access to the advice and the services of the Company Secretary and, in appropriate circumstances, are entitled and authorised, at the Group's expense, to obtain independent professional advice concerning the affairs of the Group.

The Company Secretary is not a director of the Group and the Board is satisfied that he is independent and maintains an appropriate arm's-length relationship with the Board. The appointment and removal of the Company Secretary is a matter for the consideration of the entire Board.

Directors' remuneration

The Board has delegated the responsibility for dealing with all matters related to remuneration of directors to the Remuneration Committee. The Committee is made up of two independent non-executive directors and one non-executive director. Its role is to ensure that directors are fairly and responsibly remunerated within a market-related framework.

Remuneration of non-executive directors

Non-executive directors receive an annual fee for their service on the Board. This consists of a baseline fee and, where applicable, an additional fee for serving on one or more of the ad hoc committees of the Board.

Proposed fees for non-executive directors in 2021 were submitted to shareholders in advance of the Annual General Meeting of that year and were subsequently approved.

Remuneration of executive directors

Executive directors receive a remuneration package that consists of a baseline salary, a performance-related incentive bonus, retirement contributions, medical scheme membership, and participation in the both short-term and long-term incentive schemes. Full details of executive remuneration are given in the report of the Remuneration Committee.

Committees of the Board

Certain Board responsibilities have been formally delegated to the committees of the Board, which have well-defined terms of reference and functions. The committees are appropriately constituted with due regard to the skills required by each committee and are reviewed annually.

The committees of the Board operate in a fully transparent manner and are tasked with reporting back to the Board on all of their activities and decisions. Each committee is subject to regular evaluation by the Board in order to determine its performance and effectiveness. All of the committees are free to seek independent professional advice as and when necessary in order to fulfil their mandates. With the exception of the Executive Committee, which is chaired by the Chief Executive Officer, all other committees are chaired by an independent non-executive director.

The Audit and Risk Management Committee is a statutory committee constituted to comply with the Companies Act and the guidelines set out in King IV. The members of the Committee are elected annually by the shareholders at the Annual General Meeting.

The charters of the Board committees are reviewed on an on-going basis to ensure that the duties and responsibilities of the members are aligned with best-practice corporate governance guidelines.

AUDIT AND RISK MANAGEMENT COMMITTEE

Composition

In compliance with the requirements of King IV, the Audit and Risk Management Committee consists of only independent non-executive directors which includes the Chairperson of the Board. The Committee operates under mandate from the Board in compliance with written terms of reference as to its membership, authority, and duties.

Meetings

The Audit and Risk Management Committee meets at least four times a year and non-executive directors who are not members of the Committee are invited to attend. Executive management, the internal auditors, the external auditors, and the Group's ICT service providers are also invited to attend.

Both internal and external auditors have unrestricted access to the Audit and Risk Management Committee and its chairperson, which ensures the independence and impartiality of their audit.

Responsibility

The Audit and Risk Management Committee's primary responsibility is to review the interim and annual financial statements, monitor the appropriateness of accounting policies, secure the effectiveness of the internal systems of control, and consider the findings of the internal and external audits.

Further responsibilities include:

- regular reviews of the Group's financial reporting standards and processes to ensure that they are compliant with all appropriate laws, guidelines and requirements;
- regular reviews of the Group's compliance with all other laws and regulations;
- regular reviews of the Group's risk management strategy and the systems in place to identify, control and manage risk;
- regular reviews of asset management processes;
- regular reviews of the expertise, experience and performance of the Group's Chief Financial Officer; and
- the appointment and oversight of both the internal and external auditors.

Re-appointment of the Independent Auditors

The Audit and Risk Management Committee is responsible for assessing, approving and re-appointing the Group's external auditor, PricewaterhouseCoopers Inc. (PwC) for the 2022 financial year, as well as for assessing and approving the firm's fees for period.

As part of this process, the Committee:

- assessed potential threats to the firm's auditing practice by any non-audit work that it undertakes;
- determined that neither the firm nor the engagement partner or any of the firm's staff hold shares in South Ocean Holdings;
- determined that the partners and staff responsible for the Group's audit comply with all legal and professional requirements, specifically with regard to rotation and independence; and
- assessed a range of other factors that could potentially impact on the firm's independence and impartiality.

The Committee was satisfied with the independence, expertise, and objectivity of PwC, which is accredited in terms of the JSE Listings Requirements. The annual re-appointment of the external auditor is subject to the approval of the shareholders at the Annual General Meeting.

The Audit Committee is aware that IRBA issued a rule prescribing that auditors of public interest entities in South Africa must comply with mandatory *audit firm rotation* with effect from 1 April 2023. PWC has been the auditor for 13 years and quotes will be obtained in line with the IRBA requirements in due course.

The external auditor has unrestricted access to the Group's directors, senior managers, staff and all financial and management records. The firm provides a written report to the Committee on any significant findings following the annual audit and is able to raise any matters of concern directly with the Group Chairperson.

Internal audit

The Group is responsible for reviewing all of its internal controls, systems, and procedures.

As part of its annual assessment of the internal auditor, the Committee:

- assessed potential threats to the independence of the internal audit function of each area of non-internal audit work that the firm undertakes;
- assessed whether the firm has appropriate safeguards in place to secure its independence;
- determined that neither the firm nor the engagement partner or any of the firm's staff hold shares in South Ocean Holdings; and
- assessed any other factors that could impact or be considered to impact on the firm's independence.

The Audit and Risk Management Committee is satisfied with the knowledge, expertise, and objectivity of GRIPP Advisory, which was the internal auditor for the Group in 2021. The Committee is also satisfied that the internal controls in place at South Ocean Holdings are adequate to safeguard the Group's assets, prevent and detect errors and fraud, ensure the accuracy and completeness of accounting records, and guarantee the integrity of the Group's annual financial statements.

The internal auditor reports to the Audit and Risk Management Committee and has unrestricted access to the Chief Executive Officer and the Chairperson of the Audit and Risk Management Committee. The internal audit programme, which runs in two-year cycles, is approved by the Audit and Risk Management Committee.

Internal financial controls

The Committee has assessed the information and explanations given by management and the internal auditor regarding the audit of the annual financial statements. No material matter has come to the attention of the Committee or the Board that has caused the directors to believe that the Company's system of internal controls and risk management is not effective and that the internal financial controls do not form a sound basis for the preparation of reliable annual financial statements.

Evaluation of Chief Financial Officer and the finance function

The Audit and Risk Management Committee is satisfied that the expertise and experience of the Chief Financial Officer was appropriate to meet the responsibilities of the position during the reporting period. This assessment is based on his qualifications, level of experience, continuing professional education, and the Board's assessment of his financial knowledge.

The Audit and Risk Management Committee is further satisfied as to the appropriateness, expertise and adequacy of the resources of the finance function and the experience of the senior managers responsible for the finance function.

Risk management

Risk management is the responsibility of the Audit and Risk Management Committee. The development, implementation, and maintenance of strategies to minimise risk to the Group is designed to support the Group's strategic, operational, reporting, and compliance objectives, as well as to ensure sustainable value for shareholders.

In the area of risk management, the Audit and Risk Management Committee is responsible for:

- reviewing, on behalf of the Board, the effectiveness and integrity of the Group's risk management systems, processes, procedures, and controls;
- reviewing the Group's approach to risk management and the effectiveness of its systems and processes;
- reviewing reports from the compliance officer on the adequacy and effectiveness of risk management systems and procedures;
- ensuring that disclosure regarding risk is comprehensive, timely, and relevant; and
- reviewing reports from management and the internal auditors on the effectiveness and integrity of the Group's risk management systems and procedures.

Risk management is a dynamic process and the Group accepts its responsibility to:

- consistently recommend policies, systems, processes, and procedures to manage risk;
- create a culture of risk awareness and ownership or risk mitigation through communication and education;

- clarify the roles, responsibilities, and accountability of all staff responsible for the identification, assessment, management, monitoring, and reporting of all financial and non-financial risks;
- maintain a robust and measurable approach to risk identification and assessment;
- assist management to identify, assess, manage, monitor, and report effectively on risks to the business;
- establish a process that requires all material changes to the business to be subject to adequate risk assessment and due diligence prior to commencement; and
- ensure that an independent, effective, comprehensive, and ongoing assessment of risks to the business is provided by the Internal Audit function.

Integrated reporting

The Audit and Risk Management Committee oversees the integrated reporting process and, in particular:

- reviews the annual financial statements, interim report, preliminary results announcement, and summarised integrated information;
- ensures compliance with International financial reporting standards;
- considers the frequency of interim reports and decides on whether interim results should be assured;
- reviews and approves the appropriateness of accounting policies, disclosure policies, and the effectiveness of internal financial controls;
- provides oversight over the Group's integrated reporting process, and considers factors and risks that could impact on the integrity of the integrated annual report;
- reviews the disclosure regarding sustainability in the integrated annual report and ensures it does not conflict with financial information;
- considers external assurance of material sustainability issues; and
- approves and recommends the integrated annual report for approval by the Board.

The Integrated Annual Report for the year ended 31 December 2021 has been approved by the Board.

Attendance at meetings

The Committee met five times during the course of the year. Attendance at meetings was as follows:

	Attendance of meetings in 2021				
	10 Mar	19 May	8 Jul	2 Aug	18 Nov
KH Pon	✓	✓	✓	✓	✓
HL Li	✓	✓	✓	✓	✓
N Lalla	✓	✓	✓	✓	✓

✓ Present

EXECUTIVE COMMITTEE

Composition

The Executive Committee is made up of the Chief Executive Officer, the Chief Financial Officer, and the subsidiary's Divisional Director: Human Resources, Divisional Director: Factory and Operations, and General Manager: Sales and Financial Manager. All matters related to policy and strategy are referred to the Board.

Meetings

The members of the Executive Committee attend the monthly Management Committee meeting of the subsidiary, except during the month of December. The purpose of attending these meetings is to plan, review, and manage the day-to-day activities of the Group.

Responsibility

The Executive Committee is responsible for:

- developing and implementing the Group's policies and strategies;
- monitoring the business and affairs of the Group;
- prioritising the allocation of capital, and technical and human resources;
- establishing best-practice management procedures and functional standards of the Group;
- appointing and monitoring the performance of senior managers;
- ensuring that regular, detailed reports on the Group's activities and performance, as measured against strategies and operational plans, are received and submitted to the Board;
- ensuring that regular, detailed reports on the Group's financial performance and forecasts against budgets are received and submitted to the Board; and
- reviewing and monitoring the Company's system of internal controls and risk management.

REMUNERATION COMMITTEE

Composition

The Remuneration Committee is made up of three members, three of which are independent non-executive directors. The Committee is responsible for ensuring that the Group's directors and senior managers are fairly remunerated.

Responsibility

It is the responsibility of the Remuneration Committee to advise the Board on all remuneration-related matters. The Committee is responsible for determining fair and market-related remuneration packages for directors and senior managers, as well as for monitoring their performance.

During the course of the year, the Committee reviewed all of the Group's remuneration policies to ensure that these are aligned with Group strategy and are linked to individual performance.

The Remuneration Committee's responsibilities include:

- developing a remuneration policy that will support the achievement of the Group's strategic objectives and encourage individual performance;
- advising on the remuneration of non-executive directors;
- determining and administering remuneration at senior management level;
- ensuring that the mix of fixed and variable pay in cash, short- and long-term incentives and other elements meets the Group's needs and strategic objectives;
- considering the evaluation of the performance of the Chief Executive Officer and the Chief Financial Officer, both as directors and as executives responsible for determining remuneration;
- reviewing incentive schemes to ensure that these continue to contribute to shareholder value and are administered in terms of established rules; and
- reviewing the outcomes of the implementation of the remuneration policy to determine whether its objectives are being achieved.

Remuneration to directors and senior managers comprises:

- A total-cost-to-company package based on position, qualifications, and experience, which is divided into:
  - Fixed and guaranteed monthly remuneration calculated as a percentage of the total-cost-to-company package; and
  - A performance bonus equal to the balance of the total cost-to-company package and payable annually after performance assessments have been completed.
- Short-term incentives, which are intended to motivate executives and senior managers to maximise short-term results and which are paid annually if pre-determined financial targets are met.
- Long-term incentives, which take the form of a share appreciation scheme designed to retain executives and senior manager and which is managed as follows:
  - Annual allocations are made for key staff to ensure retention;
  - These are payable three years after the allocation has been made, but payment may be extended for another year;
  - The maximum value of each allocation is calculated at between 33% and 83% of guaranteed pay; and
  - The allocation is paid in cash after the specified period.

Meetings

The Committee met twice during the course of the reporting period and attendance was as follows:

	Attendance of meetings in 2021	
	10 Mar	17 Nov
HL Li	✓	✓
KH Pon	✓	✓
CF Chen*	✓	✓
M Chong#		

✓ Present
* Resigned effective 27 January 2022
\# Appointed effective 1 March 2022

NOMINATION COMMITTEE

Composition

The Nominations Committee consists of two independent non-executive directors and one non-executive director and, like all of the other committees, operates under mandate from the Board.

Purpose

The Committee meets when there is a vacancy on the Board or at executive level, as well as to discuss director development.

Responsibilities

The Nominations Committee is responsible for finding suitable candidates for any vacancies on the Board. The Committee makes use of employment agencies to find suitable candidates, which are then short-listed and interviewed. It then recommends the most qualified and experienced candidates for the position.

The Board has established the Nominations Committee to:

- ensure that there is a formal process for the appointment of directors, which includes processes to:
  - identify suitable individuals for the vacant positions;
  - undertake reference and background checks of the candidates prior to nomination; and
  - formalise the appointment of directors through an agreement between the Company and the director;
- oversee the development of a formal induction programme for new directors;
- ensure that inexperienced directors are developed through a mentorship programme;
- oversee the development and implementation of continuing professional development programmes for directors;
- ensure that directors receive regular briefings on changes in risks, laws, and the Group's operating environment;
- consider the performance of directors and take steps to remove directors who do not make an appropriate contribution to the activities of the Board;
- ensure that formal succession plans are in place for the Board, Chief Executive Officer, Chief Financial Officer, and senior management; and
- ensure that these plans are properly implemented as and when necessary.

Diversity policy

The Nominations Committee is also responsible for considering all aspects of diversity on the Board, including, race, disability, culture, age and gender diversity.

The Nominations Committee is satisfied that it has fulfilled its responsibilities in accordance with its terms of reference for the reporting period.

Meetings

The Committee met once during the course of the reporting period and attendance was as follows:

	Attendance of meetings in 2021
	18 Feb
KH Pon	✓
HL Li	✓
JH Yeh	✓

✓ Present

SOCIAL AND ETHICS COMMITTEE

Composition

The Social and Ethics Committee is made up of two independent non-executive directors and one executive director. It operates within the framework of the Social and Ethics Committee Charter.

Responsibilities

The Social and Ethics Committee's role is to:

- monitor the Group's activities with regard to any relevant legislation of other legal requirements relating to socio-economic development; and
- monitor the Group's performance in relation to the United Nations Compact Principles.

Meetings

The Committee met three times during the course of the reporting period and attendance was as follows:

	Attendance of meetings in 2021		
	10 Mar	4 Aug	17 Nov
N Lalla	✓	✓	✓
KH Pon	✓	✓	✓
A Smith•	✓	✓	✓

✓ Present
• Appointed effective 1 March 2021

Employment equity

The Group is an equal opportunity employer and will not tolerate discrimination on the basis of ethnicity or gender. A number of programmes are in place to ensure that the Group's employee profile will progressively become more representative of the demographics of the region in which it operates while still maintaining the Group's high standards.

Code of Conduct and Ethics

Every employee at South Ocean Holdings is required to subscribe to the formal Code of Conduct and Ethics ("the Code"), which stipulates the Group's commitment to the highest standards of corporate governance and compliance with the laws of South Africa.

The Code sets out the standards of integrity and ethics that guide the Group's dealings with suppliers, customers, business partners, stakeholders, government, and society in general. It requires that all employees act with fairness, dignity, and respect to secure the Group's business reputation and a working environment that is free from harassment and discrimination.

In line with the code, the Group recruits and promotes employees on the basis of their suitability for the requirements of each position without any discrimination on the basis of race, religion, national origin, gender, age, marital status, sexual orientation, or disability unrelated to the task at hand.

Employees have been educated about the responsibility of reporting any actual, perceived, or potential violation of the Code to management. Management bears the overall responsibility of monitoring compliance with the Code. The Group takes the Code very seriously and, where appropriate, employs disciplinary procedures and/or legal proceedings to address any transgressions.

Fraud, bribery, corruption and illegal acts

The Group does not condone any form of bribery, corruption, or any other illegal acts in the conduct of its business. Employees are also discouraged from accepting any gifts or favours from suppliers that obligate them in any way to reciprocate. The Group's policy is to actively pursue and prosecute the perpetrators of any fraudulent or other illegal activities should they become aware of any such acts.

Corporate social investment

The Group invests in the communities in which it operates through job creation, donations, and educational and cultural contributions. The Social and Ethics Committee is responsible for the Group's activities in these areas.

Protection for whistle-blowers

In accordance with the provisions of the Protected Disclosures Act (No. 26 of 2000), management will ensure that no employee who has made a protected disclosure shall be subject to any occupational detriment and shall be afforded anonymity without fear of consequential victimisation. The Group has an independent hotline and reports are sent to the Chief Executive Officer and the Chairperson of the Audit and Risk Management Committee.

Preferential procurement

In terms of B-BBEE spending requirements, the Group seeks to secure products and services from black-owned and black women-owned enterprises as far as it is commercially viable.

Worker participation

South Ocean Holdings employs a variety of participative structures to deal with issues that affect employees directly and indirectly.

These include collective bargaining mechanisms and regular shop steward and trade union meetings, as well as equity skills and development meetings, structures to drive productivity improvements, safety committees, and other participative forums. These structures are designed to achieve good employer and employee relations through effective sharing of relevant information, consultation, and the identification and resolution of conflict.

OTHER CORPORATE GOVERNANCE MATTERS

Governance of IT systems

IT systems have a vital role to play in the implementation of the Group's strategy. The Audit and Risk Management Committee has therefore adopted an IT governance charter and formed an IT steering committee to fulfil the mandate outlined in the charter. Reports on the effectiveness of the Group's IT systems are submitted to the Audit and Risk Management Committee in all regular meetings.

The IT Steering Committee ensures that the Group's strategy is aligned with its business objectives and oversees the implementation its' IT strategy. The Committee meets periodically, comprises representatives from SOEW, and is chaired by the relationship manager of Numata, the Group's IT service provider.

The Audit and Risk Management Committee is provided with reports detailing the functionality of Group's IT systems, IT governance, and IT investments. The Committee also ensures that proper security controls, backup procedures, and access controls are in place in the management of its information technology and associated data.

Disaster recovery plans are in place for any unforeseen circumstances to ensure minimum disruption to operations as any interruption in the Group's information technology system can have a material impact on the business.

Dealing in Company securities

Directors, Prescribed Officers and the Company Secretary are required to disclose their shareholdings and any dealings in shares of the Group to the Chairperson and Chief Executive Officer who, together with the Group's sponsor, ensure that any such dealings are published on SENS in compliance with the JSE Listings Requirements.

In addition, all directors, including the Company Secretary and Prescribed Officers, are prohibited from dealing in the shares of the Company during prohibited periods or at any time when they are in possession of unpublished price-sensitive information in relation to those shares. The consent of the Chairperson is required before any director or member of senior management, including the Company Secretary, can deal in the Company's shares.

Interest in contracts

Directors are required to inform the Board timeously of conflicts or potential conflicts of interest they may have in relation to South Ocean Holdings. Directors are obliged to recuse themselves from discussions or decisions on matters in which they have a conflict of interest.

Relationships with stakeholders and investors

The Group actively promotes communication with shareholders, business analysts, business advisers, and all other stakeholders. These include timeous, accurate, relevant, and accessible announcements and circulars to shareholders in accordance with the JSE Listings Requirements. All shareholders are encouraged to attend the Annual General Meeting and to ask questions about the Group, its results and prospects. The Group also encourages stakeholders to approach executive directors whenever they wish.

The Group further subscribes to the principle of fair communication and disclosure. In accordance with this, there are ongoing interactions between the executive management team and a wide range of institutional investors, analysts, and potential investors during the non-closed periods. These interactions include one-on-one meetings with the investor community.

Interim and final results are published in one English newspaper, on the Group's web site, and on SENS. The Group also undertakes regular engagement with the media in order to promote clear and transparent communications.

Going concern status

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. These are based on the assumption that funds will be available to finance future operations and that the realisation of assets and the settlement of liabilities, contingent obligations, and commitments will occur in the ordinary course of business.

The Board has assessed the Group's status as a going concern and is satisfied that it has adequate resources to continue operating for the next 12 months as well as into the foreseeable future.

Worker participation

South Ocean Holdings employs a variety of participative structures to deal with issues that affect employees directly and indirectly.

These include collective bargaining mechanisms and regular shop steward and trade union meetings, as well as equity skills and development meetings, structures to drive productivity improvements, safety committees, and other participative forums. These structures are designed to achieve good employer and employee relations through effective sharing of relevant information, consultation, and the identification and resolution of conflict.

Annual Financial Statements

Annual Financial Statements

for the year ended 31 December 2021

The reports and statements set out below comprise the Annual Financial Statements presented to the shareholders:

Level of assurance

These Annual Financial Statements have been audited in compliance with the applicable requirements of the Companies Act, 71 of 2008 of South Africa.

Preparer

The Annual Financial Statements were internally compiled by:
WP Basson
Group Chief Financial Officer

Issued

31 March 2022

Report of the Audit and Risk Management Committee

for the year ended 31 December 2021

The Audit and Risk Management Committee is pleased to present its report for the year ended 31 December 2021.

The Audit and Risk Management Committee is a statutory committee of the Board and forms an integral component of the Group's governance framework. The Audit and Risk Management Committee has written terms of reference that deal with its membership, authority and duties. In addition to having specific statutory responsibilities to the shareholders in terms of Section 94 of the Companies Act 71 of 2008 of South Africa, the Audit and Risk Management Committee assists the Board by examining, reviewing and advising on the reliability and accuracy of the financial information provided by management as well as that provided for dissemination to other users of financial information; the risk management process; internal financial controls; external and internal audit functions; and statutory and regulatory compliance.

The Audit and Risk Management Committee has an independent role with accountability to both the Board and Shareholders.

1. Composition

The members of the Audit and Risk Management Committee, during the year were: Ms N Lalla CA(SA) (Independent Non-Executive Chairperson), Mr Henry KH Pon CA(SA) (Independent Non-Executive Director) whom is also the Chairperson of the Board, and Mr HL Li (Independent Non-Executive Director).

The Committee is satisfied that the members have the required knowledge and experience as set out in Section 94(5) of the Companies Act 71 of 2008 of South Africa and Regulation 42 of the Companies Regulation, 2011.

All the members have the required financial and commercial skills and experience to contribute to the Committee's deliberations. The Board is satisfied that the Audit and Risk Management Committee members act independently.

2. Terms of reference

The Audit and Risk Management Committee functions within the scope provided by approved terms of reference which were reviewed and updated during the year. The Audit and Risk Management Committee has acted upon its statutory duties and functions during the year. The Board has assessed and is satisfied with the performance of the Audit and Risk Management Committee and its members and found it to be functioning effectively.

3. Meetings

The Audit and Risk Management Committee performs the duties laid upon it by Section 94(7) of the Companies Act 71 of 2008 of South Africa by holding meetings with the key role players on a regular basis and by the unrestricted access granted to all stakeholders.

The Audit and Risk Management Committee held four scheduled meetings during 2021 and all the members attended the Committee meetings.

The Chief Executive Officer, Chief Financial Officer and all other Board members who are not Audit and Risk Management Committee members and representatives from the external and internal auditors attend the Audit and Risk Management Committee meetings by invitation.

4. Duties

For the year ended 31 December 2021 the Audit and Risk Management Committee met their objectives and carried out their duties as per the statutory requirements.

5. External auditor

The Audit and Risk Management Committee has recommended the re-appointment of PricewaterhouseCoopers Inc. as the independent auditors and Ms S Akoojee as the designated auditor, who is a registered independent auditor, for the year ending 31 December 2022 audit. The appointment of the auditors for the 2022 financial year will be approved at the next Annual General Meeting.

The Committee satisfied itself through enquiry and receiving a written independence declaration through the Audit committee document that the external auditors are independent as defined in the Companies Act 71 of 2008 of South Africa and as per the standards stipulated by the auditing profession. Requisite assurance was sought that internal governance processes within PricewaterhouseCoopers Inc. support and demonstrate the claim to independence.

The Audit and Risk Management Committee in consultation with executive management, agreed to the terms of the engagement. The audit fee for the external audit has been considered and approved taking into consideration such factors as the timing of the audit, the extent of the work required and the scope.

The Audit and Risk Management Committee considers, and pre-approves the fees relative thereto so as to ensure the independence of the external auditors is maintained. There were no non-audit services provided by the external auditors.

At the end of each meeting during the year, the Audit and Risk Management Committee provided an opportunity to meet with the external auditors where management was not present, during which no matter of concern was raised by the auditors.

The Audit and Risk Management Committee, reviewed the external auditor's reports and management responses to matters raised.

The Audit and Risk Management Committee has evaluated and is satisfied with the quality and effectiveness of the external auditors.

Report of the Audit and Risk Management Committee (continued)

for the year ended 31 December 2021

The Audit and Risk Management Committee has satisfied itself through representations that the external auditors are independent and approved the following fees for work done by them. The fees approved during the year for audit services amounted to R2 021 992 (2020: R1 907 540). Fees approved for non-audit services amounted to Rnil (2020: R5 000).

6. Annual Financial Statements and accounting controls

The Audit and Risk Management Committee has:

Reviewed the Annual Financial Statements for the year ended 31 December 2021 and commented on the accounting practices and the effectiveness of the internal controls with regards to:

- the appropriateness and consistent application in the adoption of accounting policies and any changes in accounting policies and practices;
- significant financial estimates based on judgement which are included in the Annual Financial Statements;
- the appropriateness of major adjustments processed at the interim and at year-end;
- the going concern assumption;
- compliance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), Interpretations as issued by the IFRS Interpretations Committee (IFRIC), and comply with the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee (APC), Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council (FRSC), the Johannesburg Stock Exchange (JSE) Listings Requirements and the requirements of the South African Companies Act, No 71 of 2008 (the Companies Act);
- whether the Annual Financial Statements present a balanced and understandable assessment of the Group statements of financial position, statements of financial performance and cash flow statements; and
- the directors' statement included in the Annual Financial Statements, including the statement on effectiveness of the system of internal control.

Reviewed the content of the summary financial information for whether it provides a balanced view.

Following the review of the Annual Financial Statements, the Audit and Risk Management Committee recommend to the Board the approval thereof.

The Audit and Risk Management Committee will review the integrated report and make recommendations to the Board for approval. The Committee will also comment on the state of the internal control environment in the integrated report once it has been prepared.

7. Internal auditors

The Audit and Risk Management Committee has:

- appointed the company's internal auditors for 2021 and 2022;
- satisfied itself with the competence of the internal auditor and adequacy of the internal audit staffing;
- satisfied itself through enquiry that GRIPP Advisory is independent;
- approved the annual risk-based internal audit plan;
- reviewed the internal auditors' assessment of internal controls and confirmed that nothing has come to their attention to indicate any material failure of internal control systems;
- reviewed the internal audit reports and management's response to matters raised;
- reviewed and is satisfied with the quality and effectiveness of the internal audit;
- satisfied itself with the competence of the internal audit firm; and
- satisfied itself with the co-ordination between internal and external auditors.

8. Legal and regulatory compliance

The Audit and Risk Management Committee reports that, to its knowledge, South Ocean Holdings Limited is in compliance with the legislative provisions and JSE Listings Requirements applicable to its operational environment.

9. Review of financial function and Chief Financial Officer

The Audit and Risk Management Committee has reviewed the performance, appropriateness and expertise of the Group Chief Financial Officer and the financial team and confirms their suitability in terms of the JSE Listings Requirements.

10. Going concern

The Audit and Risk Management Committee has reviewed management's assessment and the key assumptions of the going concern status of the Group. The Audit and Risk Management Committee recommended to the Board, giving due cognisance of the Group's current financial position and cash flows, that the Group is a going concern.

On behalf of the Audit and Risk Management Committee:

N Lalla CA(SA)
Chairperson: Audit and Risk Management Committee

Johannesburg

31 March 2022

Directors' Responsibilities and Approval

for the year ended 31 December 2021

The directors are required in terms of the Companies Act 71 of 2008 of South Africa to maintain adequate accounting records and are responsible for the content and integrity of the Annual Financial Statements and related financial information included in this report. It is their responsibility to ensure that the Annual Financial Statements fairly present the state of affairs of the Group as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards ("IFRS").

The Annual Financial Statements are prepared in accordance with International Financial Reporting Standards and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the Group and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the Board of Directors sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the Group and all employees are required to maintain the highest ethical standards in ensuring the Group's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the Group is on identifying, assessing, managing and monitoring all known forms of risk across the Group. While operating risk cannot be fully eliminated, the Group endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the Annual Financial Statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The directors of the company are responsible for the controls over, and the security of the website and, where applicable for establishing and controlling the process for electronically distributing annual reports and other financial information to shareholders and to the Companies and Intellectual Property Commission.

The directors have reviewed the Group's cash flow forecast for the year to 31 December 2022 and, in light of this review and the current financial position, they are satisfied that the Group has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditor is responsible for independently auditing and reporting on the Group's Annual Financial Statements. The Annual Financial Statements have been examined by the Group's external auditor and their report is presented on pages 58 to 62.

Approval of the Annual Financial Statements

The Annual Financial Statements set out on pages 54 to 57 and pages 63 to 103, which have been prepared on the going concern basis, were approved by the board of directors on 31 March 2022 and were signed on their behalf by:

KH Pon CA(SA)
Independent Non-Executive Chairperson

A Smith
Chief Executive Officer

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CEO and FD Responsibility Statement

for the year ended 31 December 2021

Annual compliance certificate in terms of Form D1 of the Johannesburg Stock Exchange Listings Requirements

The directors, whose names are stated below, hereby confirm that:

- The annual financial statements set out on pages 54 to 57 and pages 63 to 103, fairly present in all material respects the financial position, financial performance and cash flows of the issuer in terms of IFRS;
- No facts have been omitted or untrue statements made that would make the annual financial statements false or misleading;
- Internal financial controls have been put in place to ensure that material information relating to the issuer and its consolidated subsidiaries have been provided to effectively prepare the financial statements of the issuer; and
- The internal financial controls are adequate and effective and can be relied upon in compiling the annual financial statements, having fulfilled our role and function within the combined assurance model pursuant to principle 15 of the King Code. Where we are not satisfied, we have disclosed to the Audit and Risk Committee and the auditors the deficiencies in design and operational effectiveness of the internal financial controls and any fraud that involves directors, and have taken the necessary remedial action.

A Smith
Chief Executive Officer

WP Basson
Financial Director (Chief Financial Officer)

Company Secretary's Certification

for the year ended 31 December 2021

In terms of Section 88(2)(e) of the Companies Act 71 of 2008 of South Africa, as amended, I certify that the company has lodged with the Commissioner all such returns as are required of a public company in terms of the Act and that all such returns are true, correct and up to date.

WT Green
Company Secretary

Johannesburg
31 March 2022

Directors' Report

for the year ended 31 December 2021

The directors have pleasure in submitting their report on the Annual Financial Statements of South Ocean Holdings Limited and its subsidiary companies for the year ended 31 December 2021.

1. Nature of business

South Ocean Holdings Limited ("SOH") is the holding Company of a Group of two main operating subsidiary companies ("Group"): South Ocean Electric Wire Company Proprietary Limited ("SOEW"), an electrical wire manufacturing company and Anchor Park Investments 48 Proprietary Limited ("Anchor Park"), a property investment company. It also has investments in SOH Calibre International Limited, a foreign procurement company and Icembu Services Proprietary Limited, a dormant company.

There have been no material changes to the nature of the Group's business from the prior year.

2. Financial results

The Group financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and Interpretations as issued by the IFRS Interpretations Committee (IFRIC), and comply with the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee (APC), Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council (FRSC), the Johannesburg Stock Exchange (JSE) Listings Requirements and the requirements of the South African Companies Act, No 71 of 2008 (the Companies Act). The Group have adopted all new accounting standards and interpretations that is relevant to the business that became effective in the current reporting period.

The financial position, results of operations and cash flows of the Group are adequately reflected in the attached Annual Financial Statements.

Due to limited production, the cable industry experienced supply side limitations shortages in the South African market. The Group was able to leverage off this as demand increased and we were able to achieve higher sales than expected.

The impact of COVID-19 provides for an opportunity in the market and management will continue to capitalise on available market opportunities, seek new markets and secure increase market share.

The Group remains vigilant in maintaining all protocols for the safety of all staff members, and business partners alike, whilst continuing to produce and trade during this time.

3. Share capital

Authorised share capital

The authorised share capital amounts to R5 000 000, being 500 000 000 ordinary shares of R0.01 each. There were no changes in the authorised share capital during the year under review.

Issued share capital

The issued share capital amounts to R2 032 768 (2020: R2 032 768), being 203 276 794 (2020: 203 276 794) ordinary shares of R0.01 each. There were no changes to the issued share capital during the year under review.

4. Special resolutions

At the Annual General Meeting of the Company held on 28 July 2021, shareholders approved the following special resolutions:

Special Resolution Number 1:

Non-executive directors' fees for the financial year ended 31 December 2021 and quarter ending 31 March 2022 and June 2022.

Resolved that the fees, to be paid to the non-executive directors for their services as directors of the Company, for the year ending 31 December 2021 and the quarter ending 31 March 2022 and June 2022 (being two quarters of the fees payable for the year ending 31 December 2021) be approved as follows:

Chairperson	R553 227.00
Deputy Vice-Chairperson	R319 157.00
Non-Executive Director	R184 410.00
Chairperson of the Audit Committee	R276 613.00
Member of the Audit Committee	R59 763.00
Chairperson of the Remuneration Committee	R85 055.00
Member of the Remuneration Committee	R59 763.00
Chairperson of the Social and Ethics Committee	R85 055.00
Member of the Social and Ethics Committee	R59 763.00
Chairperson of the Special Committees	R3 586.00 per hour
Member of the Special Committees	R2 152.00 per hour

The reason for special resolution number 1 is to obtain shareholder approval for the remuneration of each of the non-executive directors of the Company for the financial year ending 31 December 2021 and for the quarters ending 31 March 2022 and 30 June 2022 in accordance with section 66(9) of the Companies Act, 2008 and to confirm and ratify the fees payable to the directors for the quarters ending 31 March 2021 and 30 June 2021. The fees payable for the quarter ending 31 March 2022 and 30 June 2022 will be based on a quarter of the fees as approved above. Shareholders will be requested to approve any adjustment to the fees payable for the quarters ending 31 March 2022 and 30 June 2022 at the 2022 Annual General Meeting

Special Resolution Number 2:

Loans or other financial assistance.

Resolved that the Board of Directors may authorise the Company, in terms of Section 45 of the Companies Act, 2008, to provide any direct or indirect financial assistance that the Board of Directors may deem fit to any related or inter-related companies as defined in terms of Section 2 of the Companies Act, 2008.

The reason and effect of special resolution number 2 is to approve generally the provision of financial assistance to the Company's related or inter-related companies and as, from time to time, may be required in the normal course of the Company's businesses.

5. Borrowing limitations

In terms of the Memorandum of Incorporation of the Company, the directors may exercise their right to acquire funding as they consider appropriate.

On behalf of the Company, the directors have established credit facilities with financial institutions, for use by the Company and its subsidiary companies.

6. Directorate

The directors in office at the date of this report are as follows:

Directors	Designation	Nationality	Changes
A Smith	Executive	South African	Appointed 1 March 2021
WP Basson	Executive	South African	
KH Pon	Non-Executive (Independent)	South African	
HL Li	Non-Executive (Independent)	Taiwanese	
N Lalla	Non-Executive (Independent)	South African	
M Chong	Non-Executive (Independent)	South African	
JH Yeh	Non-Executive	Taiwanese	
LL Chen	Non-Executive	Hong Kong	Appointed 1 March 2022
J van Rensburg	Non-Executive	South African	Appointed 10 March 2021
CF Chen	Non-Executive	Taiwanese	Resigned 27 January 2022
DJC Pan (Alternate)	Non-Executive	Brazilian	
SN Yeh (Alternate)	Non-Executive	Taiwanese	Appointed 1 March 2022
J Liu (Alternate)	Non-Executive	Taiwanese	Resigned 27 January 2022
B Petersen (alternate)	Non-Executive Independent	South Africa	Resigned as director and appointed as alternate on 10 March 2021 and resigned as alternate on 12 July 2021

7. Directors' emoluments

The directors' emoluments are set out in note 28 the Annual Financial Statements.

Directors' Report (continued)

for the year ended 31 December 2021

8. Dividends

Taking into account the earnings performance for the year ended 31 December 2021, notice is hereby given that a dividend of 9 cents per ordinary share was approved by the directors on 9 March 2022, payable to shareholders recorded in the share register of the Company at the close of business on 22 April 2022.

In compliance with STRATE, the Company determined the following salient dates for payments of the dividend:

Last day of trade *cum* dividend	Tuesday, 19 April 2022
Trading *ex* dividend commences	Wednesday, 20 April 2022
Record date	Friday, 22 April 2022
Dividend payment date	Monday, 25 April 2022

Share certificates were not dematerialised or rematerialised between Wednesday 20 April 2022 and Friday 22 April 2022, both days inclusive.

9. Directors' interests in contracts

During the financial year, no contracts were entered into which directors or officers of the Group had an interest and which significantly affected the business of the Group.

10. Secretary

The Company Secretary is Mr WT Green.

Postal address:	**Business address:**
PO Box 123738	21 West Street
Alrode	Houghton
1451	2198

11. Directors' interests in shares

The interest of directors in the issued share capital of the Company as at 31 December 2021 was as follows:

Interests in shares

Directors	2021 Indirect	Percentage of issued share capital
J van Rensburg	62 118 517	30.56%

No shares were traded by any director from 31 December 2021 until the date of this report.

12. Share-based payments

The Group has a long-term incentive plan for identified senior management. Details of the scheme and rights allocated are disclosed in note 12 of the Annual Financial Statements.

13. Management by third and related parties

Neither the business of the Company nor its subsidiaries, nor any part thereof, has been managed by a third person or a company in which a director had an interest during the year under review.

14. Interests in subsidiaries

Details of material interests in subsidiary companies are presented in the Annual Financial Statements in note 29.

15. Auditor

PricewaterhouseCoopers Inc. continued in office as auditors for the Company and its subsidiaries for the year ended 31 December 2021.

At the Annual General Meeting, the shareholders will be requested to reappoint PricewaterhouseCoopers Inc. as the independent external auditors of the Company and to confirm Ms S Akoojee as the designated lead audit partner for the 2022 annual financial year.

16. Events after the reporting period

The directors are not aware of any other matters or circumstances arising since the end of the financial year, not otherwise dealt with in the Annual Financial Statements, which would affect the operations of the Group or the results of those operations significantly.

17. Going concern

The Annual Financial Statements have been prepared on the basis of accounting applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

At 31 December 2021, the Group's assets, fairly valued, exceeded its liabilities. Furthermore, management assessed the Group's liquidity forecasts for a period of twelve months. Various scenarios have been considered to test the Group's resilience against operational risks.

Management has concluded that the Group's ability to continue to meet its financial obligations as they fall due is dependent on the Group's ability to continue to improve its performance.

The impact of COVID-19 provides for an opportunity in the market and management will continue to capitalise on available market opportunities, seek new markets, and secure and increase market share. Operationally, these goals will continue to be supported by stringent internal cost-control measures and continual improvements in both efficiencies and capacity.

The Group has short term borrowings to the value of R13.5 million (2020: R16.6 million) as disclosed in note 11 of the Annual Financial Statements. SOEW has an overdraft facility with First National Bank of R250 million (2020: R200 million). The facility is due for renewal during May 2022.

The directors perform a property valuation every three years, with the latest independent valuation having been performed in 2020, management performs its own valuation every year. The market valuation of the properties was in excess of the carrying value at the time. The properties are stated at historical cost less accumulated depreciation and accumulated losses in line with the Group's accounting policy.

18. Liquidity and solvency

The directors have performed the required liquidity and solvency tests required by the Companies Act 71 of 2008 of South Africa which indicated that the Group and Company are liquid and solvent.

19. Forensic investigation

During the financial year a whistle-blower alleged that, in or during 2013 and 2014, certain of the Company's staff may have been involved in a stock rolling scheme. The Company commissioned a forensic investigation which did not identify any stock losses or any material financial effect in the current or comparative financial year. The Company's auditors reported a reportable irregularity to the Independent Regulatory Board for Auditors in terms of their responsibilities in accordance with Section 45 of the Auditing Professions Act. None of the individuals implicated are still with the Company and the Company has implemented improvements to its policies, procedures and implemented electronic systems during 2015 in order to prevent future recurrence of the matter. The auditors have subsequently reported to the IRBA that in its view the reportable irregularity is no longer ongoing and that the Company has taken sufficient and appropriate steps to prevent or recover any loss as a result thereof, if relevant.

Independent Auditor's Report

To the Shareholders of South Ocean Holdings Limited

Report on the audit of the consolidated financial statements

Our opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of South Ocean Holdings Limited (the Company) and its subsidiaries (together the Group) as at 31 December 2021, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of the Companies Act of South Africa.

What we have audited

South Ocean Holdings Limited's consolidated financial statements set out on pages 63 to 103 comprise:

- the consolidated statement of financial position as at 31 December 2021;
- the consolidated statement of profit or loss and other comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

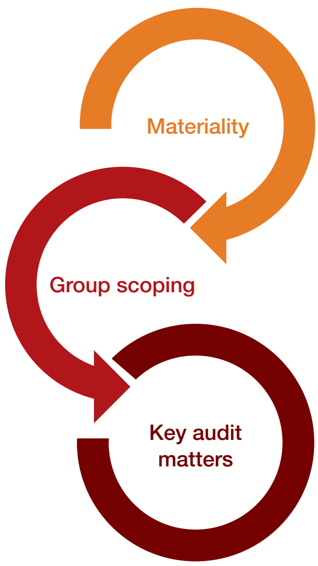
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors* (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)*.

Our audit approach

Overview



Overall group materiality

- Overall group materiality: R10 007 731 which represents 0.5% of consolidated revenue

Group audit scope

- The Group consists of five components.
- We conducted a full scope audit for two of the components based on their financial significance to the group and the audit risk associated with them.
- Independent review procedures were performed on another two components in order to obtain sufficient, appropriate audit evidence to express an opinion on the consolidated financial statements as a whole.
- Substantive analytics were performed over the remaining component.

Key audit matters

- Impairment assessment of cash generating units.

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated financial statements. In particular, we considered where the directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Overall group materiality	*R10 007 731*
How we determined it	*0.5% of total consolidated revenue.*
Rationale for the materiality benchmark applied	*We chose total consolidated revenue as our benchmark because, in our view, it is the benchmark against which the performance of the Group is most commonly measured by shareholders and other users of the consolidated financial statements.* *We chose 0.5% which is consistent with quantitative materiality thresholds used for similarly geared companies in this sector.*

How we tailored our group audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

The Group consists of the holding company, one operating subsidiary, one property investment company, one foreign procurement company and one dormant company. We performed full scope audits for the holding company and the operating subsidiary based on their financial significance to the group and the audit risk associated with these components. Independent review procedures were performed for the property investment company and the dormant company, and substantive analytics were performed over the foreign procurement company, in order to obtain sufficient appropriate audit evidence to express an opinion on the consolidated financial statements as a whole. The group audit team performed the audit work across all the components.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Independent Auditor's Report (continued)

<table>
<tr><th>Key audit matter</th><th>How our audit addressed the key audit matter</th></tr>
<tr><td>Impairment assessment of cash generating units</td><td>How our audit addressed the key audit matterw</td></tr>
<tr><td>
Refer to Note 30: Financial Instruments and Risk Management in the consolidated.financial statements for detail.
Management identified an impairment indicator which provided evidence that the assets of the Group may be impaired as at the reporting date in accordance with International Accounting Standard 36 "Impairment of Assets" ("IAS 36").
The impairment indicator identified was that the Group's net asset value of R567.254 million exceeded the Group's market capitalization of R262.227 million as at 31 December 2021.
Management performed an impairment assessment to determine if the recoverable amounts of the two cash generating units ("CGU's"), namely South Ocean Electric Wire Company Proprietary Limited ("SOEW") and Anchor Park Investments 48 Proprietary Limited ("Anchor Park"), exceed the net asset value of the Group as at 31 December 2021.
The following valuation methods were used:

SOEW – income approach to calculate the value in use (a value in use calculation was prepared using cash flow projections based on financial budgets approved by management that cover a five-year period and a terminal year); and
Anchor Park - fair value less costs of disposal performed by management.

The following key assumptions were applied in the valuations:
SOEW

Terminal growth rate;
Discount rate;
Revenue growth rates; and
Gross profit margins.

Anchor Park

Capitalisation rate; and
Vacancy allowance.

Based on the results of management's impairment assessment, no impairment was identified and recognised for the Group in the current reporting period.
We considered the impairment assessment of the CGU's to be a matter of most significance to our current year audit due to the following:

Inherent subjectivity of the key assumptions that underpin the valuations of the CGU's and the heightened uncertainty involved in making these assumptions; and
The magnitude of the Group Net Asset value as recorded in the consolidated statement of financial position.

</td><td>
Utilising our valuations expertise, we performed the following audit procedures over management's impairment assessment of the SOEW cash generating unit:

We evaluated the valuation methodology used by management in their value in use model against the requirements of IFRS 13 "Fair value measurement" ("IFRS 13"). We found management's valuation model to be in line with the IFRS 13 requirements;
We tested management's cash flow forecast by comparing the key inputs to the approved budget. We found no material discrepancies;
We assessed the reasonableness of management's budgeting process by comparing the budgeted figures for the 2015 to 2021 financial years to the actual results for these years. We evaluated any significant differences noted against underlying support to corroborate explanations obtained from management. We found management's budgeting process to be reasonable;
We tested management's key assumptions applied for revenue growth and gross profit margins by comparing these to the historical actual average revenue growth rate and gross profit margins for the 2010 to 2021 financial years. The rates used by management were found to be within an acceptable range and management's assumptions were found to be comparable;
We tested the mathematical accuracy of management's valuation model by recalculating the value in use and we did not note any discrepancies requiring further consideration;
We compared the value in use of the CGU to the net asset value of the same CGU and noted no impairment required;
We independently recalculated the weighted average cost of capital discount rate taking into account independently obtained data such as the cost of debt, risk-free rate, market risk premium, capital structure as well as the beta of comparable companies. Where differences were noted between the respective discount rate, we obtained an understanding of the reasons and incorporated our independently calculated discount rate as part of our sensitivity analysis testing to assess the impact of the differences noted in the discount rate on the valuation results. Management's discount rate was within an acceptable range and there was enough headroom with no further consideration required;
The terminal growth rate as used by management was compared to the long term inflation rate obtained from independent sources. Where differences were noted between the respective growth rates, we obtained an understanding of the reasons for these differences and incorporated the independently obtained growth rates as part of our sensitivity analysis testing to assess the impact of the differences in the growth rates noted on the valuation results. No material differences were noted; and
We performed sensitivity analyses on the inputs and assumptions used by management in their valuation model relating to the revenue growth rates, gross margins, discount rate and terminal growth rate to evaluate the minimum changes in these inputs that would result in a material change to the value in use calculation for both disclosure and measurement purposes. We did not note any aspect requiring further consideration.

We calculated the value in use using the independently determined discount rate and terminal growth rate as applied to management's forecasts and compared this independently calculated value in use to the value in use calculated by management and noted no material differences.
</td></tr>
</table>

Key audit matter	How our audit addressed the key audit matter
	We performed the following audit procedures over management's impairment assessment of the Anchor Park cash generating unit: • We evaluated the valuation methodology used by management in their fair value less costs of disposal model against the requirements of IFRS 13. We found management's valuation model to be in line with the IFRS 13 requirements; • We tested the key assumptions used by management's expert in the model relating to the capitalisation rates and vacancy allowances by comparing these to publicly available rates from a reputable source. We noted that the capitalisation rates and vacancy allowances were comparable to the published data; • We tested the mathematical accuracy of management's valuation model by agreeing fair values used by management in the model to the fair values as determined by management's independent valuer and we did not note any discrepancies requiring further consideration; • We assessed management expert's competence, capabilities and objectivity by obtaining and inspecting his professional qualifications, verified that he is a registered valuer who is employed by a reputable property valuation company and has a number of years of practical experience in the industrial property market. We noted that management's expert has the necessary competence, capabilities and objectivity to perform the valuation of the properties; • We performed a reasonability test on management's costs to sell by taking into account what would make up the costs to sell in the area the properties are located, the type of assets being sold and all other costs necessary to bring an asset into condition for its sale. We found management's estimate to be reasonable; • We compared the fair value less costs to sell to the net asset value of the CGU and noted no impairment required; and • We performed sensitivity analyses on the inputs and assumptions used by management's expert in his valuation model relating to the capitalisation rate and vacancy allowances to evaluate the minimum changes in these inputs that would result in a material change to the fair value calculation for both disclosure and measurement purposes. We did not note any aspect requiring further consideration. • We agreed the information disclosed in the financial statements relating to valuation methods used, and the percentages for the key assumptions used in the current and prior year to the work performed as noted above and the prior year audited financial statements. In addition, we ensured that the disclosures included in the financial statements were in accordance with the requirements ofIAS 36. We did not note any aspect requiring further consideration. • We compared the recoverable amounts of the SOEW and Anchor Park CGUs, to the net asset value and noted no impairment.

Other information

The directors are responsible for the other information. The other information comprises the information included in the documents titled "South Ocean Holdings Limited and its subsidiary companies Annual Financial Statements for the year ended 31 December 2021," which includes the Directors' Report, the Report of the Audit and Risk Management Committee and the Company Secretary's Certification as required by the Companies Act of South Africa, and "South Ocean Holdings LImited Annual Financial Statements for the year ended 31 December 2021" which we obtained prior to the date of this auditor's report, and the other sections of the document titled "South Ocean Holdings Integrated Annual Report for the year ended 31 December 2021" which is expected to be made available to us after that date. The other information does not include the consolidated and separate financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not and will not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements 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 consolidated financial statements

The directors are responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 ISAs 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 consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

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

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

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that PricewaterhouseCoopers Inc. has been the auditor of South Ocean Holdings Limited for 13 years. Prior to its incorporation, the business of South Ocean Holdings Limited was transacted through South Ocean Electric Wire Company Proprietary Limited, of which PricewaterhouseCoopers Inc. and its predecessor firms have been the auditor for 31 years.

In accordance with our responsibilities in terms of sections 44(2) and 44(3) of the Auditing Profession Act, we report that we have identified a reportable irregularity in terms of the Auditing Profession Act. We have reported such a matter to the Independent Regulatory Board for Auditors. The matter pertaining to the reportable irregularity has been described in note 35 to the financial statements.

PricewaterhouseCoopers Inc.

PricewaterhouseCoopers Inc.
Director: S Akoojee
Registered Auditor
Johannesburg, South Africa
31 March 2022

Statement of Financial Position

as at 31 December 2021

	Notes	Group 2021 R'000	Group 2020 R'000
Assets			
Non-Current Assets			
Property, plant and equipment	3	**200 645**	220 358
Right-of-use assets	4	**6 304**	8 703
Deferred tax assets	5	**583**	550
		207 532	229 611
Current Assets			
Inventories	6	**209 500**	182 345
Trade and other receivables	7	**198 452**	255 622
Current tax receivable		**–**	6 025
Cash and cash equivalents	8	**139 974**	20 745
		547 926	464 737
Total Assets		**755 458**	694 348
Equity and Liabilities			
Equity			
Share capital	10	**461 343**	461 343
Reserves		**451**	434
Retained earnings		**105 460**	36 493
		567 254	498 270
Liabilities			
Non-Current Liabilities			
Interest-bearing borrowings	11	**33 814**	27 290
Lease liabilities	4	**4 574**	6 872
Deferred tax liabilities	5	**25 165**	22 556
Share-based payment liabilities	12	**11 662**	2 776
		75 215	59 494
Current Liabilities			
Trade and other payables	13	**94 509**	115 793
Interest-bearing borrowings	11	**13 529**	16 575
Lease liabilities	4	**1 944**	2 399
Current tax payable		**3 007**	619
Share-based payment liabilities	12	**–**	1 198
Total Liabilities		**188 204**	196 078
Total Equity and Liabilities		**755 458**	694 348

Statement of Profit or Loss and Other Comprehensive Income

for the year ended 31 December 2021

	Notes	Group 2021 R'000	Group 2020 R'000
Revenue	14	**2 001 546**	1 743 027
Cost of sales	16	**(1 826 053)**	(1 658 733)
Gross profit		**175 493**	84 294
Other operating income	15	**6 591**	3 881
Other operating profit/(loss)	16	**342**	(196)
Administration expenses	16	**(53 562)**	(24 859)
Distribution expenses	16	**(2 627)**	(2 093)
Operating expenses	16	**(13 289)**	(22 939)
Movement in credit loss allowance	16	**(754)**	–
Operating profit		**112 194**	38 088
Finance income	18	**224**	349
Finance costs	19	**(6 333)**	(9 725)
Profit before taxation		**106 085**	28 712
Tax	20	**(31 020)**	(7 128)
Profit from continuing operations		**75 065**	21 584
Discontinued operations			
Profit from discontinued operations	9	**–**	5 355
Profit for the year		**75 065**	26 939
Other comprehensive income for the year net of taxation	21	**17**	24
Total comprehensive income for the year		**75 082**	26 963
Earnings per share			
Basic and diluted earnings per share (cents):			
From continuing operations		**36 93**	10.62
From discontinued operations		**–**	2.63
Total earnings per share (cents)	22	**36.93**	13.25
Dividend per share (cents)	34	**9.00**	3.00

Statement of Changes in Equity

for the year ended 31 December 2021

	Share capital R'000	Share premium R'000	Total share capital R'000	Foreign currency translation reserve R'000	Retained earnings* R'000	Total equity R'000
Group						
Balance at 1 January 2020	1 743	459 600	461 343	410	9 554	471 307
Profit for the year	–	–	–	–	26 939	26 939
Other comprehensive income	–	–	–	24	–	24
Total comprehensive income for the year	–	–	–	24	26 939	26 963
Balance at 1 January 2021	**1 743**	**459 600**	**461 343**	**434**	**36 493**	**498 270**
Profit for the year	**–**	**–**	**–**	**–**	**75 065**	**75 065**
Dividend paid	**–**	**–**	**–**	**–**	**(6 098)**	**(6 098)**
Other comprehensive income	**–**	**–**	**–**	**17**	**–**	**17**
Total comprehensive income for the year	**–**	**–**	**–**	**17**	**68 967**	**68 984**
Balance at 31 December 2021	**1 743**	**459 600**	**461 343**	**451**	**105 460**	**567 254**
Note	10	10	10			

* The translation deficit represents the accumulative position of translation gains and losses arising from the conversion of the net assets of the foreign subsidiary company and also long-term loan of the subsidiary company, to the reporting currency.

Statement of Cash Flows

for the year ended 31 December 2021

	Notes	Group 2021 R'000	Group 2020 R'000
Cash flows from/(used in) operating activities			
Cash generated from operations	23	**152 452**	1 898
Interest received	18	**224**	349
Interest paid	19	**(6 333)**	(9 725)
Tax paid	24	**(20 031)**	(7 476)
Net cash from/(used in) operating activities		**126 312**	(14 954)
Cash flows (used in)/from investing activities			
Purchase of property, plant and equipment		**(2 250)**	(33 349)
Proceeds on disposal of property, plant and equipment	25	**523**	86 120
Net cash (used in)/from investing activities		**(1 727)**	52 771
Cash flows (used in)/from financing activities			
Repayment of interest-bearing borrowings	26	**(16 722)**	(14 588)
Payment of dividends	35	**(6 098)**	–
Proceeds from interest-bearing borrowings	26	**20 200**	18 038
Repayment of lease liabilities	26	**(2 753)**	(1 784)
Net cash (used in)/from financing activities		**(5 373)**	1 666
Total cash and cash equivalents movement for the year		**119 212**	39 483
Cash and cash equivalents at the beginning of the year		**20 745**	(18 762)
Effect of exchange rate movement on cash balances		**17**	24
Total cash and cash equivalents at end of the year	8	**139 974**	20 745

Accounting Policies

for the year ended 31 December 2021

1. Presentation of Annual Financial Statements

General information

South Ocean Holdings Limited ("the Company or Group") is a holding company of a number of subsidiaries whose businesses are involved in the manufacture and distribution of electrical wires and rental of property.

The Company is a public limited company, which is listed on the Johannesburg Stock Exchange and is incorporated in South Africa.

Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated and separate Annual Financial Statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

The Group financial statements have been prepared on the historical cost basis in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and Interpretations as issued by the IFRS Interpretations Committee (IFRIC), and comply with the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee (APC), Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council (FRSC), the Johannesburg Stock Exchange (JSE) Listings Requirements and the requirements of the South African Companies Act, No. 71 of 2008 (the Companies Act). The Group have adopted all new accounting standards and interpretations that is relevant to the business that became effective in the current reporting period. The consolidated and separate financial statements are presented in South African Rands (R), which is the Group's functional and the Group's presentation currency.

The preparation of Annual Financial Statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Annual Financial Statements are disclosed in note 1.16.

1.1 Consolidation

Basis of consolidation

The Annual Financial Statements incorporate the Annual Financial Statements of the Company and all its subsidiaries.

Subsidiaries

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group and is deconsolidated from the date that the control ceases (disposal date).

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless they provide evidence of impairment. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group. The results of the subsidiaries are included in the consolidated Annual Financial Statements from the effective date of acquisition to the effective date of disposal.

1.2 Property, plant and equipment

The cost of an item of property, plant and equipment comprises the purchase consideration plus any acquisition costs and is recognised as an asset when it is probable that future economic benefits associated with the item will flow to the Group; and the cost of the item can be measured reliably.

Property, plant and equipment is stated at historical cost less accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Land is not depreciated, and capital work-in-progress is depreciated once the asset is available for use. Depreciation on other assets is calculated using the straight-line basis over its estimated useful lives, to the estimated residual value, as follows:

Item	Average useful life
Buildings	50 years
Plant and machinery	8-20 years
Furniture and fixtures	3-10 years
Motor vehicles	5-7 years

The assets' residual values, useful lives and depreciation method are reviewed, and adjusted if appropriate, at the end of each reporting period. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate. Depreciation is recognised from the date when the assets are available for use.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount

Accounting Policies (continued)

for the year ended 31 December 2021

1. Presentation of Annual Financial Statements (continued)

is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within "operating expenses" in the statement of comprehensive income.

Where the estimated residual value of an asset is above the carrying value, no depreciation is raised.

Borrowing cost are not capitalised on capital work in progress.

1.3 Leases

The Group assesses whether a contract is, or contains a lease, at the inception of the contract.

A contract is, or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for a consideration.

In order to assess whether a contract is, or contains a lease, management determine whether the asset under consideration is "identified", which means that the asset is either explicitly or implicitly specified in the contract and that the supplier does not have a substantial right of substitution throughout the period of use. Once management has concluded that the contract deals with an identified asset, the right to control the use thereof is considered. To this end, control over the use of an identified asset only exists when the Group has the right to substantially use all of the economic benefits from the asset as well as the right to direct the use of the asset.

In circumstances where the determination of whether the contract is or contains a lease requires significant judgement, the relevant disclosures are provided in the significant judgments and sources of estimation uncertainty section of these accounting policies.

Group as lessee

A lease liability and corresponding right-of-use asset are recognised at the lease commencement date, for all lease agreements for which the Group is a lessee, except for short-term leases of 12 months or less, or leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Low value assets are defined as any assets with a value of R200 000 or less when new.

Details of leasing arrangements where the Group is a lessee are presented in note 4 Leases (Group as lessee).

Lease liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed lease payments, including in-substance fixed payments, less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the Group under residual value guarantees;
- the exercise price of purchase options, if the Group is reasonably certain to exercise the option;
- lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option; and
- penalties for early termination of a lease, if the lease term reflects the exercise of an option to terminate the lease.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability (or right-of-use asset). The related payments are recognised as an expense in the period incurred and are included in operating expenses (note 16).

The lease liability is presented as a separate line item on the statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect lease payments made. Interest charged on the lease liability is included in finance costs (note 19).

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) when:

- there has been a change to the lease term, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- there has been a change in the assessment of whether the Group will exercise a purchase, termination or extension option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- there has been a change to the lease payments due to a change in an index or a rate, in which case the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used);

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1. Presentation of Annual Financial Statements (continued)

- there has been a change in expected payment under a residual value guarantee, in which case the lease liability is remeasured by discounting the revised lease payments using the initial discount rate;
- a lease contract has been modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised payments using a revised discount rate.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recognised in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Right-of-use assets

Right-of-use assets are presented as a separate line item on the statement of financial position.

Lease payments included in the measurement of the lease asset comprise the following:

- the initial amount of the corresponding lease liability;
- any lease payments made at or before the commencement date;
- any initial direct costs incurred;
- any estimated costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, when the Group incurs an obligation to do so, unless these costs are incurred to produce inventories; and
- less any lease incentives received.

Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses. Depreciation gets applied on a straight-line-basis.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. However, if a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. Depreciation starts at the commencement date of a lease.

For right-of-use assets which are depreciated over their useful lives, the useful lives are determined consistently with items of the same class of property, plant and equipment. Refer to the accounting policy for property, plant and equipment for details of useful lives.

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting year. If the expectations differ from previous estimates, the change is accounted for prospectively as a change in accounting estimate. Each part of a right-of-use asset with a cost that is significant in relation to the total cost of the asset is depreciated separately.

The depreciation charge for each year is recognised in profit or loss unless it is included in the carrying amount of another asset.

1.4 Share capital

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

Ordinary shares are classified as equity.

1.5 Translation of foreign currencies

Functional and presentation currency

Items included in the Annual Financial Statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (functional currency).

The Annual Financial Statements are presented in Rand which is the Group's presentation currency.

Foreign currency transactions

A foreign currency transaction is recorded, on initial recognition in Rands, by applying to the foreign currency amount, the spot exchange rate between the functional currency and the foreign currency at the average exchange rate between the functional currency and foreign currency.

At the end of the reporting period:

- foreign currency monetary items are translated using the closing rate;
- non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction; and
- non-monetary items that are measured at fair value in a foreign currency 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 rates different from those at which they were translated on initial recognition during the period or in previous Annual Financial Statements are recognised in profit or loss in the period in which they arise.

Cash flows arising from transactions in a foreign currency are recorded in Rands by applying to the foreign currency amount the exchange rate between the Rand and the foreign currency at the date of the cash flow.

Group companies

The results and financial position of a foreign operation are translated into the functional currency using the following procedures:

- monetary assets and liabilities for each reporting date presented are translated at the closing rate at the reporting date;

Accounting Policies (continued)

for the year ended 31 December 2021

1. Presentation of Annual Financial Statements (continued)

- income and expenses for each item of profit or loss are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates in which case income and expenses are translated at the rate on the dates of the individual transactions); and
- all resulting exchange differences are recognised to other comprehensive income.

The cash flows of a foreign subsidiary are translated at the average exchange rates between the functional currency and the foreign currency or at the exchange rate applicable at the date of the respective cash flows, where applicable.

1.6 Inventories

Inventories are measured at the lower of cost and net realisable value. Cost of manufactured goods is determined using the weighted average cost method. The cost of finished goods and work-in-progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs.

Net realisable value is the estimated selling price in the ordinary course of business, less variable selling expenses. There was no inventory write-down recognised in the statement of comprehensive income. Therefore, there were no significant judgements made in the determining the variable selling expenses.

Provision is made for slow moving goods and obsolete inventories.

1.7 Impairment of non-financial assets

The Group assesses at each end of the reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the Group estimates the recoverable amount of the asset.

If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value-in-use.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in profit or loss.

1.8 Financial instruments

Financial instruments held by the Group are classified in accordance with the provisions of IFRS 9 Financial Instruments.

Broadly, the classification possibilities, which are adopted by the Group, as applicable, are as follows:

Financial assets which are debt instruments:

- Amortised cost.
- Financial liabilities:

Note 30, Financial instruments and risk management, presents the financial instruments held by the Group based on their specific classifications.

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

The specific accounting policies for the classification, recognition and measurement of each type of financial instrument held by the Group are presented below:

Trade and other receivables

Classification

Trade and other receivables, excluding, when applicable, VAT, deposits and prepayments, are classified as financial assets subsequently measured at amortised cost (note 7).

They have been classified in this manner because their contractual terms give rise, on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding, and the Group's business model is to collect the contractual cash flows on trade and other receivables.

Recognition and measurement

Trade and other receivables are recognised when the Group becomes a party to the contractual provisions of the receivables. They are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost.

The amortised cost is the amount recognised on the receivable initially, minus principal repayments, plus cumulative amortisation (interest) using the effective interest method of any difference between the initial amount and the maturity amount, adjusted for any loss allowance.

Application of the effective interest method

1. Presentation of Annual Financial Statements (continued)

1.8 Financial instruments (continued)

For receivables which contain a significant financing component, interest income is calculated using the effective interest method, and is included in finance income (note 18).

The application of the effective interest method to calculate interest income on trade receivables is dependent on the credit risk of the receivable as follows:

- The effective interest rate is applied to the gross carrying amount of the receivable, provided the receivable is not credit impaired. The gross carrying amount is the amortised cost before adjusting for a loss allowance.
- If a receivable was not purchased or originally credit-impaired, but it has subsequently become credit-impaired, then the effective interest rate is applied to the amortised cost of the receivable in the determination of interest. If, in subsequent periods, the receivable is no longer credit impaired, then the interest calculation reverts to applying the effective interest rate to the gross carrying amount.

Impairment

The Group recognises a loss allowance for expected credit losses on trade and other receivables, excluding VAT, deposits and prepayments. The amount of expected credit losses is updated at each reporting date.

The Group measures the loss allowance for trade and other receivables at an amount equal to lifetime expected credit losses, which represents the expected credit losses that will result from all possible default events over the expected life of the receivable.

Measurement and recognition of expected credit losses

The Group makes use of a provision matrix as a practical expedient to the determination of expected credit losses on trade and other receivables. The provision matrix is based on historic credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current and forecast direction of conditions at the reporting date, including the time value of money, where appropriate.

The customer base is widespread and does not show significantly different loss patterns for different customer segments. The loss allowance is calculated on a collective basis for all trade and other receivables in totality. All trade receivables are credit insured. Details of the provision matrix is presented in note 7.

An impairment gain or loss is recognised in profit or loss with a corresponding adjustment to the carrying amount of trade and other receivables, through use of a loss allowance account. The impairment loss is included in the statement of other comprehensive income and is separately disclosed in terms of IFRS 9.

Write-off policy

The Group writes off a receivable when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Receivables written off may still be subject to enforcement activities under the Group recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Credit risk

Details of credit risk are included in the trade and other receivables note (note 7) and the financial instruments and risk management note (note 30).

Borrowings

Classification

Interest-bearing borrowings (note 11) are classified as financial liabilities subsequently measured at amortised cost. Where the Group has an unconditional right to defer payments beyond 12 months, the obligation is classified as a non-current liability. If there is no right to defer the obligation, the obligation is classified as a current liability.

Recognition and measurement

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Interest expense, calculated on the effective interest method, is included in finance costs (note 19).

Borrowings expose the Group to liquidity risk and interest rate risk. Refer to note 30 for details of risk exposure and management thereof.

Trade and other payables

Classification

Trade and other payables (note 13), excluding VAT, payroll accruals and deposits, are classified as financial liabilities subsequently measured at amortised cost.

Recognition and measurement

They are recognised when the Group becomes a party to the contractual provisions, and are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

If trade and other payables contain a significant financing

Accounting Policies (continued)

for the year ended 31 December 2021

1. Presentation of Annual Financial Statements (continued)

1.8 Financial instruments (continued)

component, and the effective interest method results in the recognition of interest expense, then it is included in finance costs (note 19).

Trade and other payables expose the Group to liquidity risk and possibly to interest rate risk. Refer to note 30 for details of risk exposure and management thereof.

Trade and other payables denominated in foreign currencies

When trade payables are denominated in a foreign currency, the carrying amount of the payables are determined in the foreign currency. The carrying amount is then translated to the Rand equivalent using the spot rate at the end of each reporting period. Any resulting foreign exchange gains or losses are recognised in profit or loss.

Details of foreign currency risk exposure and the management thereof are provided in the financial instruments and risk management note (note 30).

Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at the bank, other short-term highly liquid investments with original maturities of three months or less. Cash and cash equivalents are stated at carrying amount which is deemed to be fair value.

Derecognition

Financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and recognises a collateralised borrowing for the proceeds received.

Financial liabilities

The Group derecognises financial liabilities when, and only when, the Group obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Reclassification

Financial assets

The Group only reclassifies affected financial assets if there is a change in the business model for managing financial assets. If a reclassification is necessary, it is applied prospectively from the reclassification date. Any previously stated gains, losses or interest are not restated.

The reclassification date is the beginning of the first reporting period following the change in business model which necessitates a reclassification.

Financial liabilities

Financial liabilities are not reclassified.

1.9 Employee benefits

Defined contribution plans

The Group operates a number of defined contribution plans. The schemes are generally funded through payments to insurance companies or trustee-administered funds. A defined contribution plan is a pension or provident fund plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

Profit-sharing and bonus plans

The Group recognises a liability and an expense for bonuses and profit-sharing, based on a formula that takes into consideration the profit attributable to the Group's shareholders after certain adjustments. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of profit sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

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1. Presentation of Annual Financial Statements (continued)

1.10 Revenue recognition

The Group recognises revenue from the following major sources:

Revenue from contracts with customers:

- Sales of goods;

Revenue other than from contracts with customers:

- Rental income

Revenue from contracts with customers is measured based on the consideration specified in the contract with the customer and excludes amounts collected on behalf of third parties.

Sale of goods

The Group manufactures and sells copper and aluminium cables and conduit which is considered to represent a single performance obligation. Sales are recognised when control of the goods has transferred, being when the goods are delivered to the customer, the customer has full discretion over the channel and price to sell the goods, and there is no unfulfilled obligation that could affect the customer's acceptance of the goods.

In majority of sales, transport is considered to be a fulfilment activity as the costs are incurred as the goods are shipped to the specific location and control of the goods transfer upon delivery to the customer's premises.

The goods are often sold with retrospective volume rebates to customers based on aggregate sales over a 12-month period. In addition, trade and settlement discounts are provided to customers when the criteria for early settlement have been met. Revenue is recognised based on the price specified in the contract, net of the estimated trade and settlement discounts and volume rebates. Accumulated experience is used to estimate and provide for the discounts and rebates, using the expected value method, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. A refund liability (included in trade and other payables) is recognised for expected volume rebates payable to customers in relation to sales made until the end of the reporting period.

The Group also provides a right of return to its customers. At the end of each reporting period it has been concluded that a significant reversal of cumulative revenue recognised in relation to goods sold as a result of the right of return provided, will not occur from a change in the estimated returns. As a result, any impact from right of return has been concluded to be immaterial.

No significant element of financing is deemed present as the sales are made with a credit term of 30 days, which is consistent with market practice. Due to the short period of time that elapses between the satisfaction of the performance obligation and billing of amounts due, no material contract assets are expected to arise at reporting date. In addition, customer payments are also not received in advance resulting in no contract liabilities having to be accounted for.

The Group's obligation to replace faulty products under the standard warranty terms is recognised as a provision. Customers do not have the ability to purchase warranties separately.

A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

Rental income

The Group is party to leasing contracts as the lessor of property. All leases are operating leases, which are those leases where the Group retains a significant portion of the risks and rewards of ownership. Rental income is recognised on a straight-line basis over the period of the lease term.

1.11 Finance income

Finance income is recognised using the effective interest method. When a loan and receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument and continues unwinding the discount as interest income. Finance income on impaired loans and receivables are recognised using the original effective interest rate.

1.12 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-makers. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments has been identified as the Executive Committee that makes strategic decisions.

1.13 Tax

Current income tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Accounting Policies (continued)

for the year ended 31 December 2021

1. Presentation of Annual Financial Statements (continued)

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes income tax liabilities where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax assets and liabilities

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. A deferred tax asset is not recognised when it arises from the initial recognition of an asset or liability in a transaction at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for the carry forward of unused tax losses to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilised.

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Income tax expenses

Current and deferred taxes are recognised as income or an expense and included in profit or loss for the period, except to the extent that the tax arises from:

- a transaction or event which is recognised, in the same or a different period, to other comprehensive income; or
- a business combination.

Current tax and deferred taxes are charged or credited to other comprehensive income if the tax relates to items that are credited or charged, in the same or a different period, to other comprehensive income.

Current tax and deferred taxes are charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or a different period, directly in equity.

1.14 Share-based payments

Cash-settled share-linked instruments have been granted to certain employees in the Group. The fair value of the amount payable to the employee is recognised as an expense with a corresponding increase in liabilities. The fair value is initially measured at grant date and expensed over the period during which the employees are required to provide services in order to become unconditionally entitled to payment.

The fair value of the instrument granted is measured using generally accepted valuation techniques, taking into account the terms and conditions upon which the instruments are granted. The liability is remeasured at each reporting date and at settlement date. Any changes in the fair value of the liability are recognised as employees' remuneration in employee costs (note 17).

1.15 Provisions

Provisions are recognised when:

- the Group has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation. Provisions are not recognised for future operating losses.

1.16 Significant judgements and sources of estimation uncertainty

In preparing the Annual Financial Statements, management is required to make estimates and judgements that affect the amounts represented in the Annual Financial Statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the Annual Financial Statements. Significant estimates and judgements include:

Share-based payments (estimate)

The fair value of employee share appreciation rights granted are being determined using the Black-Scholes valuation model. The significant inputs into the model are: vesting period and conditions, risk free interest rate, volatility, price on date of grant and dividend yield. (Refer to note 12 for details on each of the share option schemes).

1. Presentation of Annual Financial Statements (continued)

1.16 Significant judgements and sources of estimation uncertainty (continued)

Tax (judgement and estimate)

Judgement is required in determining the provision for income taxes due to the complexity of legislation. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

The Group recognises the net future tax benefit related to deferred income tax assets to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future. Assessing the recoverability of deferred income tax assets requires the Group to make significant estimates related to expectations of future taxable income. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Group to realise the net deferred tax assets recorded at the end of the reporting period could be impacted.

Impairment of inventory (judgement)

The Company will provide for slow moving goods and will write off obsolete materials where required.

Impairment of trade receivables (judgement)

The Company recognises a loss allowance for expected credit losses on trade and other receivables, excluding VAT and prepayments. The amount of expected credit losses is updated at each reporting date. The Company measures the loss allowance for trade and other receivables at an amount equal to lifetime expected credit losses (lifetime ECL), which represents the expected credit losses that will result from all possible default events over the expected life of the receivable.

Bank overdraft (judgement)

Judgement is required to determine the classification of the bank overdraft based on if it has been used primarily for operating or financing activities. The bank overdraft is repayable on demand, used for working capital management as part of the operations and the balance has fluctuated in the previous years from negative to positive. Based on these judgements the bank overdraft is classified as cash and cash equivalents in the Statement of Financial Position.

Incremental borrowing rate (judgement)

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received;
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held, which does not have recent third-party financing; and
- makes adjustments specific to the lease.

If a readily observable amortising loan rate is available to the individual lessee which has a similar payment profile to the lease, then the Group entities use that rate as a starting point to determine the incremental borrowing rate.

1.17 Related party transactions

All subsidiaries, major shareholders and key management personnel of the Group are related parties. A list of all transactions with major subsidiaries, major shareholders and key management personnel is included in note 27. All transactions entered into with subsidiaries were on terms no more favourable than those with third parties and have been eliminated in the consolidated Group accounts. There were no other material contracts with related parties.

1.18 Earnings/(loss) per share

Earnings/(loss) per share is based on attributable earnings/(loss) for the year divided by the weighted average number of ordinary shares in issue during the year. Fully diluted loss per share is presented when the inclusion of potential ordinary shares have a dilutive effect on the earnings (loss) per share.

1.19 Headline earnings/(loss) per share

Headline earnings/(loss) per share is based on the same calculation as above, except that attributable loss specifically excludes items as set out in Circular 1/2021: "Headline Earnings" issued by The South African Institute of Chartered Accountants. Fully diluted headline earnings/(loss) per share is presented when the inclusion of potential ordinary shares has a dilutive effect on headline earnings/(loss) per share.

1.20 Cost of sales

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

1.21 Dividends

Dividend distributions to the Company's shareholders are recognised as a liability in the Group financial statements in the period in which the dividends are approved by the Company directors.

Notes to the Annual Financial Statements

for the year ended 31 December 2021

2. New Standards and Interpretations

2.1 Standards and interpretations effective and adopted in the current year

In the current year, the Group has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

Standard/Interpretation:	Effective date: Years beginning on or after	Expected impact:
Interest Rate Benchmark Reform – Phase 2: Amendments to IFRS 4	1 January 2021	The impact of the standard is not material
Interest Rate Benchmark Reform – Phase 2: Amendments to IFRS 7	1 January 2021	The impact of the standard is not material
Interest Rate Benchmark Reform – Phase 2: Amendments to IFRS 9	1 January 2021	The impact of the standard is not material
Interest Rate Benchmark Reform – Phase 2: Amendments to IFRS 16	1 January 2021	The impact of the standard is not material
Interest Rate Benchmark Reform – Phase 2: Amendments to IAS 39	1 January 2021	The impact of the standard is not material
COVID-19-Related Rent Concessions – Amendment to IFRS 16	1 June 2020	The impact of the standard is not material

2.2 Standards and interpretations not yet effective

The Group has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory and relevant for the Group's accounting periods beginning on or after 1 January 2021 or later periods:

Standard/Interpretation:	Effective date: Years beginning on or after	Expected impact:
Classification of Liabilities as Current or Non-Current – Amendment to IAS 1	1 January 2023	Unlikely there will be a material impact
Annual Improvement to IFRS Standards 2018-2020: Amendments to IFRS 9	1 January 2022	Unlikely there will be a material impact
Property, Plant and Equipment: Proceeds before Intended Use: Amendments to IAS 16	1 January 2022	Unlikely there will be a material impact
Onerous Contracts – Cost of Fulfilling a Contract: Amendments to IAS 37	1 January 2022	Unlikely there will be a material impact

3. Property, plant and equipment

Group	2021 Cost R'000	2021 Accumulated depreciation R'000	2021 Carrying value R'000	2020 Cost R'000	2020 Accumulated depreciation R'000	2020 Carrying value R'000
Buildings	102 460	(10 974)	91 486	102 310	(9 970)	92 340
Plant and machinery	243 083	(147 441)	95 642	237 066	(130 156)	106 910
Furniture and fixtures	24 628	(20 490)	4 138	24 526	(18 074)	6 452
Motor vehicles	14 209	(8 735)	5 474	13 691	(7 716)	5 975
Capital work-in-progress	3 905	–	3 905	8 681	–	8 681
Total	388 285	(187 640)	200 645	386 274	(165 916)	220 358

Reconciliation of property, plant and equipment Group – 2021

Group	Opening balance R'000	Additions R'000	Disposals R'000	Transfers R'000	Depreciation R'000	Total R'000
Buildings	92 340	150	–	–	(1 004)	91 486
Plant and machinery	106 910	1 238	–	4 779	(17 285)	95 642
Furniture and fixtures	6 452	102	–	–	(2 416)	4 138
Motor vehicles	5 975	909	(133)	–	(1 277)	5 474
Capital work-in-progress	8 681	3	–	(4 779)	–	3 905
	220 358	2 402	(133)	–	(21 982)	200 645

Reconciliation of property, plant and equipment Group – 2020

	Opening balance R'000	Additions R'000	Disposals R'000	Transfers R'000	Depreciation R'000	Total R'000
Buildings	90 413	2 931	–	–	(1 004)	92 340
Plant and machinery	88 320	–	–	32 444	(13 854)	106 910
Furniture and fixtures	2 076	24	–	5 742	(1 390)	6 452
Motor vehicles	5 974	–	(316)	1 583	(1 266)	5 975
Capital work-in-progress	18 056	30 394	–	(39 769)	–	8 681
	204 839	33 349	(316)	–	(17 514)	220 358

Reconciliation of property, plant and equipment Group – 2019

Group	Opening balance R'000	Additions R'000	Disposals R'000	Transfers R'000	Depreciation R'000	Total R'000
Buildings	90 688	550	–	–	(825)	90 413
Plant and machinery	93 884	5 006	(6)	–	(10 564)	88 320
Furniture and fixtures	1 916	1 244	–	–	(1 084)	2 076
Motor vehicles	5 162	2 197	(244)	–	(1 141)	5 974
Capital work-in-progress	–	18 056	–	–	–	18 056
	191 650	27 053	(250)	–	(13 614)	204 839

Notes to the Annual Financial Statements (continued)

for the year ended 31 December 2021

3. Property, plant and equipment (continued)

Property, plant and equipment encumbered as security

Carrying value of assets pledged as security for interest-bearing borrowings (note 11):

	Group	
	2021 R'000	2020 R'000
Buildings	91 486	92 340
Plant and machinery	10 827	22 438
Motor vehicles	1 325	2 540

A register containing the information required by Regulation 25(3) of the Companies Regulations is available for inspection at the registered office of the Company.

4. Leases (Group as lessee)

The Group leases several assets consisting motor vehicles. The average lease term is three years and the interest rate ranges from 7.5% to 10.25%. There is an option to extend and or to terminate the contracts. The contracts have no residual values, guarantees or restrictions.

Net carrying amounts of right-of-use assets

The carrying amounts of right-of-use assets are as follows:

	Group	
	2021 R'000	2020 R'000
Motor vehicles	6 304	8 703
	6 304	8 703
Additions (terminations) to right-of-use assets		
Motor vehicles	–	608
Motor vehicles	–	(5 006)
	–	(4 398
Depreciation recognised on right-of-use assets		
Depreciation recognised on each class of right-of-use assets, is presented below and is included in the total depreciation charge in profit or loss (note 16).		
Motor vehicles	2 399	2 070
	2 399	2 070
Other disclosures		
Interest expense on lease liabilities	796	803
Capital repayment on lease liabilities	2 753	1 784
Total cash outflow for leases	3 549	2 587
Leases of low value assets included in operating expenses	611	615
Lease liabilities		
Non-current liabilities	4 574	6 872
Current liabilities	1 944	2 399
	6 518	9 271

Refer to note 30 Financial instruments and financial risk management for details of the maturity analysis of lease liabilities and the liquidity risk exposure and management.

5. Deferred tax

The deferred tax asset and the deferred tax liabilities are calculated on all temporary differences under the liability method using a principal taxation rate of 28% (2020: 28%). Deferred taxation asset and liabilities are offset when the income taxes relate to the same fiscal authority, and there is a legal right to offset at settlement. The amount disclosed in the statement of financial position is analysed as follows:

	Group	
	2021 R'000	2020 R'000
Deferred tax asset		
Tax losses	**4 297**	2 467
Provisions	**6 824**	6 071
Total deferred tax asset	**11 121**	8 538
Deferred tax liability		
Property, plant and equipment	**(35 703)**	(30 544)
Deferred tax liability	**(35 703)**	(30 544)
Deferred tax asset	**11 121**	8 538
Total net deferred tax liability	**(24 582)**	(22 006)
Reconciliation of deferred tax (liability)/asset		
At beginning of year	**(22 006)**	(19 724)
Current year tax losses (raised)/utilised	**1 830**	(5 642)
Temporary differences on capital allowances	**(5 158)**	1 562
Temporary differences on provisions	**752**	1 798
At end of year	**(24 582)**	(22 006)
Disclosed as		
Non-current assets	**583**	550
Non-current liabilities	**(25 165)**	(22 556)
	(24 582)	(22 006)

Group	Tax losses R'000	Capital allowances R'000	Provisions R'000	Total R'000
2021				
Opening balance	2 467	(30 544)	6 071	(22 006)
Charged to the statement of comprehensive income	1 830	(5 159)	753	(2 576)
Closing balance	4 297	(35 703)	6 071	(22 006)
2020				
Opening balance	8 109	(32 106)	4 273	(19 724)
Charged to the statement of comprehensive income	(5 642)	1 562	1 798	(2 282)
Closing balance	2 467	(30 544)	6 071	(22 006)

Recognition of deferred tax asset

The Group recognises a deferred tax asset when a loss is incurred in either the current or preceding period and the Group expects future taxable profits based on budgets and forecasted cash flows. Utilisation of the deferred tax asset is dependent on future taxable profits in excess of the profits arising from the reversal of existing taxable temporary differences. The Group expect to recover this after 12 months.

Unremitted earnings from a foreign entity

The unremitted earnings from foreign entities is a loss of R112 095 (2020: R8 894 loss). Deferred tax on the future remittances has not been provided for as the future dividends will not be subject to tax in South Africa.

Notes to the Annual Financial Statements (continued)

for the year ended 31 December 2021

	Group	
	2021 R'000	2020 R'000
6. Inventories		
Raw materials, components	**29 369**	45 019
Work-in-progress	**120 142**	107 947
Finished goods	**42 727**	12 921
Consumable stores	**17 262**	16 458
	209 500	182 345

The cost of inventories recognised as an expense and included in cost of sales is R1 691 855 161 (2020: R1 485 619 706).

	Group	
	2021 R'000	2020 R'000
7. Trade and other receivables		
Financial instruments:		
Trade receivables	**184 784**	248 691
Other receivables	**6 864**	5 318
Loss allowance	**(2 337)**	(1 583)
Trade receivables at amortised cost	**189 311**	252 426
Non-financial instruments:		
South African Revenue Services – VAT receivable	**6 485**	86
Deposits	**2 536**	232
Prepayments	**120**	2 878
Total trade and other receivables	**198 452**	255 622
Categorisation of trade and other receivables		
Trade and other receivables are categorised as follows in accordance with IFRS 9: Financial Instruments:		
Financial instruments	**189 311**	252 426
Non-financial instruments	**9 141**	3 196
	198 452	255 622

Trade and other receivables pledged as security

60% (2020:80%) of the carrying value of trade and other receivables were pledged as security for overdraft facilities limited to R250 000 000 (2020: R200 000 000) of the Group. At year end the overdraft amounted to Rnil (2020: Rnil).

Trade receivables are insured with Credit Guarantee Insurance Corporation of South Africa Limited. The Group is exposed to 20% (2020: 15%) trade receivables within their credit limits and 100% of trade receivables in excess of their approved credit limits.

Exposure to credit risk

Trade receivables inherently expose the Group to credit risk, being the risk that the Group will incur financial loss if customers fail to make payments as they fall due.

A loss allowance is recognised for all trade receivables, in accordance with IFRS 9 Financial Instruments, and is monitored at the end of each reporting period. In addition to the loss allowance, trade receivables are written off when there is no reasonable expectation of recovery, for example, when a debtor has been placed under liquidation. Trade receivables which have been written off are subject to enforcement activities.

The Group measures the loss allowance for trade receivables by applying the simplified approach which is prescribed by IFRS 9. In accordance with this approach, the loss allowance on trade receivables is determined as the lifetime expected credit losses on trade receivables. These lifetime expected credit losses are estimated using a provision matrix, which is presented below. The provision matrix has been developed by making use of past default experience of debtors but also incorporates forward looking information, including competition in the industry, volatility of copper prices and demand, and other factors such as industry stability and unemployment levels.

7. Trade and other receivables (continued)

The Group's historical credit loss experience does not show significantly different loss patterns for different customer segments. The provision for credit losses is therefore based on past due status without disaggregating into further risk profiles. The loss allowance provision is determined as follows:

	2021		2020	
Expected credit loss rate:	**Estimated gross carrying amount at default R'000**	**Loss allowance (Lifetime expected credit loss) R'000**	Estimated gross carrying amount at default R'000	Loss allowance (Lifetime expected credit loss) R'000
Not past due: 0.39% (2020: 0.18%)	**81 277**	**320**	113 924	208
Less than 30 days past due: 1.07% (2020: 0.31%)	**104 835**	**1 119**	124 787	384
31-60 days past due: 0.31% (2020: 1.01%)	**10 253**	**32**	14 486	147
61-90 days past due: 79.16% (2020: 99.5%)	**1 094**	**866**	848	844
Total	**197 459**	**2 337**	254 045	1 583

The gross carrying amount above differs from trade receivables because of settlement discounts included in trade receivables.

Reconciliation of loss allowances

The following table shows the movement in the loss allowance (lifetime expected credit losses) for trade receivables:

	Group	
	2021 R'000	2020 R'000
Opening balance	**(1 583)**	(744)
Expected credit loss on new trade receivables	**(170)**	(117)
Expected credit loss on trade receivables with increased risk	**(584)**	(722)
	(2 337)	(1 583)

Fair value of trade and other receivables

Due to the short-term nature of trade and other receivables, the carrying amount is considered to be the same as the fair value.

Exposure to currency risk

The net carrying amounts, in Rand, of trade and other receivables are denominated in the following currency:

	Group	
	2021 R'000	2020 R'000
Rand	**198 452**	255 622

Notes to the Annual Financial Statements (continued)

for the year ended 31 December 2021

	Group	
	2021 R'000	2020 R'000
8. Cash and cash equivalents		
Cash and cash equivalents consist of:		
Bank balances	139 961	20 684
Cash on hand	13	61
	139 974	20 745

Exposure to currency risk

The net carrying amounts, in Rand, of cash and cash equivalents, are denominated in the following currencies. The amounts have been presented in Rand by converting the foreign currency amount at the closing rate at the reporting date.

	Group	
	2021 R'000	2020 R'000
Rand amount		
Rand	124 411	14 668
US Dollar	9 000	–
Hong Kong Dollar	6 563	6 077
Disclosed as		
Current assets	139 974	20 745

Credit quality of cash at bank and short-term deposits, excluding cash on hand

The credit quality of cash at bank and short-term deposits, excluding cash on hand that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or historical information about counterparty default rates:

Credit rating

Ba1 (2020: Ba2) – First National Bank, a division of FirstRand Bank Limited

Aa3 (2020: Aa3) – Bank of Taiwan

AA- (2020: Aa-) – HSBC Hong Kong

There has been an increase in the credit risk of the banks, however, the Group has determined that no expected credit loss is required.

9. Disposal group held for sale

In a general meeting held on 29 November 2018, the shareholders approved the disposal by SOH of 100% of the issued share capital in and claims against Radiant Group. The effective date of the disposal and loss of control of Radiant Group was 1 January 2019. The selling price of Radiant Group was R96.8 million, of which R91.9 million was received in 2019, with the balance of R4.9 million to be received during 2022 and has been included in other receivables in note 7.

	Group	
	2021 R'000	2020 R'000
Discontinuing operations		
Revenue	–	5 769
Gross profit	–	5 769
Total expenses	–	(414)
Operating profit	–	5 355
Profit before taxation	–	5 355
Profit for the year	–	5 355
Cash flows		
Net cash inflow from operating activities	–	5 355
Net cash inflow from investing activities	–	86 000

10. Share capital

	Group	
	2021 R'000	2020 R'000
Authorised		
500 000 000 paid ordinary shares of R0.01 each	**5 000**	5 000
Issued		
203 276 794 Ordinary shares	**1 743**	1 743
Share premium	**459 600**	459 600
	461 343	461 343

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for the year ended 31 December 2021

	Group	
	2021 R'000	2020 R'000
11. Interest-bearing borrowings		
Mortgages		
First National Bank, a division of FirstRand Bank Limited: 3-000-013-732-425	**12 342**	16 440
First National Bank, a division of FirstRand Bank Limited: 3-000-012-798-538	**–**	1 480
First National Bank, a division of FirstRand Bank Limited: 3-000-013-460-751	**4 454**	6 306
First National Bank, a division of FirstRand Bank Limited: 20 113-3-000-017-904-697	**20 113**	–
Other loans		
Instalment sale agreements	**10 434**	19 639
	47 343	43 865
Non-current liabilities		
Mortgage bonds	**28 856**	16 857
Instalment sale agreements	**4 958**	10 433
	33 814	27 290
Current liabilities		
Mortgage bonds	**8 053**	7 369
Instalment sale agreements	**5 476**	9 206
	13 529	16 575

Refer to note 30 Financial instruments and financial risk management for details of the maturity analysis of interest-bearing borrowings and the liquidity risk exposure and management.

Borrowing powers

The Company's Memorandum of Incorporation does not limit the Company's borrowing powers.

Securities

The interest-bearing borrowings are secured as follows:

First National Bank, a division of FirstRand Bank Limited

The loans are secured by first covering mortgage bond over the following properties:

Loan agreement 3-000-013-732-425 for R68 665 000

Erf 688, Alrode Extension 2 for R30 000 000 and a cession of all rights, title, and interest in, and to any existing and future income derived from rental of the property, and all rental agreements in respect of the property in favour of First National Bank Limited, suretyship for R400 000 000 by South Ocean Electric Wire Company Proprietary Limited and Anchor Park Investments 48 Proprietary Limited. The interest is payable at First National Bank's prime lending rate less 0.50% per annum. The prime lending rate at year end is 7.25% (2020: 7.00%). The loan is repayable in monthly instalments of R419 432 (2020: R418 699) inclusive of interest.

Loan agreement 3-000-012-798-538 for R24 000 000

Erf 685, Alrode Extension 2 Township of R28 800 000 and a cession of all rights, title, and interest in, and to any existing and future income derived from rental of the property, and all rental agreements in respect of the property in favour of First National Bank. The interest is payable at First National Bank's prime lending rate less 0.5% per annum. The prime lending rate at year end is 7.25% (2020: 7.0%). This loan was fully repaid in the 2021 year. The loan was repayable in monthly instalments of R298 968 inclusive of interest at the end of the 2020 year.

Loan agreement 3-000-013-460-751 for R14 918 150

Erf 637, Alrode Extension 4 Township of R14 918 150 and a cession of all rights, title, and interest in, and to any existing and future income derived from rental of the property, and all rental agreements in respect of the property in favour of First National Bank. The interest is payable at First National Bank's prime lending rate less 0.50% per annum. The prime lending rate at year end is 7.25% (2020: 7.00%). The loan is repayable in monthly instalments of R183 243 (2020: R183 100) inclusive of interest.

Loan agreement 3-000-013-460-697 for R20 200 000

Erf 685, Alrode Extension 2 Township of R24 000 000 and a cession of all rights, title, and interest in, and to any existing and future income derived from rental of the property, and all rental agreements in respect of the property in favour of First National Bank. The interest is payable at First National Bank's prime lending rate less 0.50% per annum. The prime lending rate at year end is 7.25%. The loan is repayable in monthly instalments of R229 366 inclusive of interest. The loan is secured by a cross suretyship for R300 000 dated 13 May 2019 by Anchor Park and SOEW, and a cross suretyship for R30 000 000 dated 23 June 2021 by Anchor Park and SOEW.

11. Interest-bearing borrowings (continued)

Other loans

Instalment sale agreements are secured by the underlying assets with a net book value of R12 152 000 (2020: R24 978 000), bear interest at rates varying from 8.95% to 10.25% (2020: ranged between 8.75% to 9.25%) and are repayable over 36 months (note 3).

Exposure to liquidity risk

Refer to note 30 Financial instruments and financial risk management for details of liquidity risk exposure and management. For the borrowings, the fair values are not materially different from their carrying amounts since the interest payable on those borrowings are close to current market rates.

Banking facilities

The following securities are held by the Group's bankers:

First National Bank Limited, a division of FirstRand Bank Limited

The Group has an overdraft facility with First National Bank of R250 million (2020: R200 million). The facility is secured by a cession of the Group's trade receivables, a cession of trade receivables cover policy with Credit Guarantee Insurance Corporation of Africa Limited, a general notarial bond over stock for the amount of R50 million, as well as noting the bank's interest and deed of negative pledge of assets. The overdraft is also secured by a bond of R30 million (2020: R30 million) registered over Erf 688, Alrode, Extension 1. The facility, when utilised, bears interest at prime (2020: prime). The unused facility at year end amounted to R250 million (2020: R200 million). The facility is renewable annually in May. The Group has an instalment sale facility of R30 million (2020: R20 million) with the same bank, of which R19.64 million (2020: R0.36 million) was unutilised at year end.

12. Share-based payment liabilities

Share Appreciation Rights (SAR) – Long-term incentive plan

The Group has a 100% cash-settled Share Appreciation Rights (SAR) plan in place, which has been in place since 2009. The next SARs were eligible to be exercised in 2021, if not exercised in 2021, they can be exercised in 2022. The fair value of the rights was calculated using the Black-Scholes Valuation Model. The assumptions used in determining the fair value of each SAR granted as at the end of the respective reporting periods are summarised as follows:

	2021	2020
Share price (Volume Weighted Average Price)	**R1.29**	R0.25
Strike price: SOH	**R0.25**	R0.39
Strike price: SOEW	**R11.52**	R7.59
Spot price: SOH	**R0.25**	R0.39
Spot price: SOEW	**R29.59**	R11.52
Dividend yield	**0.0%**	0.0%
Volatility	**60.00%**	60.00%

Expected SAR life: Three years, may be extended at the option of the holder for one more year.

Risk-free rate: Zero coupon perfect fit swap curve from the Bond Exchange of South Africa.

The volatility was determined by applying the equally weighted methodology to the historical share prices of SOH. The spot price of the rights in the subsidiary is determined using three-year average profit after tax.

Notes to the Annual Financial Statements (continued)

for the year ended 31 December 2021

12. Share-based payment liabilities (continued)

	Group	
	2021 R'000	2020 R'000
Rights granted		
Grant date	1 January 2021	1 January 2020
Grant price: SOEW	R11.52	R7.59
Grant price: SOH	R0.25	R0.39
Number of units granted	11 607	4 659
Reconciliation of liability		
Opening balance	3 974	1 738
Charge in statement of comprehensive income	7 688	2 236
Closing balance	11 662	3 974
Non-current liabilities	11 662	2 776
Current liabilities	–	1 198
	11 662	3 974
Reconciliation of units		
Opening balance	9 588	27 941
Units granted	11 607	4 659
Equity units forfeited	(5 046)	(23 012)
Closing balance	16 149	9 588

Units comprise a combination of SOH and SOEW units.

At year end Rnil (2020: Rnil) shares have vested with an intrinsic value of Rnil (2020: Rnil).

12. Share-based payment liabilities (continued)

	Number of SAR units	Value R'000
Directors' interest in long-term incentive plans		
2021		
A Smith	4 922	1 652
W Basson	2 753	921

	Group	
	2021 R'000	2020 R'000
13. Trade and other payables		
Financial instruments:		
Trade payables	56 470	92 764
Accruals and provisions	29 640	22 659
Deposits received	212	–
Non-financial instruments:		
Payroll accruals	7 962	10 974
Deposits received	–	100
South African Revenue Services – VAT payable	225	1 347
Claim provision	–	3 405
	94 509	115 793
Financial instrument and non-financial instrument components of trade and other payables		
Financial instruments	86 322	99 967
Non-financial instruments	8 187	15 826
	94 509	115 793
Exposure to currency risk		
The trade and other payables are denominated in the following currencies. The amounts have been presented in Rand by converting the foreign currency amount at the closing rate at the reporting date.		
Rand amount		
US Dollar	11 723	1 887
Hong Kong Dollar	5 458	5 018
	17 181	6 905

The carrying amounts of trade and other payables are considered to be the same as their fair values due to the short-term nature. Refer to note 30 Financial instruments and financial risk management for details of liquidity risk exposure and management.

Notes to the Annual Financial Statements (continued)

for the year ended 31 December 2021

	Group	
	2021 R'000	2020 R'000
14. Revenue		
Revenue from contracts with customers		
Sale of goods	**2 001 091**	1 742 563
	2 001 091	1 742 563
Revenue other than from contracts with customers		
Rental income	**455**	464
	455	464
	2 001 546	1 743 027
Disaggregation of revenue from contracts with customers		
The Group disaggregates revenue from customers as follows:		
Sale of goods at a point in time		
Copper cable sold	**1 985 052**	1 717 983
Aluminium cable sold	**9 639**	2 150
Conduit sold	**6 400**	22 430
Total revenue from contracts with customers	**2 001 091**	1 742 563

	Group	
	2021 R'000	2020 R'000
15. Other operating income		
Profit on exchange differences	**6 483**	3 640
Sundry income	**108**	241
	6 591	3 881
16. Expenses by nature		
The total cost of sales and other operating expenses are analysed by nature as follows:		
Auditor's remuneration	**2 732**	2 240
Depreciation	**24 381**	19 584
Electricity and water	**26 290**	23 964
Employee benefit expense	**137 053**	127 012
Freight	**2 627**	2 093
Changes in inventories of finished goods and WIP	**(42 000)**	(25 447)
Insurance – trade receivables	**3 591**	3 637
Insurance – other	**87**	3 879
Loss allowance movement	**754**	839
Loss on disposal of assets	**(342)**	196
Claim provision	**(855)**	1 105
Motor vehicle expenses	**5 107**	3 593
Other expenses	**30 660**	8 711
Professional fees	**2 648**	1 472
Rates and taxes	**1 251**	2 958
Raw materials and consumables purchased	**1 688 920**	1 514 686
Repairs and maintenance	**9 508**	15 117
Secretarial fees	**233**	220
Security expenses	**2 687**	2 346
Low value leases	**611**	615
Total cost of sales, administration, distribution and operating expenses	**1 895 943**	1 708 820

	Group	
	2021 R'000	2020 R'000
17. Employee benefit expense		
Salaries, wages and bonuses	**123 739**	119 137
Share-based payment expense	**7 688**	2 236
Pension and provident fund contributions	**5 626**	5 639
	137 053	127 012
The employees of the Group are the members of the following contribution plans:		
• Metal Industries Pension Fund		
• Alexander Forbes Access Retirement Fund		
• MEIBC Provident Fund		
• MPF Provident Fund		
Number of persons employed at 31 December		
Full time	**430**	473
Part time	**8**	7
	438	480

	Group	
	2021 R'000	2020 R'000
18. Finance income		
Interest income		
Bank and other cash	**129**	269
Other	**95**	80
Total interest income	**224**	349
19. Finance costs		
Mortgage bonds	**1 659**	2 087
Instalment sale agreements	**918**	889
Bank overdraft	**2 601**	5 708
Lease liabilities	**796**	803
Other	**359**	238
Total finance costs	**6 333**	9 725

Notes to the Annual Financial Statements (continued)

for the year ended 31 December 2021

	Group	
	2021 R'000	2020 R'000
20. Tax		
Major components of the tax expense/(income)		
Current		
Local income tax – current period	28 444	4 846
Deferred tax		
Originating and reversing temporary differences – current period	2 576	2 282
	31 020	7 128
Reconciliation of the tax expense		
Reconciliation between accounting profit and tax expense.		
Accounting profit – continuing	106 085	28 712
Accounting profit – discontinued	–	5 355
Tax at the applicable tax rate of 28% (2020: 28%)	29 704	9 538
Tax effect of adjustments on taxable income		
Expenses of a capital nature which are not deductible	–	42
Non-deductible interest	–	92
Unprovided deferred tax asset	1 555	(2 854)
Claim provision	(239)	310
	31 020	7 128

No provision has been made for 2021 tax as the Group has assessed losses. The details of the assessable losses are disclosed in note 5.

21. Other comprehensive income

Components of other comprehensive income

Group	Gross R'000	Tax R'000	Net R'000
2021			
Items that may be reclassified to income			
Exchange differences on translating foreign operations			
Exchange differences arising during the year	**17**	**–**	**17**
	17	**–**	**17**
2020			
Items that may be reclassified to income			
Exchange differences on translating foreign operations			
Exchange differences arising during the year	24	–	24
	24	–	24

22. Earnings per share

	Group 2021 R'000	Group 2020 R'000
Basic and diluted earnings per share of continuing and discontinued operations (cents)	**36.93**	13.25
Profit for the year	**75 065**	26 939
Headline earnings per share		
Headline earnings and diluted headline earnings per share (cents)	**36.81**	13.32
Reconciliation between earnings and headline earnings		
Profit for the year	**75 065**	**26 939**
(Profit)/loss on disposal of property, plant and equipment	**(342)**	**196**
Tax effect on adjustments	**96**	**(55)**
Headline earnings	**74 819**	27 080
Number of share in issue ('000)	**203 277**	203 277
Headline and diluted headline earnings continuing operations (cents)	**36.81**	10.69
Headline and diluted headline earnings of discontinued operations (cents)	**–**	2.63
Weighted average number of shares		
Number of shares	**203 276 794**	203 276 794
Weighted average number of shares in issue at the beginning of the year	**203 276 794**	203 276 794
Weighted average number of shares in issue at the end of the year	**203 276 794**	203 276 794

Notes to the Annual Financial Statements (continued)

for the year ended 31 December 2021

	Group	
	2021 R'000	2020 R'000
23. Cash generated from operations		
Profit before taxation from operations	**106 085**	34 067
Adjustments for:		
Depreciation	**24 381**	19 584
Finance income	**(224)**	(349)
Finance costs	**6 333**	9 725
Share-based payment provision	**7 688**	2 236
(Profit)/loss on disposal of property, plant and equipment	**(342)**	196
Changes in working capital:		
Inventories	**(27 155)**	(6 651)
Trade and other receivables	**57 170**	(50 887)
Trade and other payables	**(21 484)**	(6 023)
	152 452	1 898
24. Tax paid		
Balance at beginning of the year	**5 406**	2 776
Current tax for the year recognised in profit or loss	**(28 444)**	(4 846)
Balance at end of the year	**3 007**	(5 406)
	(20 031)	(7 476)

	Group	
	2021 R'000	2020 R'000
25. Proceeds on disposal of property, plant and equipment		
Profit/(loss) on disposal of property, plant and equipment	**342**	(196)
Net book amount of assets disposed of	**132**	316
Non-current asset held for disposal	**49**	86 000
	523	86 120
26. Net debt reconciliation		
Cash and cash equivalents	**139 974**	20 745
Interest-bearing borrowings repayable within one year	**(13 529)**	(16 575)
Interest-bearing borrowings repayable after one year	**(33 814)**	(27 290)
Lease liabilities repayable within one year	**(1 944)**	(2 399)
Lease liabilities repayable after one year	**(4 574)**	(6 872)
Net debt	**86 113**	(32 391)

	Cash and cash equivalents R'000	Interest-bearing borrowings R'000	Lease liabilities R'000	Total R'000
Balance at 1 January 2020	(18 762)	(40 415)	(15 453)	(74 630)
Cash movements	39 483	14 588	1 784	55 855
Funds advanced	–	(18 038)	–	(18 038)
Lease liability recognised – non-cash	–	–	4 398	4 398
Non-cash movement	24	–	–	24
Balance at 31 December 2020	**20 745**	**(43 865)**	**(9 271)**	**(32 391)**
Cash movements	**121 813**	**16 722**	**3 549**	**142 084**
Funds advanced	**(2 601)**	**(20 200)**	**–**	**(22 801)**
Non-cash movement	**17**	**–**	**(796)**	**(779)**
Balance at 31 December 2021	**139 974**	**(47 343)**	**(6 518)**	**86 113**

27. Related parties

Relationships

Directors	Henry KH Pon HL Li N Lalla B Petersen (resigned 12 July 2021) YH Yeh M Chong CF Chen WP Basson DJC Pan (Alternate) J Liu (Alternate) CY Wu (Alternate)(retired 25 May 2020) JP Bekker (resigned 30 November 2020) MK Zack (resigned 28 february 2020) J van Rensburg A Smith
Subsidiaries	Anchor Park Investments 48 Proprietary Limited Icembu Services Proprietary Limited South Ocean Electric Wire Company Proprietary Limited SOH Calibre International Limited

Dividends paid to directors as at 31 December 2021 was as follows:

	2021 R'000	2020 R'000
J van Rensburg	**1 229**	–

Related party balances

	Group	
	2021 R'000	2020 R'000
Compensation to directors and other key management		
Salaries and short-term benefits – continuing operations	**11 866**	8 182

Refer to note 12 Share-based payments for details on key management personnel. Refer to note 28 Directors' and prescribed officers' emoluments for details on terminations and post-employment details on key personnel.

Notes to the Annual Financial Statements (continued)

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28. Directors' and prescribed officers' emoluments

Executive

Group	Salary R'000	Medical group benefit contributions R'000	Provident fund R'000	Total R'000
2021				
A Smith (appointed 1 March 2021)	**2 922**	**109**	**161**	**3 192**
WP Basson	**1 937**	**21**	**100**	**2 058**
	4 675	**143**	**428**	**5 246**
2020				
JP Bekker (resigned 30 November 2020)	4 054	143	388	4 585
MK Zack (resigned 28 February 2020)	191	–	12	203
WP Basson (appointed 14 September 2020)	430	–	12	458
	4 675	143	428	5 246

Non-executive

Group	Directors' fees 2021 R'000	Directors' fees 2020 R'000
Henry KH Pon	**908**	739
HL Li	**464**	446
N Lalla	**546**	525
CF Chen	**244**	235
B Petersen (resigned 12 July 2021)	**44**	177
M Chong	**200**	177
JH Yeh	**192**	191
J van Rensburg	**154**	–
	2 752	2 490

Prescribed officers

Group	Salary R'000	Medical group benefit contributions R'000	Provident fund R'000	Total R'000
2021				
YB Mahomed (resigned 7 September 2021)	**2 899**	**200**	**65**	**3 164**
C Govender (resigned 5 May 2021)	**1 356**	**26**	**57**	**1 439**
	4 255	**226**	**122**	**4 603**
2020				
YB Mahomed	1 620	90	89	1 799
C Govender (appointed 18 November 2020)	368	22	18	408
	1 988	112	107	2 207

28. Directors' and prescribed officers' emoluments (continued)

Directors' interests in share capital

No shares were traded by any director from 31 December 2021 until the date of this report. Refer to note 12 for details of share appreciation rights allocated to the directors during the year.

The interest in the issued share capital of the Company as at 31 December 2021 was as follows:

	Direct beneficial	Indirect beneficial	Total	Percentage of issued share capital
2021				
J van Rensburg (appointed 10 March 2021)	**–**	**61 118 517**	**61 118 517**	**30.56%**
2020				
JP Bekker (resigned 30 November 2020)	491 807	–	491 807	0.24%

29. Interest in subsidiaries

	Issued share capital and percentage held		Shares at cost	Shares at cost
Direct Holdings	**2021 %**	2020 %	**2021 R'000**	2020 R'000
South Ocean Electric Wire Company Proprietary Limited	**100**	100	*****	*
Anchor Park Investments 48 Proprietary Limited	**100**	100	*****	*
Icembu Services Proprietary Limited	**100**	100	*****	*
SOH Calibre International Limited*	**100**	100	*****	*
			712 165	712 165
Less: Dividends received from pre-acquisition profits (prior to 2009)			**(41 550)**	(41 550)
Less: Impairments				
South Ocean Electric Wire Company Proprietary Limited			**(302 290)**	(302 290)
			368 325	368 325

* denotes amounts of less than R1 000

All subsidiaries are incorporated and operate in South Africa with the exception of SOH Calibre International Limited which is incorporated in Hong Kong. All subsidiaries have a 31 December year end.

Notes to the Annual Financial Statements (continued)

for the year ended 31 December 2021

30. Financial instruments and risk management

Categories of financial instruments

Categories of financial assets

Group	Notes	Amortised cost R'000	Total R'000	Fair value R'000
2021				
Trade and other receivables	7	**189 311**	**189 311**	**189 311**
Cash and cash equivalents	8	**139 974**	**139 974**	**139 974**
		329 285	**329 285**	**329 285**
2020				
Trade and other receivables	7	252 426	252 426	252 426
Cash and cash equivalents	8	20 745	20 745	20 745
		273 171	273 171	273 171

Categories of financial liabilities

Group	Notes	Amortised cost R'000	Total R'000	Fair value R'000
2021				
Trade and other payables	13	**86 322**	**86 322**	**86 322**
Interest-bearing borrowings	11	**47 343**	**47 343**	**47 343**
Lease liabilities	4	**6 518**	**6 518**	**6 518**
		140 183	**140 183**	**140 183**
2020				
Trade and other payables	13	99 967	99 967	99 967
Interest-bearing borrowings	11	43 865	43 865	43 865
Lease liabilities	4	9 271	9 271	9 271
		153 103	153 103	153 103

Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The executive directors are involved in the daily operations of the Group, and the necessary decisions regarding capital risk management are made as and when necessary.

The capital structure of the Group consists of debt, which includes the borrowings disclosed in notes 4 and 11, cash and cash equivalents disclosed in note 8, and equity as disclosed in the statement of financial position.

The Group maintains overdraft facilities with reputable financial institutions for short-term financing needs. Where operational needs require prolonged use of overdraft facilities, the Group seeks opportunities to use long-term financing. Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as the total debt plus net overdraft divided by total equity. The Group's strategy is to maintain the ratio below 50%.

At 31 December 2021 the gearing ratio was 8.00% (2020: 9.00%). The gearing ratio decreased primarily as a result of a decrease in interest-bearing borrowings.

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30. Financial instruments and risk management (continued)

Financial risk management

Overview

The Group is exposed to the following risks from its use of financial instruments:

a. Credit risk;

b. Liquidity risk; and

c. Market risk (currency risk, interest rate risk).

Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. Risk management is carried out under policies approved by Board of Directors.

Credit risk

Potential concentrations of credit risk consist primarily of cash and cash equivalents and trade receivables. Trade receivables consist of a large number of customers spread across diverse industries and geographical areas, but we draw attention to the fact that 29.00% (2020: 34.00%) of revenue was derived from a single customer. The Group has policies in place to ensure that sales are made to customers with an appropriate credit history and in most instances, utilises credit insurance. The ongoing creditworthiness of the trade receivables is assessed taking into account the specific debtors balances against their credit limit. Details of credit risk for trade receivables is disclosed in note 7.

The Group manages outstanding trade receivables using a combination of Credit Guarantee and outside collection agents. The Credit Guarantee terms require that before the outstanding accounts are handed over to them for management, an effort must have been made by management to collect the outstanding amounts. The amount not recoverable from Credit Guarantee is limited to 20% of trade receivables within their credit limit and 100% of trade receivables in excess of their approved limits. The amounts recoverable from Credit Guarantee are only recoverable 60 to 90 days after they have been handed over to Credit Guarantee for management. Trade debtors are not individually classed for insurance purposes, as all trade debtors within their credit limits are covered by Credit Guarantee.

To mitigate credit risk, the Group does not carry all of its cash resources in a single financial institution. At year end bank balances were invested in the following banking institutes, Bank of Taiwan 0% (2020: 29%), First National Bank 95% (2020: 46%), HSBC Hong Kong 5% (2020: 25%).

The overdraft is renewable annually in May. All the indications from the Group's bankers is that the facility will be renewed.

The maximum exposure to credit risk is presented in the table below:

		2021			2020		
Group	**Notes**	**Gross carrying amount R'000**	**Credit loss allowance R'000**	**Amortised cost/fair value R'000**	Gross carrying amount R'000	Credit loss allowance R'000	Amortised cost/fair value R'000
Trade and other receivables	7	191 648	(2 337)	189 311	254 009	(1 583)	252 426
Cash and cash equivalents	8	139 974	–	139 974	20 745	–	20 745
		331 622	(2 337)	329 285	274 754	(1 583)	273 171

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Notes to the Annual Financial Statements (continued)

for the year ended 31 December 2021

30. Financial instruments and risk management (continued)

Liquidity risk

The Group manages liquidity risk by monitoring forecast cash flows and ensuring that adequate unutilised borrowing facilities are maintained to meet short term obligations as they become due and payable. Due to the dynamic nature of the underlying businesses, the Group aims to maintain flexibility in funding by keeping committed credit lines available.

Group	2021 Credit limit R'000	2021 Balance utilised R'000	2020 Credit limit R'000	2020 Balance utilised R'000
Counter-party				
First National Bank – Overdraft	**(250 000)**	**–**	(200 000)	–

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

Group	Notes	Less than 1 year R'000	1 to 2 years R'000	2 to 5 years R'000	Over 5 years R'000	Total R'000	Carrying amount R'000
2021							
Non-current liabilities							
Interest-bearing borrowings	11	**–**	**16 336**	**12 428**	**9 998**	**38 762**	**33 814**
Lease liabilities	4	**–**	**3 032**	**1 903**	**–**	**4 935**	**4 574**
Current liabilities							
Trade and other payables	13	**86 322**	**–**	**–**	**–**	**86 322**	**86 322**
Interest-bearing borrowings	11	**17 756**	**–**	**–**	**–**	**17 756**	**13 529**
Lease liabilities	4	**1 944**	**–**	**–**	**–**	**1 944**	**1 944**
		106 022	**19 368**	**14 331**	**9 998**	**149 719**	**140 183**

Group	Notes	Less than 1 year R'000	1 to 2 years R'000	2 to 5 years R'000	Total R'000	Carrying amount R'000
2020						
Non-current liabilities						
Interest-bearing borrowings	11	–	15 281	23 577	38 858	27 290
Lease liabilities	4	–	5 673	1 286	6 959	6 872
Current liabilities						
Trade and other payables	13	99 967	–	–	99 967	99 967
Interest-bearing borrowings	11	21 119	–	–	21 119	16 575
Lease liabilities	4	3 199	–	–	3 199	2 399
		124 285	20 954	24 863	170 102	153 103

Foreign currency risk

The Group operates and trades internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the United States Dollars. The Group buys its major machinery and raw copper in United States Dollars. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities when they are denominated in a currency that is not the entity's functional currency.

The Group does not hedge foreign currency risk.

At 31 December 2021, if the currency had weakened/strengthened against the United States Dollar and Euro by 2.00% (2020: 2.00% USD and Euro) with all other variables held constant, (loss)/profit after tax would have decreased/increased by R11 839 975 (2020: R2 077 932), mainly as a result of foreign exchange gains/losses on translation of trade payables.

At 31 December 2021, if the currency had weakened/strengthened against the Hong Kong Dollar by 2.00% (2020: 2.00% HKD) with all other variables held constant, (loss)/profit after tax would have decreased/increased by R4 018 (2020: R27 173), mainly as a result of foreign exchange gains/losses on translation of trade payables and cash and cash equivalents.

30. Financial instruments and risk management (continued)

Currency exposure

The net carrying amounts, in Rand, of the various exposures, are denominated in the following currencies. The amounts have been presented in Rand by converting the foreign currency amounts at the closing rate at the reporting date:

	Notes	Group 2021 R'000	Group 2020 R'000
US Dollar			
Current liabilities:			
Trade and other payables	13	**(11 723)**	(1 887)
Net US Dollar exposure		**(11 723)**	(1 887)
Hong Kong Dollar exposure			
Current assets:			
Cash and cash equivalents	8	**6 563**	6 077
Current liabilities:			
Trade and other payables	13	**(5 458)**	(5 018)
Net Hong Kong Dollar exposure		**1 105**	1 059
Net exposure to foreign currency in Rand		**(10 618)**	(828)

Interest rate risk

As the Group has no significant interest-bearing assets, the Group's income is substantially independent of changes in market interest rates. The Group's interest rate risk arises from long-term and current borrowings as well as cash and cash equivalents. Borrowings, cash balances and leasing arrangements issued at fixed rates expose the Group to fair value interest rate risk. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. The interest rates are monitored when there are indications that rates may change. Details of interest rates on borrowings are disclosed in note 11.

All Group borrowings are denominated in Rands. The Group is exposed to interest rate risk as it borrows funds at floating interest rates. Interest rate exposure is not analysed on a specific basis. However, should the interest rates increase/decrease by 2% the Group loss after tax will decrease/increase by R681 739 (2020: R631 656).

Impairment assessment

An impairment assessment was performed to determine if the recoverable amounts of the two cash-generating units ("CGUs"), namely South Ocean Electric Wire Company Proprietary Limited ("SOEW") and Anchor Park Investments 48 Proprietary Limited ("Anchor Park"), exceeded the net asset value of the Group included in the Statements of Financial Position. The market capitalisation is the company is lower than its net asset value which was an impairment indicator at group level. This assessment and disclosure was included in the annual financial statements for this purpose.

The following valuation methods were used:

- SOEW CGU – Income approach to calculate the value-in-use
- Anchor Park CGU – Fair value less costs to sell

The debt of both units was then deducted from the values calculated above to determine the value of the businesses.

The recoverable amount of the SOEW CGU is determined based on the higher of its value-in-use or fair value less costs to sell. Value-in-use calculations are prepared using cash flow projections based on financial budgets approved by management and cover a five-year period. The estimated growth rates applied are in line with that of the industries in which the companies operate and are materially similar to assumptions of external market sources. The CGU's recoverable amount is most sensitive to the growth rate and gross margin assumptions applied. Management assumed budgeted gross margins and growth rates for the first five years based on past performance and best estimates regarding forecasts taking into account the potential impact of COVID-19 which was considered to be minimal. Cash flows beyond the five-year period are extrapolated using the estimated growth rate stated below. The discount rates used are pre-tax and reflect the appropriate risk associated with the industry and respective business.

Notes to the Annual Financial Statements (continued)

for the year ended 31 December 2021

30. Financial instruments and risk management (continued)

In addition to the assumptions mentioned above, the other key assumptions used for value-in-use calculations are as follows:

Terminal growth rate – (Weighted average growth rate used to extrapolate cash flows into perpetuity) 4.8% (2020: 4.7%).

Discount rate – (Weighted after-tax discount rate applied to the cash flow projections) 16.2% (2020: 14.8%).

Revenue growth rate – (Average growth rate applied to the revenue cash flow projections) 10.5% (2020: 8.16%) Gross profit rate – (Average growth rate applied to the cash flow projections) 10.1% (2020: 8.6%)

The recoverable amount of the Anchor Park CGU is determined based on the higher of its value-in-use or its fair value less costs to sell. The fair value of the properties was determined by management. The value was performed using a single year's cash flow and applying a capitalisation rate which is the ratio between the net operating income produced by the asset and its capital cost. The single year cash flow was calculated using the square meters available for rental multiplied by the expected market rental per square meter and deducting operating expenses using an expected operating expenses ratio in relation to the derived revenues based on the market rental per square meter. All rates used in the calculation was obtained from publicly available rates prepared by a reputable source. The publicly available information includes the necessary adjustments to consider the impact of COVID-19. The calculation represents the open market value of the properties.

A summary of the key assumptions used for fair value calculations are as follows:

Vacancy allowance 3.5%–5% (2020: 3.5%–5%).

Capitalisation rate – (weighted average rate used to calculate the market value of the property) 11%–12% (2020: 11%–12%).

After calculating the value for the individual CGUs the individual results were reduced by the associated debt and these amounts were compared to the carrying value of the investments in the Company's Statement of Financial Position and no impairment was identified and recognised for 2021 (2020: Rnil).

After calculating the individual recoverable amount of the CGUs, and comparing it to the net asset value of each CGU, no impairment were identified and recognised for the Company in 2021 (2020: Rnil).

Sensitivity analysis

The table below indicates the change in assumption and resultant change in the valuation:

		Expected change in valuation	
	Change in assumption	Increase in assumption	Decrease in assumption
Discount rate	1.00%	(54 566)	62 886
Revenue growth rate	2.00%	70 472	(66 140)
Gross profit	1.00%	151 096	(151 097)
Terminal growth rate	1.00%	23 060	(20 066)
Capitalisation rate	2.00%	(10 952)	17 655
Vacancy allowance	2.00%	(2 383)	5 607

31. Segment reporting

The Group is organised into two main business segments:

- Electrical cable manufacturing – manufacturing and distribution of electric cables and wire (SOEW); and
- Property investments (Anchor Park).

The activities of other group companies are not significant enough and do not warrant to be regarded as a segment on their own and are reported together with corporate activities as other assets or liabilities or other overheads and are included in corporate and other assets in the reconciliation of total assets. The chief operating decision-maker who has been identified as the Group's executive committee, reviews the Group's internal reporting in order to assess performance and has determined the operating segments based on these reports.

The assessment of the performance of the operating segments is based on the adjusted operating profit before interest, income tax, depreciation and amortisation (adjusted EBITDA). This measurement basis excludes intercompany management fees and the effect of non-recurring expenditure from the operating segments, such as profit on disposal of property, plant and equipment and impairments. Earnings are defined as the operating profits. The reported total assets and liabilities exclude current and deferred taxation and intercompany balances.

The details of the business segments are reported as follows:

Group	Revenue R'000	Adjusted EBITDA R'000	Segment assets R'000	Segment liabilities R'000
2021				
Electrical cable manufacturing	2 001 091	140 303	702 034	192 080
Property investments	21 321	22 502	133 251	37 588
	2 022 412	162 805	835 285	229 668
2020				
Electrical cable manufacturing	1 742 563	75 536	662 684	224 960
Property investments	23 420	18 640	113 815	30 516
	1 765 983	94 176	776 499	255 476

Segment assets consist primarily of property, plant and equipment, inventories, receivables, and operating cash. Segment assets exclude available-for-sale financial assets, taxes and any inter-group loans existing at reporting date.

Segment liabilities comprises operating liabilities and exclude taxes and any inter-group liabilities existing at reporting date.

Corporate assets and liabilities incorporates the assets and liabilities of South Ocean Holdings Limited, SOH Calibre International and Icembu (Pty) Limited which comprise receivables, payables, and cash balances.

Notes to the Annual Financial Statements (continued)

for the year ended 31 December 2021

31. Segment reporting (continued)

Reconciliation of segment results to statements of comprehensive income and financial position

	2021 R'000	2020 R'000
Revenue		
Reportable segment revenue	2 022 412	1 765 983
Inter-segment revenue (property rentals)	(20 866)	(17 187)
Discontinued operations revenue (property rentals)	–	(5 769)
Revenue per statement of profit or loss and other comprehensive income	2 001 546	1 743 027
EBITDA		
Adjusted EBITDA	162 805	94 176
Corporate and other overheads	(4 792)	(4 952)
Depreciation	(24 381)	(19 584)
Inter-segment eliminations	(21 438)	(26 197)
Discontinued operations	–	(5 355)
Operating profit per consolidated statement of profit or loss and other comprehensive income	112 194	38 088
Operating profit	112 194	38 088
Finance income	224	349
Finance costs	(6 333)	(9 725)
Profit before taxation per consolidated statement of profit or loss and other comprehensive income	106 085	28 712
Assets		
Reportable segment assets	835 285	776 499
Corporate and other assets	12 319	14 405
Current tax receivable	–	6 025
Deferred tax	583	550
Inter-segment eliminations	(92 729)	(103 131)
Total assets per statement of financial position	755 458	694 348
Liabilities		
Reportable segment liabilities	229 668	255 476
Corporate and other liabilities	16 001	17 129
Current tax payable	3 007	619
Deferred tax	25 165	22 556
Inter-segment eliminations	(85 637)	(99 702)
Total liabilities per statement of financial position	188 204	196 078

The Group operates primarily in South Africa. No geographical segmental information is disclosed as there are no separately defined segments that contribute more than 10% of revenue, results, assets or liabilities.

The Group revenue earned in South Africa is R1 994 688 989 (2020: R1 737 098 902) and earned from other countries is R6 857 285 (2020: R5 928 137). Revenue of 29% (2020: 34%) of total revenue was derived from a single external customer.

The total non-current assets other than financial instruments and excluding deferred tax assets located in South Africa is R206 948 527 (2020: R229 061 500) and the total of these non-current assets located in other countries is Rnil (2020: Rnil).

32. Going concern

The Annual Financial Statements have been prepared on the basis of accounting applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

At 31 December 2021, the Group's assets, fairly valued, exceeded its liabilities. Furthermore, management assessed the Group's liquidity forecasts for a period of 12 months. Various scenarios have been considered to test the Group's resilience against operational risks.

Management has concluded that the Group's ability to continue to meet its financial obligations as they fall due is dependent on the Group's ability to continue to improve its performance, and/or the Group's bankers, FNB, renewing the Group's working capital facilities (refer note 6). Each of these matters present a risk to the Group remaining as a going concern.

The impact of COVID-19 provides for an opportunity in the market and management will continue to capitalise on available market opportunities, seek new markets, and secure and increase market share. Operationally, these goals will continue to be supported by stringent internal cost-control measures and continual improvements in both efficiencies and capacity.

The Group has short-term borrowings to the value of R13.5 million (2020: R16.6 million) as disclosed in note 11 of the Annual Financial Statements. SOEW has an overdraft facility with First National Bank of R250 million (2020: R200 million). The facility is due for renewal during May 2022.

The directors perform a property valuation every three years, with the latest independent valuation having been performed in 2020. The market valuation of the properties was in excess of the carrying value at the time. The properties are stated at historical cost less accumulated depreciation and accumulated losses in line with the Group's accounting policy.

33. Events after the reporting period

The directors are not aware of any other matter or circumstance arising since the end of the financial year, not otherwise dealt with in the Annual Financial Statements, save for the proposed change in tax rate, which would affect the operations of the Group or the results of those operations significantly.

On 23 February 2022, the Finance Minister noted in the Budget Speech that there will be a reduction in the corporate income tax rate from 28% to 27% for years of assessment ending on or after 31 March 2023 (i.e. for years of assessment beginning on or after 1 April 2022 with the possible exception where a financial year has changed). The rate change has been substantively enacted after 31 December 2021 and has been determined to be a non-adjusting subsequent event. The financial effect of the income tax rate is estimated to be R1 016 000 on income tax expense and R92 000 on deferred tax had the rate been 27% for the year ended 31 December 2021.

	Group	
	2021 R'000	2020 R'000
34. Dividends per share		
Dividends recommended (R'000)	**18 294**	6 098
Number of shares in issue ('000)	**203 277**	203 277
Dividend per share (cents)	**9,00**	3,00

A final dividend of 9 cents per share was approved at the board meeting of the Company held on 9 March 2022. In compliance with IAS 10, "Events after reporting date", the annual financial statements do not reflect this dividend. This dividend will only be accounted for in the financial statements for the year ending 31 December 2022.

35. Forensic investigation

During the financial year a whistle-blower alleged that, in or during 2013 and 2014, certain of the Company's staff may have been involved in a stock rolling scheme. The Company commissioned a forensic investigation which did not identify any stock losses or any material financial effect in the current or comparative financial year. The Company's auditors reported a reportable irregularity to the Independent Regulatory Board for Auditors in terms of their responsibilities in accordance with Section 45 of the Auditing Professions Act. None of the individuals implicated are still with the Company and the Company has implemented improvements to its policies, procedures and implemented electronic systems during 2015 in order to prevent future recurrence of the matter. The auditors have subsequently reported to the IRBA that in its view the reportable irregularity is no longer ongoing and that the Company has taken sufficient and appropriate steps to prevent or recover any loss as a result thereof, if relevant.

Analysis of Ordinary Shareholders

as at 31 December 2021

Shareholder Spread	Number of Shareholder Accounts	% of Total Shareholder Accounts	Number of Shares	% of Issued Shares
1 – 1,000	1 506	81.01%	173 464	0.09%
1,001 – 10,000	192	10.33%	825 655	0.41%
10,001 – 100,000	111	5.97%	4 310 870	2.12%
100,001 – 1,000,000	37	1.99%	11 121 430	5.47%
Over 1,000,000	13	0.70%	186 845 375	91.91%
Total	1 859	100.00%	203 276 794	100.00%

Shareholder Types	Number of Shareholder Accounts	% of Total Shareholder Accounts	Number of Shares	% of Issued Shares
Banks, Brokers & Nominees	3	0.16%	1 346	0.00%
Close Corporations	7	0.38%	449 847	0.22%
Collective Investment Schemes	3	0.16%	8 673 469	4.27%
Hedge Funds	0	0.00%	0	0.00%
Non-SA Custodians	2	0.11%	3 289 557	1.62%
NPO & Charity Funds	1	0.05%	101	0.00%
Private Companies	14	0.75%	63 378 802	31.18%
Public Companies	3	0.16%	88 581 705	43.58%
Retail Individuals	1792	96.40%	32 427 855	15.94%
Retirement Benefit Funds	5	0.27%	2 557 951	1.26%
Trusts & Investment Partnerships	29	1.56%	3 916 161	1.93%
Total	1 859	100.00%	203 276 794	100.00%

Key Shareholders	Number of Shareholder Accounts	% of Total Shareholder Accounts	Number of Shares	% of Issued Shares
Non-Public Shareholders	4	0.21%	144 477 592	71.08%
Beneficial Holders > 10%	3	0.16%	82 359 075	40.52%
Directors and Associates (Indirect Holdings)	1	0.05%	62 118 517	30.56%
Directors and Associates (Direct Holdings)	0	0.00%	0	0.00%
Public Shareholders	1 855	99.79%	58 799 202	28.92%
Total	1 859	100.00%	203 276 794	100.00%

Beneficial Shareholders Holding > 3% of Issued Shares	Number of Shares	% of Issued Shares
Joseph Investments (Pty) Ltd	62 118 517	30.56%
Hong Tai Electric Industrial Co Ltd	56 270 187	27.68%
Metallic City International Ltd	26 088 888	12.83%
Chua Pan Mary Mrs	10 231 862	5.03%
Ninety One	7 896 187	3.88%
Moneywin International Ltd	6 222 630	3.06%
Total	168 828 271	83.04%

Fund Managers Holding > 3% of Issued Shares	Number of Shares	% of Issued Shares
Ninety One	11 278 656	5.55%
Total	11 278 656	5.55%

Shareholders By Country	Number of Shares	% of Issued Shares
South Africa	91 679 337	45.10%
Taiwan	75 903 709	37.34%
Virgin Islands, British	32 311 518	15.90%
United States	3 202 225	1.58%
Luxembourg	87 332	0.04%
Australia	60 000	0.03%
Botswana	29 898	0.01%
Namibia	2 319	0.00%
Swaziland	456	0.00%
Total	203 276 794	100.00%

Non-Public Shareholder Type

Strategic Shareholders (>10%)	Account	Shares	%
Hong Tai Electric Industrial Co Ltd	HONG TAI ELECTRIC INDUSTRIAL CO LT	56 270 187	27.68%
Metallic City International Ltd	METALLIC CITY INTERNATIONAL LTD	26 088 888	12.83%
		82 359 075	40.51%

Directors and Associates	Account	Shares	%
Johannes van Rensburg	JOSEPH INVESTMENTS PROPRIETARY LIMI	62 118 517	30.56%
		62 118 517	30.56%
Non-Public Shareholder Totals		144 477 592	71.07%

Share Price Performance	Indicator
Opening Price 04 January 2021	R0.39
Closing Price 31 December 2020	R1.29
High for period (January 2020)	R0.98
Low for period (21 January 2021 and 04 February 2021)	R0.22
Number of shares in issue	203 276 794
Volume traded during period	24 820 957
Ratio of volume traded to shares issued	12.21%
Rand value traded during the period	R15 497 148
Earnings yield as at 31 December 2021	28.953
Price / Earnings Ratio as at 31 December 2021	3.450
Market capitalisation at 31 December 2021	R262 227 064

Notice of the Annual General Meeting

Notice is hereby given that the Annual General Meeting of shareholders of South Ocean Holdings Limited ("SOH" or "the Company") will be held virtually on Wednesday, 27 July 2022 at 11:00. The Annual General Meeting will be conducted entirely by electronic communication as contemplated in Section 63 (2) of the Companies Act, 2008. Shareholders or their proxies may only participate in the Annual General Meeting by way of electronic participation. Shareholders will need to access an online meeting platform. Shareholders who wish to participate in the Annual General Meeting are advised to contact Computershare Investor Services Proprietary Limited on +27 11 370 5000 or via email on proxy@computershare.co.za.

The Board has determined, in terms of section 62(3)(a), as read with sections 59(1)(a) and (b) of the Companies Act, the following dates in respect of the Annual General Meeting ("AGM").

	2022
Record date for determining those shareholders entitled to receive the notice of AGM	Friday, 22 April
Last day to trade to be eligible to participate in, and vote at the AGM	Tuesday, 19 July
Record date (for voting purposes at the AGM)	Friday, 22 July

The purpose of the Annual General Meeting is to propose the passing of the following ordinary and special resolutions:

1. ORDINARY RESOLUTION NUMBER 1

Approval of Annual Financial Statements

Resolved that the Annual Financial Statements of the Company and its subsidiary companies for the year ended 31 December 2021, together with the reports of the Directors, Auditors and Audit and Risk Management Committee be and are hereby considered and adopted.

2. ORDINARY RESOLUTION NUMBER 2

Appointment of auditors and designated auditor

Resolved that PricewaterhouseCoopers Inc. be and are hereby re-appointed auditors of the Company and that Ms S Akoojee is hereby appointed as the designated auditor to hold office for the ensuing year.

The Company's Audit and Risk Management Committee has recommended the re-appointment of PricewaterhouseCoopers Inc. as auditors of the Company with Ms S Akoojee being appointed as the designated auditor for the current financial year.

3. ORDINARY RESOLUTION NUMBER 3

Re-election of Ms M Chong as a director

Resolved that Ms M Chong who retires in terms of the Company's Memorandum of Incorporation, be re-elected a director of the Company.

The curriculum vitae for Ms M Chong appears on page 5 of this annual report.

4. ORDINARY RESOLUTION NUMBER 4

Re-election of Mr HL Li as a director

Resolved that Mr HL Li who retires in terms of the Company's Memorandum of Incorporation, be re-elected a director of the Company.

The curriculum vitae for Mr H L Li appears on page 4 of this annual report.

5. ORDINARY RESOLUTION NUMBER 5

Re-election of Mr LL Chen as a director

Resolved that Mr LL Chen who retires in terms of the Company's Memorandum of Incorporation, be re-elected a director of the Company.

The curriculum vitae for Mr LL Chen appears on page 6 of this annual report.

6. ORDINARY RESOLUTION NUMBER 6

Appointment of Audit and Risk Management Committee member

Resolved that Ms N Lalla be appointed a member of the Company's Audit and Risk Management Committee and that this appointment shall be valid up to the date of the next Annual General Meeting of the Company.

7. ORDINARY RESOLUTION NUMBER 7

Appointment of Audit and Risk Management Committee member

Resolved that Mr HL Li be appointed a member of the Audit and Risk Management Committee and that this appointment shall be valid up to the date of the next Annual General Meeting of the Company.

8. ORDINARY RESOLUTION NUMBER 8

Appointment of Audit and Risk Management Committee member

Resolved that Mr KH Pon be appointed a member of the Audit and Risk Management Committee and that this appointment shall be valid up to the date of the next Annual General Meeting of the Company.

9. ORDINARY RESOLUTION NUMBER 9

Remuneration Report and Implementation Report

Section 3.84(k) of the JSE Listings Requirements require the Company to submit its Remuneration Report and Implementation Report every year to shareholders for consideration and to provide shareholders with an opportunity to indicate whether they do or do not support the material provisions of the Remuneration Report and policy of the Company and the implementation thereof. Shareholders are referred to the Remuneration Report and the Implementation Report set out on pages 34 to 37 of the Integrated Annual Report.

As the above are not matters that are required to be resolved or approved by shareholders, no minimum voting threshold is required. Nevertheless, for record purposes, the minimum percentage of voting rights that is required for each resolution to be adopted as non-binding advisory votes is 50% (fifty percent) of the voting rights plus 1 (one) vote to be cast on the resolution.

9.1 Ordinary resolution number 9.1

Resolved that as a non-binding advisory vote, the Remuneration Report, as tabled, be and is hereby approved.

9.2 Ordinary resolution number 9.2

Resolved that as a non-binding advisory vote, the Implementation Report, as tabled, be and is hereby approved.

The Remuneration Policy, which forms part of the Remuneration Report, as set out on page 34 of the annual report, for the financial year ended 31 December 2021, will be tabled at the Annual General Meeting.

10. SPECIAL RESOLUTION NUMBER 1

Non-executive directors' fees for the financial year ending 31 December 2022 and quarters ending 31 March 2023 and 30 June 2023

Resolved that the fees, to be paid to the Non-Executive Directors for their services as Directors of the Company, for the year ending 31 December 2022 and the quarters ending 31 March 2023 and 30 June 2023 (being two quarters of the fees payable for the year ending 31 December 2022) be approved as follows:

	31 December 2022
• Chairperson	R580 888.00
• Deputy Vice Chairperson	R335 115.00
• Non-Executive Director	R193 630.00
• Chairperson of the Audit Committee	R290 442.00
• Member of the Audit Committee	R62 751.00
• Chairperson of the Remuneration Committee	R89 308.00
• Member of the Remuneration Committee	R62 751.00
• Chairperson of the Social and Ethics Committee	R89 308.00
• Member of Social and Ethics Committee	R62 751.00
• Chairperson of Special Committees	R3 765.00 per hour
• Member of Special Committees	R2 260.00 per hour

The reason for special resolution number 1 is to obtain shareholders' approval for the remuneration of each of the Non-Executive Directors of the Company for the financial year ending 31 December 2022 and for the quarters ending 31 March 2023 and 30 June 2023 in accordance with section 66(9) of the Companies Act, 2008 and to confirm and ratify the fees payable to the directors for the quarters ended 31 March 2022 and 30 June 2022. The passing of this special resolution will have the effect of approving the remuneration of each of the Non-Executive Directors of the Company for the financial year ending 31 December 2022 and quarters ending 31 March 2023 and 30 June 2023 as well as confirming and ratifying the increase in fees paid to the Directors for the quarters ended 31 March 2022 and 30 June 2022. The fees payable for the quarters ending 31 March 2023 and 30 June 2023 will be based on a quarter of the fees as approved above. Shareholders will be requested to approve any adjustment to the fees payable for the quarters ending 31 March 2023 and 30 June 2023 at the 2023 Annual General Meeting.

Notice of the Annual General Meeting (continued)

for the year ended 31 December 2021

11. SPECIAL RESOLUTION NUMBER 2

Loans or other financial assistance

Resolved that the Board of Directors may authorise the Company, in terms of section 45 of the Companies Act, 2008, to provide any direct or indirect financial assistance that the Board of Directors may deem fit to any related or inter-related companies as defined in terms of section 2 of the Companies Act, 2008.

The reason and effect of special resolution number 2 is to approve generally the provision of financial assistance to the Company's related or inter-related companies and as, from time to time, may be required in the normal course of the Company's businesses.

12. ORDINARY RESOLUTION NUMBER 10

Directors' or Company Secretary's authority to implement special and ordinary resolutions

Resolved that any Director of the Company or the Company Secretary be and is hereby authorised to do all such things and sign all such documents as may be necessary for or incidental to the implementation of the resolutions passed at this meeting.

13. SOCIAL AND ETHICS COMMITTEE

A report on the Social and Ethics Committee, in terms of Regulation 43 of the Companies Act, 2008, has been included in the annual report (page 26). The report sets out the matters as required in terms of the Social and Ethics Committee's terms of reference. Shareholders will not be asked to vote on any matters contained in the Social and Ethics Committee's terms of reference but may raise any questions they may have regarding the said terms of reference.

General instructions and information

The annual report to which this notice of the Annual General Meeting is attached, provides details of:

- the directors of the Company on pages 4 to 7;
- the major shareholders of the Company on page 104;
- the directors' shareholding in the Company on page 95; and
- the share capital of the Company in note 10 on page 83.

There are no other material changes to the Company's financial or trading position, nor are there any material, legal or arbitration proceedings (pending or threatened) that may affect the financial position of the Company between 31 December 2021 and 31 March 2022.

The directors, whose names are given on pages 4 to 7 of the integrated annual report, collectively and individually accept full responsibility for the accuracy of the information given and certify that to the best of their knowledge and beliefs there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that the annual report and this notice contains all information required by law and the JSE Listings Requirements.

All shareholders are encouraged to attend, speak and vote at the Annual General Meeting.

Entitlement to attend and vote at the Annual General Meeting in person or by proxy

If you hold certificated shares (i.e. have not dematerialised your shares in the Company) or are registered as an own name dematerialised shareholder (i.e. have specifically instructed your Central Securities Depository Participant ("CSDP") to hold your shares in your own name in the Company sub-register), as at Friday, 22 July 2022, then:

- You may participate and vote at the Annual General Meeting; alternatively
- You may appoint an individual as a proxy (who need not also be a shareholder of the Company) to participate in and speak and vote in your place at the Annual General Meeting by completing the attached form of proxy and returning it to the registered office of the Company or to the transfer secretaries, Computershare Investor Services Proprietary Limited, the details of which are set out on the inside back cover of the annual report. Please note that your proxy may delegate his/her authority to act on your behalf to another person, subject to the restrictions set out in the attached form of proxy. Please also note that the attached form of proxy must be delivered to the registered office of the Company or to the transfer secretaries, Computershare Investor Services Proprietary Limited as aforesaid, before your proxy may exercise any of your rights as a shareholder at the Annual General Meeting.

Any shareholder of the Company that is a company may authorise any person to act as its representative at the Annual General Meeting. Section 63(1) of the 2008 Companies Act, requires that persons wishing to participate at the Annual General Meeting (including the aforementioned representative) provide satisfactory identification before they may so participate.

Please note that if you are the owner of dematerialised shares i.e. have replaced the paper share certificates representing the shares with electronic records of ownership under the JSE's electronic settlement system, Share Transactions Totally Electronic ("STRATE") held through a CSDP or broker (or their nominee) and are not registered as an "own name dematerialised shareholder" then you are not a registered shareholder of the Company, but your CSDP or broker (or their nominee) would be. You must not complete the attached form of proxy. The instructions must be provided in accordance with the mandate between yourself and your CSDP or broker, as the case may be, within the time period required by your CSDP or broker, as the case may be.

Accordingly, in these circumstances, subject to the mandate between yourself and your CSDP or broker as the case may be:

- If you wish to participate at the Annual General Meeting you must contact your CSDP or broker, as the case may be, and obtain the relevant letter of representation from it; alternatively
- If you are unable to participate at the Annual General Meeting but wish to be represented at the meeting, you must contact your CSDP or broker, as the case may be, and furnish it with your voting instructions in respect of the Annual General Meeting and/or request it to appoint a proxy.

CSDPs, brokers or their nominees, as the case may be, recorded in the Company's sub-register as holders of dematerialised shares held on behalf of an investor/beneficial owner in terms of STRATE should, when authorised in terms of their mandate or instructed to do so by the owner on behalf of whom they hold dematerialised shares in the Company, vote by either appointing a duly authorised representative to participate and vote at the Annual General Meeting or by completing the attached form of proxy in accordance with the instructions thereon and returning it to the registered office of the Company or to the transfer secretaries, Computershare Investor Services Proprietary Limited, the details of which are set out on the inside back cover of the annual report.

By order of the Board

WT Green
Company Secretary

Johannesburg

31 March 2022

Notes

Form of proxy

Form of proxy for use at the Annual General Meeting of South Ocean Holdings Limited ("the Company") to be held at the Head Office of the Company, situated at 16 Botha Street, Alrode, at 11:00 on Wednesday, 27 July 2022. Shareholders listed in the shareholder register as at Friday, 22 July 2022 will be eligible to vote at the Annual General Meeting.

This form of proxy is not to be used by beneficial owners of shares who have dematerialised their shares ("dematerialised shares") through a Central Securities Depository Participant ("CSDP") or broker, as the case may be, unless you are recorded on the sub-register as an own name dematerialised shareholder. Generally, you will not be an own name dematerialised shareholder unless you have specifically requested your CSDP to record you as the holder of the shares in your own name in the Company's sub-register.

This form of proxy is only for use by certificated, own name dematerialised shareholders and CSDPs or brokers (or their nominees) registered in the Company's sub-register as the holder of dematerialised ordinary shares.

Each shareholder entitled to participate and vote at the Annual General Meeting is entitled to appoint a proxy (who need not also be a shareholder of the Company) to participate in and speak and vote in place of that shareholder at the Annual General Meeting, and at any adjournment thereafter.

Please note the following:

- The appointment of your proxy may be suspended at any time to the extent that you choose to act directly and in person in the exercise of your rights as a shareholder at the Annual General Meeting;
- The appointment of the proxy is revocable; and
- You may revoke the proxy appointment by (i) cancelling it in writing or, making a later inconsistent appointment of a proxy; and (ii) delivering a copy of the revocation instrument to the proxy, and to the Company.

Please note that any shareholder of the Company that is a company may authorise any person to act as its representative at the Annual General Meeting. Please also note that section 63(1) of the Companies Act, 2008 requires that persons wishing to participate in the Annual General Meeting (including the afore mentioned representative) provide satisfactory identification before they may so participate.

Note that voting will be performed by way of a poll so each shareholder present or represented by way of proxy will be entitled to vote.

I/We

Address:

Contact telephone number:

being the holder/s of ordinary shares in the Company, hereby appoint:

1. or failing him/her,

2. or failing him/her,

3. the Chairperson of the Annual General Meeting,

as my/our proxy to participate in and speak and vote at the meeting in my/our place and on my/our behalf at the Annual General Meeting which will be held for the purpose of considering and, if deemed fit, passing the resolutions to be proposed thereat and at any adjournment thereof and to vote for or against such resolutions or to abstain from voting in respect of the shares in the issued capital of the Company registered in my/our name/s, in accordance with the instructions set out below.

My/our proxy may delegate to another person his/her authority to act on my behalf at the Annual General Meeting, provided that my/our proxy:

- May only delegate his/her authority to act on my behalf at the Annual General Meeting to a director of the Company; and
- Must provide written notification to the transfer secretaries of the Company, namely Computershare Investor Services Proprietary Limited, of the delegation by my/our proxy of his/her authority to act on my behalf at the Annual General Meeting; and
- Must provide to his/her delegee a copy of his/her authority to delegate his/her authority to act on my behalf at the Annual General Meeting.

Number of votes (one vote per ordinary share)		For	Against	Abstain
Ordinary resolution number 1:	Approval of Annual Financial Statements			
Ordinary resolution number 2:	Appointment of the auditors and designated auditor			
Ordinary resolution number 3:	Re-election of Ms M Chong as a director			
Ordinary resolution number 4:	Re-election of Mr HL Li as a director			
Ordinary resolution number 5:	Re-election of Mr LL Chen as a director			
Ordinary resolution number 6:	Appointment of Audit and Risk Management Committee member Ms N Lalla			
Ordinary resolution number 7:	Appointment of Audit and Risk Management Committee member Mr Hl Li			
Ordinary resolution number 8:	Appointment of Audit and Risk Management Committee member Mr KH Pon			
Ordinary resolution number 9.1:	Approval of Remuneration report			
Ordinary resolution number 9.2:	Approval of Implementation report			
Special resolution number 1:	Approval of non-executive directors' fees for financial year ending 31 December 2022 and quarters ending 31 March 2023 and 30 June 2023			
Special resolution number 2:	Approval of loans or other financial assistance to related or inter-related companies			
Ordinary resolution number 10:	Directors' and Company Secretary's authority to implement ordinary and special resolutions			

Insert an "X" in the relevant spaces above according to how you wish your votes to be cast. If you wish to cast your votes in respect of a lesser number of shares than you own in the Company, insert the number of shares held in respect of which you desire to vote.

Signed at on 2022

Signature:

(Authority of signatory to be attached if applicable – see note 8)

Telephone number:

Notes to the form of proxy

Summary of shareholders' rights in respect of proxy appointments as contained in section 58 of the Companies Act, 2008

Please note that in terms of section 58 of the Companies Act, 2008:

- This proxy form must be dated and signed by the shareholder appointing the proxy;
- You may appoint an individual as a proxy, including an individual who is not a shareholder of the Company, to participate in and speak and vote at the Annual General Meeting on your behalf;
- Your proxy may delegate his/her authority to act on your behalf to another person, subject to any restriction set out in this proxy form;
- This proxy form must be delivered to the Company, or to the transfer secretaries of the Company, namely Computershare Investor Services Proprietary Limited, before your proxy exercises any of your rights as a shareholder at the Annual General Meeting;
- The appointment of your proxy or proxies will be suspended at any time to the extent that you choose to act directly and in person in the exercise of any of your rights as a shareholder at the Annual General Meeting;
- The appointment of your proxy is revocable unless you expressly state otherwise in this proxy form;
- As the appointment of your proxy is revocable, you may revoke the proxy appointment by (i) cancelling it in writing or, making a later inconsistent appointment of a proxy and (ii) delivering a copy of the revocation instrument to the proxy and to the Company. Please note the revocation of a proxy appointment constitutes a complete and final cancellation of your proxy's authority to participate on your behalf as of the later of the date stated in the revocation instrument, if any, or the date on which the revocation instrument was delivered to the Company and the proxy as aforesaid;
- If this proxy form has been delivered to the Company, as long as that appointment remains in effect, any notice that is required by the Companies Act, 2008 or the Company's Memorandum of Incorporation to be delivered by the Company to you will be delivered by the Company to you or your proxy or proxies, if you have directed the Company to do so, in writing and paid any reasonable fee charged by the Company for doing so;
- Your proxy is entitled to exercise, or abstain from exercising, any voting right of yours at the Annual General Meeting, but only as directed by you on this proxy form;
- The appointment of your proxy remains valid only until the end of the Annual General Meeting or any adjournment or postponement thereof or for a period of 6 (six) months, whichever is shortest, unless it is revoked by you before then on the basis set out above.

1. Only shareholders listed in the shareholder register as at Friday, 22 July 2022 will be eligible to participate and vote at the Annual General Meeting to which this proxy forms part.
2. The person whose name stands first on the proxy form and who is present at the Annual General Meeting will be entitled to participate as a proxy to the exclusion of those whose names which follow thereafter.
3. If no proxy is inserted in the spaces provided, then the Chairperson shall be deemed to be appointed as the proxy to vote or abstain as the Chairperson deems fit.
4. A shareholder's instructions to the proxy must be indicated by the insertion of a tick (✓) (in the appropriate box provided. If there is no clear indication as to the voting instructions to the proxy, the proxy form will be deemed to authorise the proxy to vote or to abstain from voting at the Annual General Meeting as he/she deems fit in respect of all the shareholder's votes exercisable thereat.
5. A shareholder or his/her proxy is not obliged to use all the votes exercisable by the shareholder or by his/her proxy, but the total of the votes cast and in respect of which abstention is recorded may not exceed the total of the votes exercisable by the shareholder or by his/her proxy.
6. Proxy forms must be lodged at the Head Office of the Company, 16 Botha Street, Alrode, 1451 or posted to the Company Secretary at PO Box 260362, Excom, 2023, or lodged with or posted to the transfer secretaries, Computershare Investor Services Proprietary Limited, Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196 (PO Box 61051, Marshalltown, 2107, South Africa).
7. Documentary evidence establishing the authority of a person signing this proxy form in a representative capacity must be attached to this proxy form unless previously recorded by the Company Secretary or waived by the Chairperson of the Annual General Meeting if he is reasonably satisfied that the right of the representative to participate and vote has been reasonably verified. CSDPs or brokers registered in the Company's sub-register voting on instructions from beneficial owners of shares registered in the Company's sub-register, are requested that they identify the beneficial owner in the sub-register on whose behalf they are voting and return a copy of the instruction from such owner to the Company Secretary or to the transfer secretaries, Computershare Investor Services Proprietary Limited, Rosebank Towers, 15 Biermann Avenue, Rosebank, Johannesburg, 2196 (PO Box 61051, Marshalltown, 2107, South Africa), together with this form of proxy.
8. Any alteration or correction made to this proxy form must be initialed by the signatory/ies, but any such alteration or correction will only be validly made.
9. A minor must be assisted by his/her parent or guardian unless the relevant documents establishing his/her legal capacity are produced or have been registered by the Company Secretary.

General information

COMPANY REGISTRATION NUMBER
2007/002381/06

COUNTRY OF INCORPORATION AND DOMICILE
South Africa

NATURE OF BUSINESS AND PRINCIPAL ACTIVITIES
Holding company with interest in electrical wire manufacturing and property investment

DIRECTORS
KH (Henry) Pon
HL Li
N Lalla
A Smith
WP Basson
LL Chen
M Chong
JH Yeh
J van Rensburg
SN Yeh (Alternate)
DJC Pan (Alternate)

REGISTERED OFFICE
12 Botha Street
Alrode
1451

Business address
16 Botha Street
Alrode
1451

Postal address
PO Box 123738
Alrode
1451

BANKERS
First National Bank, a division of FirstRand Bank Limited
Bank of Taiwan

AUDITORS
PricewaterhouseCoopers Inc.

SECRETARY
WT Green

REGISTRATION NUMBER
2007/002381/06

LEVEL OF ASSURANCE
These Annual Financial Statements have been audited in compliance with the applicable requirements of the Companies Act No. 71 of 2008 of South Africa.

PREPARER
The Annual Financial Statements were internally compiled by:
WP Basson CA(SA)
Group Chief Financial Officer

ISSUED
31 March 2022

Shareholders' diary

2021 FINANCIAL YEAR-END

Annual General Meeting	27 July 2022

FINANCIAL YEAR-END

Financial year-end	31 December

REPORTS

Interim Report – 2022	August 2022
Final Report – 2022	March 2023
Publication of Integrated Annual Report – 2022	April 2023

DIVIDEND

Final	April 2022

2022 FINANCIAL YEAR-END

Annual General Meeting	July 2023

South Ocean HOLDINGS

southoceanholdings.co.za