MINE PRODUCER OF CHOICE

2018 ANNUAL REPORT

ANCHOR RESOURCES LIMITED

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*This annual report has been prepared by Anchor Resources Limited (the "**Company**") and its contents have been reviewed by the Company's sponsor, UOB Kay Hian Private Limited (the "**Sponsor**") for compliance with the Singapore Exchange Securities Trading Limited ("**SGX-ST**") Listing Manual Section B: Rules of Catalist.*

The Sponsor has not verified the contents of this annual report. The Sponsor has also not drawn on any specific technical expertise in its review of this annual report.

This annual report has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume no responsibility for the contents of this annual report, including the accuracy, completeness or correctness of any of the information, statements or opinions made or reports contained in this annual report.

The contact person for the Sponsor is Ms Lam Siew Hwa, Vice President, at 8 Anthony Road, #01-01, Singapore 229957, telephone (65) 6590 6881.

CHAIRMAN'S STATEMENT

DEAR SHAREHOLDERS,

On behalf of the Board of Directors (the "**Board**"), I am pleased to present the 4th Annual Report of Anchor Resources Limited ("**Anchor**") and together with its subsidiaries, (the "**Group**") for the financial year ended 31 December 2018 ("**FY2018**").

FINANCIAL PERFORMANCE

We are encouraged that our strategy is gradually taking effect as both of our gold and granite mining businesses are improving. The Group narrowed its net loss by 20.8% in FY2018 to RM15.48 million as compared to a net loss of RM19.54 million in the financial year ended 31 December 2017 ("**FY2017**") mainly due to absence of expenses arising from an interior fit-out project and one-off expenses related to the acquisition of GGTM Sdn. Bhd. ("**GGTM**") in FY2017. However, the Group's revenue decreased by 92.2% from RM24.19 million in FY2017 to RM1.88 million in FY2018 largely due to absence of contribution from interior-fit project which was completed in December 2017, partially offset by an increase in sales of gold concentrated ore of RM1.83 million.

The Group re-aligned its granite mining strategy to open up a second quarry face while Great Aims Resources Sdn. Bhd. ("**GAR**") reconfigured the gold processing plant to improve processing processes in order to increase recovery and production of gold concentrated ore. Subsequently, the Group resumed its gold production and started shipping semi-processed gold concentrated ore in July 2018. The Group managed to achieve RM1.83 million in gold sales as the processing of tailings yields a lower gold percentage at an average of 3kg per month as compared to hard rock production which has yet to commence operations.

KEY DEVELOPMENTS

Gold Mining

We have been steadfast in executing our business strategies in FY2018 and we are delighted that we have made good progress during the year.

The Group is the first operator to obtain an underground mining license in Malaysia. The development of decline, shaft facilities and associated infrastructure required for underground mining at the Lubuk Mandi Mine is progressing well. The Group's contractor, GAR has completed approximately 220 metres of tunnel length with an estimated vertical depth of 93 metres and is now able to access the targeted lode.

Separately, GAR has been working to reconfigure and upgrade the current processing plant to enable processing of in-situ mineralisation. The Group has performed testing and commissioning of the upgraded processing plant since 22 June 2018. With the upgraded capacity, the Group is able to process approximately 22,000 tonnes of tailings materials per month or 12,000 tonnes of hard rock materials per month.

Meanwhile, the Group has entered into a Technical Services Contract with GAR in January 2019 to carry out core drilling to estimate additional gold reserves and resources at the Lubuk Mandi Mine. The core drilling will be conducted in 3 stages and will take about 2 years to complete.

CHAIRMAN'S STATEMENT

In February 2019, the Company's subsidiary, Angka Alamjaya Sdn. Bhd. ("**AASB**") received a non-binding letter of intent from Motivac Enterprises Sdn. Bhd., settling out its intention to appoint AASB as its exclusive operator to carry out mining operations and processing of hard rock gold in 3 concession areas in Terengganu, Malaysia which are located in close proximity to and within 200 metres of the Group's Lubuk Mandi Mine. The final definitive terms are still being negotiated.

Being the first company in Malaysia with export approvals for semi-processed gold concentrated ore from the Ministry of Natural Resources and Environment of Malaysia, the Group has successfully exported to Beijing Fuhaihua Import & Export Corp. Ltd. about 564.43 tonnes of semi-processed gold concentrated ore with an average 37.11 gram of gold per tonne of gold concentrated ore as of 31 December 2018.

Granite Quarrying

Since the completion of the acquisition of GGTM in August 2017, the Group has been proactively expanding its business segment in the granite industry.

One of the breakthroughs that the Group achieved during the year was the winning of a contract worth S$75 million to supply 3.60 million tonnes of granite aggregates, which are commonly used in roads, rail tracks projects and land reclamation to SIVLI Sdn. Bhd. ("**SIVLI**") over a four-year period. Brunei's drive for economic diversification and investment in major infrastructure development projects has led to healthy growth in demand for construction raw materials. By leveraging on this, we are well-poised to ride on this positive trend in Brunei and further expand our business in Brunei.

On the other hand, the Group has incorporated a wholly-owned subsidiary, Stonetrade Sdn. Bhd., to focus on the exploration, quarrying activities, construction, manufacturing, processing, cutting and polishing of dimension stone, granite stone, marble aggregates and related products. Other significant developments include the renewal of the Proprietary Mining Licence (PML 1/2008) at the Bukit Chetai Mine for a period of five years commencing from 24 September 2018 to 23 September 2023 and the renewal of the operational mining scheme ("**OMS**") for a period of one year commencing from 7 June 2018 to 7 June 2019.

Subsequently in early 2019, GGTM has engaged Jianning County Huasheng Stone Co., Ltd. ("**Huasheng**") as its contractor to carry out granite dimension stone processing at Bukit Chetai Mine on a non-exclusive basis. Huasheng will process 2,000 m^3 of granite dimension stone per annum, and be paid processing fees at a rate dependent on the type of processing work done.

INDUSTRY OUTLOOK

Gold Mining

Gold prices was trading between US$1,178.4 to USD1,355.0 per troy ounce in 2018. Gold prices between January to February 2019 ranged from US$1,281.6 to US$1,343.8 per troy ounce. Gold price also decreased by approximately 0.9% in 2018 year on year. (Source: World Gold Council)

Supply of Gold

According to the World Gold Council, the total world supply of gold in 2018 was 4,490.2 tonnes, representing a growth of 1.0% from 4,447.2 tonnes in 2017. The two main sources of gold supply are mining production and recycling of gold. Mined gold inching up to a new high of 3,346.9 tonnes in 2018, which is slightly higher than 3,318.9 tonnes in 2017. Similarly, supply of recycled gold further increased from 1,156.1 tonnes in 2017 to 1,172.6 tonnes in 2018.

Demand of Gold

According to World Gold Council, total world gold demand in 2018 increased by 185.2 tonnes to 4,345.1 tonnes from 4,159.9 tonnes in 2017, representing a growth of 4.5%. For 2018, there is a surplus of 144.8 tonnes of gold.

World gold demand comprises mainly jewellery, technology, investment and central bank and other institution purchases. The 4.5% growth in gold demand in 2018 was mainly driven by the purchase of 651.5 tonnes by central bank to official gold reserves, the second highest yearly total on record. In addition, an increase of demand in the investment sector and technology contributed to the growth in gold demand in 2018 but was partially offset by the decrease in demand for jewellery.

CHAIRMAN'S STATEMENT

Granite Quarrying
Southeast Asian engineering groups are looking for opportunities in the region and is expected to make an investment of about S$180 billion per annum in infrastructure through 2030[1]. Thus, we believe the demand for premium and long-lasting building materials such as granite dimension stone as well as granite aggregates is likely to grow in tandem with infrastructure developments in Southeast Asia and we are well-positioned to capitalise on these opportunities.

BUSINESS STRATEGIES AND FUTURE PLANS
Moving forward, the Group will remain focused on expanding its three pillars of businesses which are namely gold mining, granite stone quarrying and aggregates quarrying via organic growth, acquisitions and potential mergers. We are optimistic that the turnaround is imminent once these three pillars start to grow.

Gold Mining
New underground mining facility at the Lubuk Mandi Mine is progressing well. GAR will now construct a horizontal working and storage area and target to commence hard rock production in the second half of 2019. Our strategy is to produce gold bullion via underground mining as hard rock production yields a higher gold percentage at an average of 18kg to 20kg per month as compared to tailings. The recovery rate of hard rock is expected to increase to above 50% with our internal engineering. Meanwhile, we will also continue to extract gold concentrated ore via tailings process.

Granite Stone Quarrying
Besides utilising the Group's existing plant and machineries, the Group is also leveraging on the contractor, Huasheng's additional plant and machinery to carry out granite dimension stone processing for 2,000 m^3 per year at the Bukit Chetai Mine. This would result in greater volume of granite dimension stone and eventually contribute to the revenue stream of the Group.

Aggregates Quarrying
The Group remains committed in delivering 75,000 tonnes of granite aggregates per month (in total 3.60 million tonnes) to SIVLI, Brunei over a four-year period. Moving ahead, the Group intends to expand the aggregates quarrying business segment in view of the opportunities in overseas markets such as Southeast Asian countries.

Conclusion
First of all, I would like to welcome Dr. Foo Fatt Kah as the Group's Non-Executive Director. He has held a range of positions in various industries and we believe that his wealth of knowledge and experience will be of great value to the Board.

I would like to thank Ms. Ooi Hooi Kiang who has stepped down as the Chief Financial Officer ("**CFO**") of the Group for her contribution during her tenure and we wish all the best for her future endeavours. I also take this opportunity to welcome Mr. Ng Kok Hok as the Group's CFO. Prior to this, he was the CFO of Minetech Resources Berhad. With his wealth of experience in the financial and resources industries, we believe that he will play a significant role in helping the Group to manage, scale and evolve our businesses as we continue to accelerate our growth momentum.

I would like to acknowledge and thank Mr. Lim Chiau Woei as the Group Managing Director, who has worked tirelessly to lead and build the Group businesses.

In addition, I would like to express my appreciation to our management team and employees who have worked hard throughout the year. I would also like to thank our shareholders, customers, suppliers and business associates for their unwavering support. Last but not least, I would like to extend my gratitude to our dedicated Board of Directors for their guidance and advice. As we embark on a new growth journey, we are focused and committed to deliver greater value to the shareholders.

DR. WILSON TAY CHUAN HUI
Non-Executive Chairman and
Lead Independent Director

1 Southeast Asia's burgeoning infrastructure market defies borders, https://asia.nikkei.com/Business/Business-Trends/Southeast-Asia-s-burgeoning-infrastructure-market-defies-borders

CORPORATE INFORMATION

BOARD OF DIRECTORS

DR. WILSON TAY CHUAN HUI *Non-Executive Chairman and Lead Independent Director*

MR. LIM CHIAU WOEI *Managing Director*

MR. CHAN KOON MONG *Executive Director*

MS. CH'NG LI-LING *Independent Director*

MR. GAVIN MARK MCINTYRE *Independent Director*

DR. FOO FATT KAH *Non-Independent, Non-Executive Director*

BOARD OF DIRECTORS

DR. WILSON TAY CHUAN HUI
Non-Executive Chairman and Lead Independent Director
MR. LIM CHIAU WOEI
Managing Director
MR. CHAN KOON MONG
Executive Director
MS. CH'NG LI-LING
Independent Director
MR. GAVIN MARK MCINTYRE
Independent Director
DR. FOO FATT KAH
Non-Independent, Non-Executive Director

AUDIT COMMITTEE

MR. GAVIN MARK MCINTYRE
Chairman
MS. CH'NG LI-LING
DR. WILSON TAY CHUAN HUI

NOMINATING COMMITTEE

MS. CH'NG LI-LING
Chairman
DR. WILSON TAY CHUAN HUI
MR. GAVIN MARK MCINTYRE

REMUNERATION COMMITTEE

DR. WILSON TAY CHUAN HUI
Chairman
MS. CH'NG LI-LING
MR. GAVIN MARK MCINTYRE

REGISTERED OFFICE

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Fax: +65 6593 4847
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MS. TAN SWEE GEK, LLB

INDEPENDENT AUDITORS

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Fax: +65 6828 9111

Partner-in-charge:
MR. LEONG HON MUN PETER
(Appointed since the financial year ended 31 December 2015)

SPONSOR

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8 Anthony Road
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Singapore 229957

BOARD OF **DIRECTORS**

DR. WILSON TAY
Non-Executive Chairman and Lead Independent Director

Dr. Wilson Tay Chuan Hui is our Non-Executive Chairman and Lead Independent Director. He was appointed to our Board on 18 December 2015 and was re-elected as Director on 28 April 2017.

Dr. Tay has a diverse and strong working experience of more than 46 years holding senior management leadership roles in various sectors including the education, government, mining, commercial companies and institutions in Australia and Asia. He has worked in Australia for 26 years where he worked 8 years as senior corporate manager in CRL Limited and Dampier Salt Ltd and also as an external auditor to clients in the mining industry.

He is currently the CEO and Principal Consultant of MindQuest Consulting & Coaching. In between January 2012 and December 2013, he was the Professor and Dean of the Faculty of Business, Communications and Law at the INTI International University, at Nilai, Negeri Sembilan. From November 2005 to December 2009, he was the Chief Executive Officer and Head of Professional Development Centre at the Malaysian Institute of Management. Between January 2003 and October 2005, he was the Vice President of Multimedia Development Corporation Sdn. Bhd. at Cyberjaya, and prior to that he had been the Chief Executive Officer of TEC Asia Centre Sdn. Bhd. from April 1996 to December 2001. His last appointment prior to his return to Malaysia was the Executive Director of the Art Gallery of Western Australia. Dr. Tay began his career in 1972 as a Management Accountant at the Western Australian Institute of Technology. He subsequently joined Price Waterhouse & Co. where he was the Audit Manager for several finance and mining ventures operating in Western Australia. He later joined CRA Limited as a Regional Audit Manager and also as Finance and Administration Manager for Dampier Salt Limited. He has also served as the inaugural University Auditor and part-time lecturer at Murdoch University, Western Australia from June 1980 to December 1984.

Dr. Tay graduated from the Western Australian Institute of Technology, Western Australia with a Bachelor of Business (Accounting) in 1975 and obtained a Graduate Diploma in Business & Administration and Masters in Business from the Curtin University of Technology, Western Australia in 1979 and 1985 respectively. He also obtained a Doctor of Management (with Distinction) from IMCA Southern Cross University, New South Wales, Australia in 2000. He is a Fellow of the Institute of Chartered Accountants in Australia and New Zealand, a Fellow of the Certified Practicing Accountants of Australia, a Fellow of the Institute of Chartered Secretaries and Administrator of Australia, a Fellow of the Institute of Corporate Directors Malaysia (ICDM), a Member of the Malaysian Institute of Management, a Certified Professional Trainer and a facilitator of the Malaysian Institute of Management (MIM).

Dr. Tay retired from Board of Versalink Holdings Ltd. on 18 March 2019.

BOARD OF **DIRECTORS**

MR. LIM CHIAU WOEI
Managing Director

Mr. Lim Chiau Woei is our Managing Director and one of the Founder Shareholders of our Group. He was appointed to our Board on 12 August 2015 and was re-elected as Director on 28 April 2017.

Having identified potential in the Malaysian gold mining industry, he established our Group in 2011, and together with the other founders of our Group, procured, mobilised and organised relevant experienced staff and resources for the setting up of our business and operations.

Since our Group's inception, Mr. Lim has been instrumental in our Group's growth. Through his efforts, our Group was able to secure the Lubuk Mandi Concession Agreement and acquire the granite business. As Managing Director, Mr. Lim oversees the overall strategic directions and expansion plans for the growth and development of our Group, including sourcing for investment opportunities to promote the growth of our Group's business. He is also responsible for maintaining relationships with our customers and suppliers and overseeing our Group's general operations. Mr. Lim has been building up his knowledge and contacts in the gold mining industry through, inter alia, (i) hands-on management of our Group's mining operations, (ii) business dealings with industry players, (iii) participating in seminars and conferences, and (iv) interactions with relevant government authorities.

After his graduation in 1997, Mr. Lim has spent his career being involved in various businesses, including property development, project management as well as manufacturing and trading of construction material. Mr. Lim has more than 12 years of experience in the mining industry. Since December 2007, he has been a director of the Gabungan Granite Terengganu Sdn. Bhd. He was involved in the establishment of Gabungan Granite Terengganu Sdn. Bhd. and formulated strategies and marketing plans to expand the business globally. Currently he is the non-executive director of Gabungan Granite Terengganu Sdn. Bhd.

Mr. Lim graduated from Oklahoma State University with a Bachelor of Science in Electrical Engineering in 1997. He later obtained a Master of Business Administration (Finance) from the University of Leicester in 2009.

MR. CHAN KOON MONG
Executive Director

Mr. Chan Koon Mong is our Executive Director. He was appointed to our Board on 12 August 2015 and was re-elected as Director on 30 April 2018.

Mr. Chan began his career in 1989 as a project engineer with the Singapore Electronics & Engineering Pte. Ltd. In 1990, he joined Dynamar Pte. Ltd., a distributor of industrial products including electronic parts, broadband products and security systems, as a Sales Manager. In 1993, Mr. Chan joined Thomson Multimedia Inc. as a Market Development Manager where he was responsible for maintaining the company's growth and strategic direction in respect of the company's encryption range of products in the Asia Pacific region. Subsequently, Mr. Chan worked in UOB Kay Hian Private Limited as a trading representative from November 1999 to June 2006, and Phillip Securities Pte. Ltd. from July 2006 to August 2012.

From September 2012 to April 2014, Mr. Chan was the country manager for Tech Source Systems Pte. Ltd., a company involved in software distribution in the ASEAN region, where he was responsible for operations for Singapore, Thailand and the Philippines.

Mr. Chan worked as a senior consultant at Linden Capital Holdings Ltd. from May 2014 to September 2015 where he was involved in consultancy and project management, and also worked on initial public offerings and mergers and acquisitions.

Mr. Chan graduated from the National University of Singapore with a Bachelor of Engineering (Honours) in Electrical Engineering in 1989 and obtained a Masters in International Marketing from the University of Strathclyde, United Kingdom in 1998.

BOARD OF **DIRECTORS**

MS. CH'NG LI-LING
Independent Director

Ms. Ch'ng Li-Ling is our Independent Director. She was appointed to the Board on 18 December 2015 and was re-elected as Director on 30 April 2018. Currently, she also serves as the independent director of LHN Limited.

Ms. Ch'ng is one of the founding members of RHTLaw Taylor Wessing and is the Co-Head of its Capital Markets Practice, and Deputy Head (Fintech) of its Financial Services Practice. She is a corporate practitioner whose areas of practice include corporate and securities laws, capital markets, mergers and acquisitions, corporate restructuring, joint ventures, corporate and commercial contracts, regulatory compliance and corporate governance advisory and corporate secretarial work.

Ms. Ch'ng has been named one of AsiaLaw Leading Lawyers in 2014 and 2015 (Capital Markets), and has been recognised as one of the 'Leading Lawyers' in the 2014-2017 editions of IFLR1000 in the Capital Markets category. She is co-author of "Law and Practice of Corporate Finance in Singapore", published by Lexis-Nexis in 2016. She was appointed Adjunct Assistant Professor at the Law Faculty of the National University of Singapore (NUS) for AY 2009/10 and AY 2011/12 and the NUS Business School for AY2009-2010. Ms. Ch'ng holds a Bachelor of Arts (Honours) from the National University of Singapore, and obtained her Bachelor of Laws (Honours) and Master of Laws (Merit) from the University of London. She is a member of the Singapore Academy of Law, a Legal Practitioner of New South Wales, Australia, and is also qualified as a solicitor of England and Wales.

Ms. Ch'ng is currently an independent director of LHN Limited which is dual-listed on the Singapore Exchange and the Hong Kong Stock Exchange.

MR. GAVIN MARK MCINTYRE
Independent Director

Mr. Gavin Mark McIntyre is our Independent Director. He was appointed to the Board on 21 February 2017 and was re-elected as Director on 28 April 2017. He is a Singaporean with many years of experience in accounting related sectors.

Mr. McIntyre spent 7 years based in Thailand and Singapore when he was in Deloitte, where he was a project leader to lead restructuring efforts in the aftermath of the Asian Financial Crisis in 1997 and the Dot Com bust in the early 2000s. In the course of his work, he dealt with both lenders and borrowers to come up with Court sanctioned repayment plans in Singapore, Malaysia, Indonesia and Thailand.

From 2013 till 2015, Mr. McIntyre worked as a practice director with a boutique valuation services firm with a strong regional presence in Asia. Prior to that, he was holding the position of Chief Financial Officer of a listed company in Singapore for 5 years where he worked closely with the Board to review projects in the fields of mineral extraction, telecommunications and general manufacturing & distribution. He also held positions as a director in the group subsidiaries located in China, Malaysia, Australia and Singapore.

In August 2016, Mr. McIntyre was appointed as an independent director at Nico Steel Holdings Ltd. and is the Chairman of the Audit Committee. He is also a member of the Nominating and Remuneration Committees.

Mr. McIntyre graduated from Curtin University, Australia in 1989 with a degree in Accounting and since 1994, holds the status of non-practicing CPA with CPA Australia.

BOARD OF **DIRECTORS**

DR. FOO FATT KAH
Non-Independent
Non-Executive Director

Dr. Foo Fatt Kah is our Non-Independent, Non-Executive Director. He was appointed to our Board on 28 February 2018 and was re-elected as Director on 30 April 2018.

Dr. Foo is the co-founder and Managing Director of Luminor Capital Pte. Ltd., a private equity fund management company based in Singapore. He has over 30 years of experience in investment banking, venture capital, private equity investments, financial advisory and consulting. He started his career as an equity analyst specialising in the pharmaceutical and biotechnology sector in Europe, working at Robert Fleming & Co., Barings Securities and Paribas Capital Markets in London, UK. In Asia, he has lived and worked both in Hong Kong and Singapore with Deutsche Morgan Grenfell (now Deutsche Bank) and Société General (SG). He was latterly Head of Asian Equities and Co-Head of the Investment Bank for SG Securities Asia covering 10 Asian countries. He was the Asian Venture Partner for Aravis Ventures, a global venture capital firm specialising in Biotechnology and Energy investments between 2004~2012. Dr. Foo is qualified in Medicine (M.B., B. Ch., B.A.O.) and Business Administration (MBA) from Queen's University, UK.

Dr. Foo is currently the lead independent director of PEC Ltd. which is listed on the SGX. He also serves as non-executive and non-independent director of Ayondo Ltd. and is the non-executive Chairman of Variscan Mines Ltd. which are listed on the SGX and the Australian Securities Exchange, respectively.

GROUP STRUCTURE

Details of our subsidiaries are as follows:

Name of Company	Date and country of incorporation	Principal activities	Principal place of business	Effective equity interest held by our Group
Angka Alamjaya Sdn. Bhd. ("**AASB**")	9 September 2011 Malaysia	Gold and related mineral mining, consultant and contractor of natural resources	Malaysia	100.0%
Angka Mining Sdn. Bhd. ("**AMSB**")	30 May 2014 Malaysia	Gold and related mineral mining consultancy	Malaysia	100.0%
Angka Marketing Pte. Ltd. ("**AMPL**")	27 July 2017 Singapore	Business and management consultancy services	Singapore	100.0%
GGTM Sdn. Bhd. ("**GGTM**")	4 April 2010 Malaysia	Exploration, mining and production of granite dimension stone for sales as well as architectural stone and interior fit-out	Malaysia	100.0%
Stonetrade Sdn. Bhd. ("**STSB**")	8 May 2018 Malaysia	Exploration, quarrying activities, construction, manufacturing, processing, cutting and polishing of dimension stone, granite stone, marble, aggregates and related products	Malaysia	100.0%

Note:

Stonetrade Sdn. Bhd. has changed its principal activities to include "exploration, quarrying activities, construction" with effect from 13 February 2019.

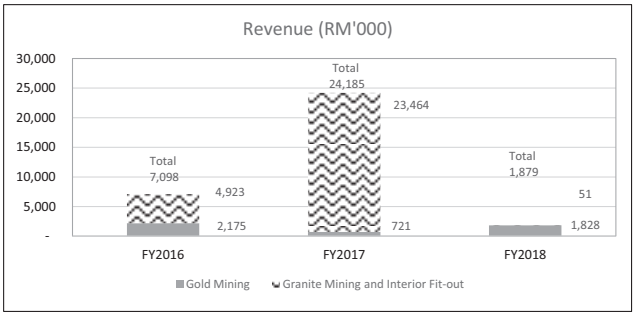
Save as disclosed above, there are no other subsidiaries and associated companies of our Group.

None of our subsidiaries are listed on any stock exchange.

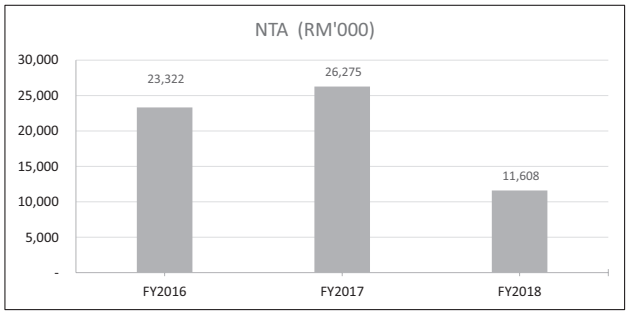
MILESTONES ACHIEVED

April 2018	Entry into a Memorandum of Understanding with Mohd Sukri Bin Ismail on 9 April 2018 for tendering East Coast Rail Line ("**ECRL**") project and other projects together as an unincorporated joint venture.
May 2018	Incorporation of a new wholly-owned indirect subsidiary, Stonetrade Sdn. Bhd., on 8 May 2018 with principal activities: (1) To establish, promote and carry on the business of exploration, quarrying activities, construction, manufacturing, processing, cutting and polishing of dimension stone, granite stone, marble, aggregates and related products. (2) To carry on the business of an investment company and for that purpose to acquire and hold either in the name of the company or in that of any nominee shares, lands, buildings, stocks, debentures, debenture stock, bonds, notes, obligations, and securities issued or guaranteed by any company wherever incorporated or carrying on business.
August 2018	Stonetrade Sdn. Bhd. had on 15 August 2018 secured a contract worth approximately S$75 million to supply in total 3.6 million tonnes of granite aggregates to SIVLI Sdn. Bhd. in Brunei over a four year period.
September 2018	On 24 September 2018, approval for the renewal of the Proprietary Mining Licence (PML 1/2008) ("**PML**") for the Bukit Chetai Mine for a period of five (5) years commencing from 24 September 2018 to 23 September 2023.
January 2019	Entry into Co-operation Agreement with Jianning County Huasheng Stone Co., Ltd. ("**Huasheng**") on 16 January 2019. Huasheng is to process the granite dimension stone at the Bukit Chetai Mine to achieve an annual processing capacity of 2,000 cubic metres.
February 2019	Receipt of non-binding Letter of Intent by Angka Alamjaya Sdn. Bhd. ("**AASB**") from Motivac Enterprises Sdn. Bhd. ("**Motivac**") on 25 February 2019 to appoint AASB as Motivac's exclusive operator to carry out mining operations and processing of hard rock gold in three (3) concession areas in close proximity to and within 200 metres of Lubuk Mandi Mine.

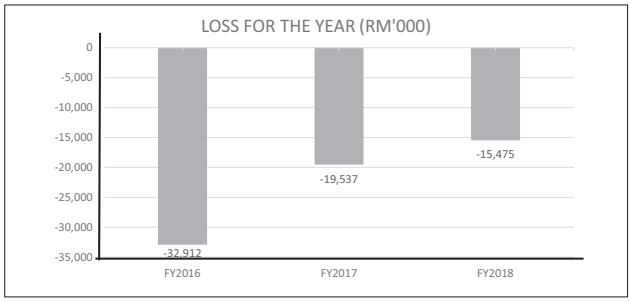
HIGHLIGHTS



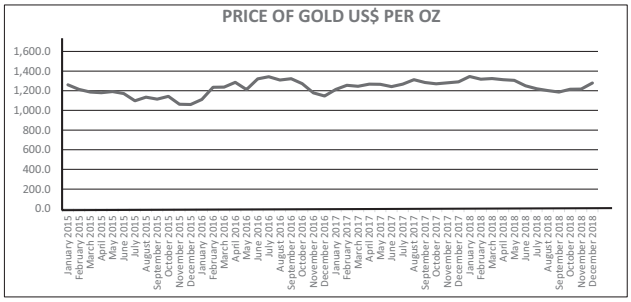
The Group generated revenue of RM24.19 million and RM1.88 million in FY2017 and FY2018, respectively. Revenue of RM0.72 million is generated from the sales of 141.69 oz of free gold in FY2017 and RM1.83 million is generated from the sales of 564.4 tonnes of semi-processed gold concentrated ore with an average 37.11 gram of gold per tonne of gold concentrated ore in FY2018. Revenue of RM23.46 million and RM0.05 million are generated from the granite mining and interior fit-out segment in FY2017 and FY2018, respectively.



NTA decreased by RM14.67 million mainly due to losses in FY2018 of RM15.48 million, offset by an increase of RM0.82 million in share capital due to the exercise of 8,500,000 warrants.

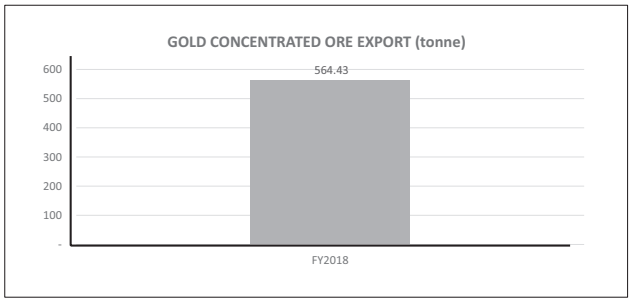


Losses for the Group decreased by RM4.06 million from RM19.54 million in FY2017 to RM15.48 million in FY2018. Narrower losses for the Group in FY2018 was mainly due to absence of one-off expenses of RM6.28 million comprising expenses relating to acquisition of GGTM Sdn. Bhd. ("**GGTM**") of RM4.50 million, fair value loss on derivative financial instrument of RM1.47 million, impairment in property, plant and equipment of RM0.26 million and impairment in exploration and evaluation asset of RM0.05 million, and offset by absence of profit before income tax contribution of RM2.83 million from interior fit-out project which was completed in FY2017.

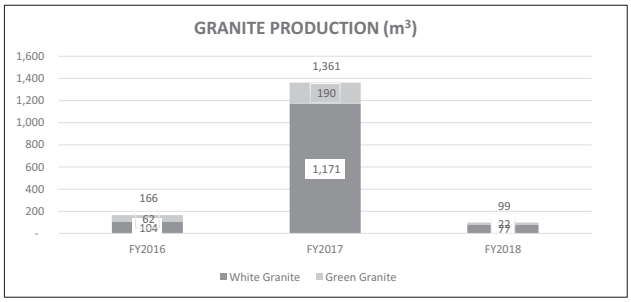


The above chart sets forth monthly average London Fix gold price for FY2015, FY2016, FY2017 and FY2018.

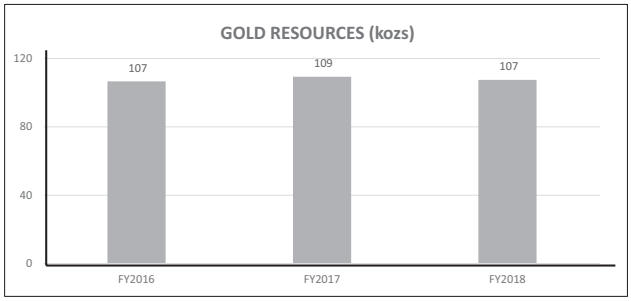
HIGHLIGHTS



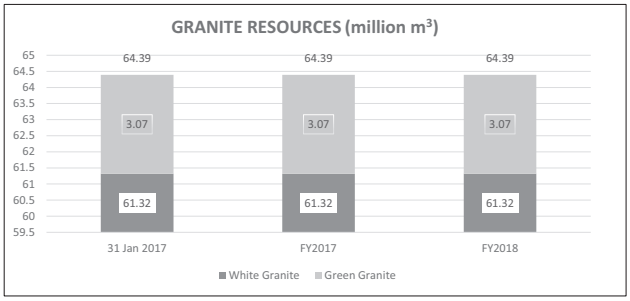
In FY2018, 564.43 tonnes of gold concentrated ore with average 37.11 gram of gold per tonne of gold concentrated ore were exported.



In FY2018, 22 m^3 and 77 m^3 (FY2017: 190 m^3 and 1,171 m^3) of green granite and white granite were produced, respectively.



The gold resources estimates have been reviewed by Rockhound Ltd., in accordance with the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves prepared by the Joint Ore Reserve Committee of the Australasian Institute of Mining and Metallurgy, Australia Institute Geoscientists and Minerals Council of Australia, December 2012 (the "**JORC Code**").



The granite resources estimates have been reviewed by Rockhound Ltd., in accordance with the JORC code.

FINANCIAL REVIEW

REVENUE AND RESULTS

The Group's revenue decreased by RM22.31 million to RM1.88 million in FY2018 as compared to RM24.19 million in FY2017. This was mainly due to absence of contribution from interior fit-out project but partially offset by an increase in sales of gold concentrated ore of RM1.83 million.

OPERATING EXPENSES

Total operating expenses decreased by RM24.45 million to RM17.62 million in FY2018 from RM42.07 million in FY2017. The changes in total operating expenses were mainly due to the following:

- Increase in raw materials and consumables used by RM0.42 million in FY2018 as compared to FY2017.

  Total raw materials and consumables used in FY2018 amounted to RM0.59 million as compared to RM0.17 million in FY2017. The higher costs incurred was due to increase in activities for both gold mine and granite quarry mine.

- The Group recorded positive changes in inventories in FY2018 amounted to RM0.27 million. The positive changes arise from higher closing balance as compared to the opening balance during the year.

  The positive changes in inventories of RM0.27 million for FY2018 is due to increase in inventories of gold concentrated ore, which was all delivered to customer in January 2019.

- Contractor expenses decreased by RM14.90 million in FY2018 as compared to FY2017.

  Total contractor expenses incurred in FY2018 amounted to RM0.39 million as compared to RM15.29 million in FY2017. The lower costs incurred was mainly due to cessation of contractor expenses relating to an interior fit-out project which was completed in FY2017. RM21.64 million of revenue (represents 81.7% of the works) for the interior fit-out project with a corresponding contractor expenses of approximately RM14.31 million was recognised in FY2017.

- Royalty fee expenses decreased by RM0.67 million in FY2018 as compared to FY2017.

  Total royalty fee expenses incurred in FY2018 amounted to RM0.01 million, as compared to RM0.68 million in FY2017. The lower costs incurred was mainly due to the minimum monthly contribution of RM80,000 received from Great Aims Resources Sdn. Bhd. ("**GAR**") since August 2017.

- Depreciation and amortisation expenses increased by RM0.68 million in FY2018 as compared to FY2017.

  Depreciation and amortisation expenses incurred in FY2018 amounted to RM2.66 million, as compared to RM1.98 million in FY2017. The higher depreciation expenses was due to additional assets acquired as well as higher amortisation expenses of mine properties resulting from increased production of gold concentrated ore.

- Decrease in other expenses by RM8.96 million for FY2018 as compared to FY2017.

  Total other expenses incurred in FY2018 amounted to RM3.93 million as compared to RM12.89 million in FY2017. The decrease in other expenses was mainly due to the (i) absence of one-off VSA expenses of RM4.50 million incurred in FY2017, (ii) decrease in interior fit-out project expenses of RM4.03 million, (iii) absence of impairment in property, plant and equipment of RM0.26 million incurred in FY2017 and (iv) absence of impairment in exploration and evaluation assets of RM0.05 million incurred in FY2017.

- Finance costs decreased by RM0.25 million in FY2018 as compared to FY2017.

  Total finance costs incurred in FY2018 amounted to RM3.95 million as compared to RM4.20 million in FY2017. The decrease in FY2018 was due to the absence of interest expense for redeemable convertible preference shares ("**RCPS**") as the RCPS was converted into equity of GGTM on 26 July 2017, and thus no interest was accrued to RCPS holder thereafter.

- In FY2018, there is no fair value loss on derivative instruments. There is a one-off fair value loss on derivative financial instruments of RM1.47 million in FY2017 due to fair value loss on an exchangeable bond issued in FY2017 which can be exchanged to the Company's shares.

As a result of the above, the Group narrowed its net loss of RM15.48 million in FY2018 as compared to RM19.54 million in FY2017.

FINANCIAL REVIEW

SEGMENTAL REVIEW

Gold Mining Segment

The gold mining division registered a revenue of RM1.83 million in FY2018 as compared to RM0.72 million in FY2017 and loss after tax of RM3.83 million in FY2018 as compared to RM6.49 million in FY2017. There were no sales of gold in the first half of FY2018 as the installation and the testing of the additional equipment to the processing plant for the processing of hard rock materials and tailings materials have just been completed. The Group resumed its gold production and started shipping semi-processed gold concentrated ore in July 2018.

Granite Mining Segment

The granite mining division registered a revenue of RM0.05 million in FY2018 as compared to RM23.46 million in FY2017 and loss after tax of RM3.89 million in FY2018 as compared to RM2.08 million in FY2017. The decrease in revenue was mainly due to the absence of revenue recognition for an interior fit-out project as it was completed in December 2017.

WORKING CAPITAL

The Group had a negative working capital of RM15.68 million as at 31 December 2018. This was mainly due to the issuance of guaranteed non-convertible bonds of an aggregate principal amount of S$4.81 million and the classification of exchangeable bonds as current liabilities in FY2018.

EQUITY

The total shareholders' fund of the Group decreased by RM14.67 million from RM26.28 million as at 31 December 2017 to RM11.61 million as at 31 December 2018. The decrease was mainly due to an increase in accumulated losses of RM15.48 million offset by an increase of RM0.82 million in share capital due to the exercise of 8,500,000 warrants.

CASH AND CASH EQUIVALENTS

As at end of FY2018, the Group had cash and cash equivalents of RM7.15 million.

OPERATIONS REVIEW
GOLD MINING SEGMENT

Focus of 2018

The Company, through its wholly-owned subsidiary, ("**AASB**") is principally engaged in the business of exploration, mining and production of gold for sale in Malaysia and overseas. To ensure well-execution of our business strategy, the exploration, mining and refining operations at the Lubuk Mandi Mine are outsourced to our contractor, Great Aims Resources Sdn. Bhd. ("**GAR**").

The process of building the underground tunnel at the Lubuk Mandi Mine to reach depths sufficient to extract gold is still ongoing. As to date, GAR has constructed about 220 metres of tunnel in length with estimated vertical depth of 93 metres and is now be able to access the targeted lode. The works platform, discharge and storage silos with connecting track, and water retention sump with pipes and pumps within the tunnel complex at the Lubuk Mandi Mine had been completed. In addition, GAR is also constructing horizontal working and storage areas.

As at 31 December 2018, the Group has successfully exported approximately 564.43 tonnes of gold concentrated ore with average 37.11 gram of gold per tonne of gold concentrated ore.

Future Plans

GAR targets to commence hard rock mining by first half of FY2019. However, the tonnage of hard rock mined is expected to be low at the beginning due to the restricted working surface whereby only one team is allowed to work on one surface at a time, as well as the lack of a vertical ventilation shaft whereby more time is required to clear the toxic gases and dust generated by each blast.

Blasting is used to mine the gold lode hard rock within the tunnel complex. During blasting processes, toxic gases and suspended fine particles or dust are generated within the tunnel complex. For safety reasons, the tunnel complex is evacuated until the toxic gases and dust are removed. As the existing ventilation system requires three to four hours to remove these gases and dust, GAR plans to construct a vertical ventilation shaft to expedite the removal to about one hour. As GAR plans to carry out two blasts a day, with the ventilation shaft, the evacuation time per day would be reduced to about two hours compared to about six to eight hours.

The construction of the vertical shaft is on-going by GAR. GAR has made some design changes to the ventilation shaft, which took into account the risk management aspect.

OPERATIONS REVIEW
GRANITE MINING SEGMENT

Focus of 2018

The Company, through its wholly-owned subsidiary, GGTM Sdn. Bhd. ("**GGTM**") is principally engaged in the businesses of exploration, mining and production of granite dimension stone for sales as well as architectural stone and interior fit-out in Malaysia.

GGTM has the concession for two granite dimension mines in Terengganu, Malaysia, namely the Bukit Chetai Mine and the Bukit Machang Property. Besides focusing on the extraction of Terengganu Green ("**TG**") and Sekayu White ("**SW**") granite blocks from the Bukit Chetai Mine, GGTM also started to supply granite aggregates for use in road and rail track projects.

After securing the contract from SIVLI Sdn. Bhd. to deliver 3.60 million tonnes of granite aggregates, the Group is in the midst of applying relevant permit and licenses for the export of granite aggregates.

The construction of the factory extension building, store and workers' quarters were completed in July 2018. Two units of multi-blade block cutters, installed at the factory extension, were commissioned in early July 2018 and had commenced cutting of the granite blocks to sawn strip-slabs of TG and SW.

The first platform/bench for the new quarry face to produce predominantly SW blocks has been raised in September 2018. Currently, weathered SW and TG rocks are being excavated. Works to excavate deeper into the deposit are ongoing. The Company has purchased and received new blades in November 2018 with higher specifications, suitable for the grades of granites mined from the site to boost the production volumes of the block cutters to the design capacities.

Excavation works continued predominantly at the TG quarry face. A total of 3,407 m^3 of rocks were excavated during FY2018. Of those excavated, TG constituted about 78% of the total volume whilst SW constituted about 22%. The Group expects the quality of the blocks to continue to improve as it excavates deeper into the granite deposits.

Recently, GGTM has engaged Jianning County Huasheng Stone Co., Ltd. ("**Huasheng**") on a non-exclusive basis to carry out granite dimension stone processing at the Bukit Chetai Mine by leveraging on their technical know-how and capabilities in the granite dimension stone processing. Huasheng will bear all the costs incurred related to the granite dimension stone processing and Huasheng will be paid a processing fee, the rate of which will be dependent on the type of processing work done.

Future Plans

We will continue with our efforts in expanding our granite business operations and seeking for business opportunities in the granite industry. We are targeting to supply more of our granite to the local and China markets where many quarries have shut down because of new environmental laws as well as penetrating into other Southeast Asian countries.

CORPORATE GOVERNANCE REPORT

DISCLOSURE TABLE FOR ANNUAL REPORT IN COMPLIANCE TO THE CODE OF CORPORATE GOVERNANCE 2012 (THE "CODE") AND SINGAPORE EXCHANGE SECURITIES TRADING LIMITED LISTING MANUAL SECTION B: RULE OF CATALIST ("CATALIST RULES")

The Board of Directors (the "**Board**") of Anchor Resources Limited (the "**Company**" and together with its subsidiaries, the "**Group**") are committed to maintaining high standards of corporate governance and places importance on maintaining sound internal controls and systems so as to ensure greater transparency, accountability and protect and enhance shareholders' interests.

This report outlines the Company's corporate governance practices for financial year ended 31 December 2018 ("**FY2018**") with specific reference to principles of the Code and the disclosure guide as published by the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") in January 2015 (the "**Guide**").

This report should be read in totality, instead of being read separately under each principle of the Code. The Board noted the revised Code of Corporate Governance issued on 6 August 2018 ("**Revised Code**"), which is only effective from the Company's financial year commencing 1 January 2019, and will endeavour to comply with the Revised Code once it is effective.

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
General	(a) Has the Company complied with all the principles and guidelines of the Code? If not, please state the specific deviations and alternative corporate governance practices adopted by the Company in lieu of the recommendations in the Code.	The Company has complied with the principles and guidelines as set out in the Code and the Guide, where applicable. Appropriate explanations have been provided in the relevant sections below where there are deviations from the Code and/or the Guide.
	(b) In what respect do these alternative corporate governance practices achieve the objectives of the principles and conform to the guidelines of the Code?	Not applicable. The Company did not adopt any alternative corporate governance practices during the financial year under review.

CORPORATE GOVERNANCE REPORT

BOARD MATTERS

The Board's Conduct of Affairs

1.1	What is the role of the Board?	During the financial year under review, the Board comprised six Directors, namely Dr. Wilson Tay Chuan Hui, Mr. Lim Chiau Woei, Mr. Chan Koon Mong, Ms. Ch'ng Li-Ling, Mr. Gavin Mark McIntyre and Dr. Foo Fatt Kah, as seen in the table below. Dr. Foo Fatt Kah was appointed as a Non-Executive Director of the Company on 28 February 2018. **Table 1.1 – Composition of the Board** The Board is entrusted to lead and oversee the Company, with the fundamental principle to act in the best interests of the Company. In addition to its statutory duties, the Board's principal functions include: • to review and advise on the Group's policies and procedures; • to review and approve financial results and announcement; • to review and approve significant acquisitions and disposals; • to approve material borrowings and fund-raising exercises; • to review performance and succession planning of the key management personnel; and • to monitor and ensure compliance with the Catalist Rules.
1.2	All Directors objectively discharge their duties and responsibilities at all times as fiduciaries in the interests of the company?	All Directors exercise due diligence and independent judgment in dealing with the business affairs of the Group and are obliged to act in good faith and to take objective decisions in the interest of the Group.

Table 1.1 – Composition of the Board

Name of Director	Designation	Date of Initial Appointment	Date of Last Re-Election/ Re-appointment
Dr. Wilson Tay Chuan Hui	Non-Executive Chairman and Lead Independent Director	18 December 2015	28 April 2017
Mr. Lim Chiau Woei	Managing Director	12 August 2015	28 April 2017
Mr. Chan Koon Mong	Executive Director	12 August 2015	30 April 2018
Ms. Ch'ng Li Ling	Independent Director	18 December 2015	30 April 2018
Mr. Gavin Mark McIntyre	Independent Director	21 February 2017	28 April 2017
Dr. Foo Fatt Kah	Non-Executive Director	28 February 2018	30 April 2018

CORPORATE GOVERNANCE REPORT

1.3	Has the Board delegated certain responsibilities to committees? If yes, please provide details.	The Board has delegated certain responsibilities to the Audit Committee (the "**AC**"), the Remuneration Committee (the "**RC**") and the Nominating Committee (the "**NC**") (collectively, the "**Board Committees**") with clearly defined terms of reference. As at the date of this Annual Report, the respective compositions of the Board Committees are follows:

Table 1.3 – Composition of the Board Committees

	AC	NC	RC
Chairman	Mr. Gavin Mark McIntyre	Ms. Ch'ng Li Ling	Dr. Wilson Tay Chuan Hui
Member	Ms. Ch'ng Li Ling	Dr. Wilson Tay Chuan Hui	Ms. Ch'ng Li Ling
Member	Dr. Wilson Tay Chuan Hui	Mr. Gavin Mark McIntyre	Mr. Gavin Mark McIntyre

1.4	Have the Board and Board Committees met in the last financial year?	The Board meets at least twice a year and ad-hoc Board meetings and meetings of the Board Committees are convened as and when necessary. The Company's constitution (the "**Constitution**") allows for meetings to be held through telephone and/or video-conference. During the financial year under review, the number of meetings held and attended by each Director is as follows:

Table 1.4 – Number of Meetings Held and Attendance

	Board	AC	RC	NC
No. of meetings held	3	3	1	1
Directors	**Number of meetings attended**			
Dr. Wilson Tay Chuan Hui	3	3	1	1
Mr. Lim Chiau Woei	3	3(1)	–	–
Mr. Chan Koon Mong	3	3(1)	–	–
Ms. Ch'ng Li Ling	3	3	1	1
Mr. Gavin Mark McIntyre	3	3	1	1
Dr. Foo Fatt Kah(2)	3	3(1)	1(1)	1(1)

Notes:

(1) Attendance by invitation.

(2) Dr. Foo Fatt Kah was appointed as a Non-Executive Director of the Company on 28 February 2018. Notwithstanding this, Dr Foo Fatt Kah attended the Board, AC, RC and NC meetings held on 26 February 2018 by invitation.

1.5	What are the types of material transactions which require approval from the Board?	Matters that require the Board's approval include, amongst others, the following: • significant acquisitions and disposals of assets; • material borrowings and fund-raising exercises; • share issuance and proposal of dividends; • financial results announcements, annual report and audited financial statements; and • material interested person transactions.

CORPORATE GOVERNANCE REPORT

1.6	(a) Are new Directors given formal training? If not, please explain why.	All newly appointed Directors will undergo an orientation programme where the Director would be briefed on the Group's strategic direction, governance practices, business and organisation structure as well as the expected duties of director of a listed company. To obtain a better understanding of the Group's business, the Director will also be given the opportunity to visit the Group's operational offices and facilities and meet with key management personnel.
	(b) What are the types of information and training provided to (i) new Directors and (ii) existing Directors to keep them up-to-date?	The Directors are updated, from time to time, when new laws or regulations affecting the Group are introduced. New releases issued by the SGX-ST which are applicable to the Directors are circulated to the Board. The Directors are encouraged to attend seminars, conferences and training courses that will assist them in executing their obligations and responsibilities as directors of the Company. In addition, the members of the AC were briefed by the external auditors on changes or amendments to accounting standards.
1.7	Upon appointment of each director, has the company provided a formal letter to the Director, setting out the Director's duties and obligations?	Formal letters of appointment will be furnished to the newly-appointed Directors, upon their appointments, stating among other matters, the roles, obligations, duties and responsibilities as a member of the Board.
Board Composition and Guidance		
2.1 2.2 3.3	Does the Company comply with the guideline on the proportion of Independent Directors on the Board? If not, please state the reasons for the deviation and the remedial action taken by the Company.	As at the date of this Annual Report, the Board comprises of six directors, of whom three are Independent Directors. The three Independent Directors of the Company are Dr. Wilson Tay Chuan Hui, Ms. Ch'ng Li Ling and Mr. Gavin Mark McIntyre. The current number of Independent Directors complies with the Code's requirement that at least one-third of the Board should comprise Independent Directors.
2.3 4.3	Has the independence of the Independent Directors been reviewed in the last financial year?	The NC reviews the independence of each Independent Director annually. As part of the review process, the NC requires the Independent Directors to complete and execute declaration forms in relation to their independence. These declaration forms are drawn up based on the guidelines in the Code. The NC has reviewed the declaration form executed by each of the Independent Directors, and, pursuant to its review, the NC is of the view that Dr. Wilson Tay Chuan Hui, Ms. Ch'ng Li Ling and Mr. Gavin Mark McIntyre are independent in accordance with the Code. Accordingly, the Board has identified each of the Independent Directors to be independent, after determining, taking into account the views of the NC, whether the Director is independent in character and judgement and whether there are any relationships or circumstances which are likely to affect, or could appear to affect, the Independent Director's judgement.

CORPORATE GOVERNANCE REPORT

	(a) Is there any Director who is deemed to be independent by the Board, notwithstanding the existence of a relationship as stated in the Code that would otherwise deem him not to be independent? If so, please identify the Director and specify the nature of such relationship. (b) What are the Board's reasons for considering him independent? Please provide a detailed explanation.	There are no Directors who are deemed independent by the Board, notwithstanding the existence of a relationship as stated in the Code, that would otherwise deem him not to be independent.
2.4	Has any Independent Director served on the Board for more than nine years since the date of his first appointment? If so, please identify the Director and set out the Board's reasons for considering him independent.	As at the date of this Annual Report, there is no Independent Director who has served beyond nine years since the date of his/her first appointment.
2.5	Has the Board examined its size and decide on what it considers an appropriate size for the Board, which facilitates effective decision making?	The NC is responsible for examining the size and composition of the Board and Board Committees. The composition of the Board and Board Committees is also reviewed on an annual basis by the NC and the Board. Having considered the scope and nature of the Group's businesses and the requirements of the business, the Board, in concurrence with the NC, the Board believes that its current board size and the existing composition of the Board Committees effectively serves the Group. It provides sufficient diversity without interfering with efficient decision-making.
2.6	(a) What is the Board's policy with regard to diversity in identifying director nominees?	The Board's policy in identifying director nominees is primarily to have an appropriate mix of members with complementary skills, core competencies and experience for the Group, regardless of gender.

CORPORATE GOVERNANCE REPORT

<table>
<tr><td></td><td>(b) Please state whether the current composition of the Board provides diversity on each of the following – skills, experience, gender and knowledge of the Company, and elaborate with numerical data where appropriate.</td><td>The current Board composition provides a diversity of skills, experience and knowledge to the Company as follows:

<table>
<tr><th colspan="3">Table 2.6 – Balance and Diversity of the Board</th></tr>
<tr><th></th><th>Number of Directors</th><th>Proportion of Board</th></tr>
<tr><td>Core Competencies</td><td></td><td></td></tr>
<tr><td>– Accounting of finance</td><td>4</td><td>67%</td></tr>
<tr><td>– Business management</td><td>6</td><td>100%</td></tr>
<tr><td>– Legal or corporate governance</td><td>4</td><td>67%</td></tr>
<tr><td>– Relevant industry knowledge or experience</td><td>5</td><td>83%</td></tr>
<tr><td>– Strategic planning experience</td><td>5</td><td>83%</td></tr>
<tr><td>– Customer based experience or knowledge</td><td>3</td><td>50%</td></tr>
</table>

Accordingly, the NC and Board are of the view that the Board has the appropriate mix of expertise and experience, and collectively possesses the necessary core competencies for effective functioning and informed decision-making.</td></tr>
<tr><td></td><td>(c) What steps have the Board taken to achieve the balance and diversity necessary to maximise its effectiveness?</td><td>The Board has taken the following steps to maintain or enhance its balance and diversity:

• Review by the NC at least once a year to assess if the existing attributes and core competencies of the Board are complementary and enhance the efficacy of the Board; and
• Evaluation by the Directors at least once a year of the skill sets the other Directors possess, with a view to understanding the range of expertise which is lacking by the Board.

The NC will consider the results of these exercises in its recommendation for the appointment of new Directors and/or the re-appointment of incumbent Directors.</td></tr>
<tr><td>2.7</td><td>How the non-executive directors are able to:

(a) constructively challenge and help develop proposals on strategy; and

(b) review the performance of Management in meeting agreed goals and objectives and monitor the reporting of performance?</td><td>The Non-Executive Directors are kept well informed of the Group’s business and are knowledgeable about the industry the Group operates in. To ensure that the Non-Executive Directors are well supported by accurate, complete and timely information, they have unrestricted access to the management, and have sufficient time and resources to discharge their oversight functions effectively.

During Board meetings, the management also updates the Non-Executive Directors on the latest developments of the Group and its future plans. Forecast financials against budget are also presented to enable the Non-Executive Directors to assess the performance of the Group.</td></tr>
<tr><td>2.8
3.4</td><td>Have the Non-Executive (including Independent Directors) met in the absence of key management personnel in the last financial year?</td><td>The Non-Executive Directors had met and discussed with the external and internal auditors 2 times in the absence of key management personnel in FY2018.</td></tr>
</table>

CORPORATE GOVERNANCE REPORT

Chairman and Managing Director		
3.1 3.2	Are the duties between Chairman and Managing Director segregated?	As at the date of this Annual Report, Dr. Wilson Tay Chuan Hui is the Non-Executive Chairman of the Board while Mr. Lim Chiau Woei is the Managing Director ("**MD**"). The roles of the Non-Executive Chairman and MD are separate to ensure a clear division of their responsibilities, increased accountability and greater capacity of the Board for independent decision-making. The Non-Executive Chairman is not related to the MD. The Non-Executive Chairman oversees the business of the Board. He leads the Board discussions and ensures that Board meetings are convened when necessary. He sets the Board's meeting agenda in consultation with the MD and the Company Secretary and ensures the quality, quantity and timeliness of the flow of information between the Board and key management personnel to facilitate efficient decision-making. The MD takes a leading role in developing the business of the Group and manages the day-to-day operations with the assistance of the key management personnel. He also oversees the execution of the business and corporate strategy decisions made by the Board. In view of the above, the Board is of the view that power is not unduly concentrated in the hands of any one individual nor is there any compromised accountability and independent decision-making as all major decisions and policy changes are conducted through the respective Board Committees, all of which are chaired by the Independent Directors.

CORPORATE GOVERNANCE REPORT

Board Membership		
4.1 4.2 4.3	What are the duties of the NC?	Please refer to Table 1.3 on the names of the members and the composition of the NC. The terms of reference of the NC include, *inter alia*, the following: • To review and approve any new employment of related persons and proposed terms of their employment; • To re-nominate directors for re-election in accordance with the Company's Constitution at each annual general meeting having regard to the Director's contribution and performance; • To determine on an annual basis whether a Director is independent; • To decide whether or not a director is able to and has been adequately carrying out his duties as a Director; and • To decide how the Board's performance may be evaluated and propose objective performance criteria, as approved by the Board, that allows comparison with its industry peers, and address how the Board has enhanced long-term shareholders' value.
4.4	(a) What is the maximum number of listed company board representations that the Company has prescribed for its directors? What are the reasons for this number?	The Board has not capped the maximum number of listed company board representations each Director may hold.
	(b) If a maximum has not been determined, what are the reasons?	The NC is of the view that the effectiveness of each of the Directors is best assessed by a qualitative assessment of the Director's contributions, after taking into account his or her other listed company board directorships and other principal commitments. The NC also believes that it is for each Director to assess his or her own capacity and ability to undertake other obligations or commitments together with serving on the Board effectively. The NC does not wish to omit from consideration outstanding individuals who, despite the demands on their time, have the capacity to participate and contribute as members of the Board.
	(c) What are the specific considerations in deciding on the capacity of directors?	The factors considered in assessing the capacity of Directors include the following: • Expected and/or competing time commitments of Directors; • Geographical location of Directors; • Size and composition of the Board; and • Nature and scope of the Group's operations and size.

CORPORATE GOVERNANCE REPORT

<table>
<tr><td></td><td>(d) Have the Directors adequately discharged their duties?</td><td>The NC reviews the performance of the Directors as well as their contributions to the Board on an annual basis. After conducting reviews, the NC is satisfied that the Directors have been able to devote adequate time and attention to the affairs of the Company and they were able to fulfil their duties as directors of the Company in FY2018.</td></tr>
<tr><td>4.5</td><td>Are there alternate Directors?</td><td>As at the date of the report, the Company does not have any alternate Director.</td></tr>
<tr><td>4.6</td><td>Please describe the board nomination process for the Company in the last financial year for (i) selecting and appointing new directors (ii) re-electing incumbent directors and (iii) directors to be retired</td><td>
<table>
<tr><th colspan="3">(i) Table 4.6 (a) – Process for the Selection and Appointment of New Directors</th></tr>
<tr><td>1.</td><td>Determination of selection criteria</td><td>• The NC, in consultation with the Board, would identify the current needs of the Board in terms of skills/experience/knowledge/gender to complement and strengthen the Board and increase its diversity.</td></tr>
<tr><td>2.</td><td>Search for suitable candidates</td><td>• The NC would consider candidates proposed by the Directors, key management personnel or substantial shareholders, and may engage external search consultants where necessary.</td></tr>
<tr><td>3.</td><td>Assessment of shortlisted candidates</td><td>• The NC would meet and interview the shortlisted candidates to assess their suitability.</td></tr>
<tr><td>4.</td><td>Appointment of director</td><td>• The NC would recommend the selected candidate to the Board for consideration and approval.</td></tr>
</table>
<table>
<tr><th colspan="3">(ii) Table 4.6 (b) – Process for the Re-electing Incumbent Directors</th></tr>
<tr><td>1.</td><td>Assessment of director</td><td>• The NC, would assess the performance of the Director in accordance with the performance criteria set by the Board; and
• The NC would also consider the current needs of the Board</td></tr>
<tr><td>2.</td><td>Re-appointment of director</td><td>• Subject to the NC's satisfactory assessment, the NC would recommend the proposed re-appointment of the Director to the Board for its consideration and approval.</td></tr>
</table>
Pursuant to the Constitution of the Company, at each Annual General Meeting ("**AGM**"), at least one-third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation and stand for re-election at the Company's AGM.

The Directors to retire in every year shall be those subject to retirement by rotation who have been longest in office since their last re-election or appointment and so that as between persons who became or were last re-elected Directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by lot. A retiring Director shall be eligible for re-election.

The Directors who are standing for re-election at the forthcoming AGM pursuant to Article 114 of the Company's Constitution are Mr. Lim Chiau Woei and Dr. Wilson Tay Chuan Hui. After assessing each of their contributions and performance, the NC is recommending Mr. Lim Chiau Woei and Dr. Wilson Tay Chuan Hui for re-election at the forthcoming AGM.
</td></tr>
</table>

CORPORATE GOVERNANCE REPORT

4.7	Please provide Directors' key information	The key information of the Directors, including their profiles and directorships held in the past 3 years, are set out on pages 5 to 8 of this Annual Report under the section entitled "Board of Directors". The shareholdings of the individual directors of the Company are set out on page 56 of this Annual Report. None of the directors hold shares in the subsidiaries of the Company. Directors who are seeking re-election at the forthcoming AGM to be held on 30 April 2019 are stated in the Notice of AGM set out on pages 142 to 145 of this Annual Report.
Board Performance		
5.1 5.2 5.3	What is the performance criteria set to evaluate the effectiveness of the Board as a whole and its board committees, and for assessing the contribution by each Director to the effectiveness of the Board? (a) What was the process upon which the Board reached the conclusion on its performance for the financial year?	The NC has established a process for assessing the effectiveness of the Board as a whole and for assessing the contributions of each individual Director to the effectiveness of the Board. This assessment is conducted by the NC at least once a year by way of a Board evaluation where the Directors complete a questionnaire seeking their views on various aspects of Board performance, such as Board composition, information and process. Each member of the NC shall abstain from voting on any resolutions in respect of the assessment of his/her performance or re-nomination as a Director. The Board will act on the results of the performance evaluation, and in consultation with the NC, propose, where appropriate, that new members be appointed to the Board or seek the resignation of Directors. To assess the effectiveness of the Board as a whole, the factors evaluated by the NC include but are not limited to: i) The size and composition of the Board; ii) The discussion and decision-making processes of the Board (including the conduct of meetings by the Board); iii) The Board's access to information; iv) The accountability of the Board to the shareholders; v) The observation of risk management and internal control policies by the Board's access to information; and vi) The performance of the Board (including the Board's performance in relation to the discharge of its principal responsibilities in term of the quantitative and qualitative performance criteria).

CORPORATE GOVERNANCE REPORT

		To assess the contribution of each individual Director, the factors evaluated by the NC include but are not limited to: i) his/her participation at the meetings of the Board; ii) his/her ability to contribute to the discussion conducted by the Board; iii) his/her ability to evaluate the Company's strength and weaknesses and make informed business decisions; iv) his/her ability to interpret the Company's financial reports and contribute to the formulation of strategies, budgets and business plans that are compatible with the Group's vision and existing business strategy; v) his/her compliance with the policies and procedures of the Group; vi) his/her performance of specific tasks delegated to him/her; vii) his/her disclosure of any related person transactions or conflicts of interest; and viii) for Independent Directors, his/her independence from the Group and the management. No external facilitator was used in the evaluation process. The Board and the NC have endeavoured to ensure that the Directors possess the experience, knowledge and expertise critical to the Group's business.
	(b) Has the Board met its performance objectives?	The NC is of the view that the Board has met its performance objectives for FY2018.
Access to information		
6.1 6.2	What types of information does the Company provide to Independent Directors to enable them to understand its business, the business and financial environment as well as the risks faced by the Company? How frequently is the information provided?	**Table 6 – Types of Information Provided by Key Management Personnel to Independent Directors** | | **Information** | **Frequency** | | 1. | Board papers (with background or explanatory information relating to the matters brought before the Board, where necessary) | Half-yearly | | 2. | Updates to the Group's operations and the markets in which the Group operates in | Half-yearly | | 3. | Half-yearly and full year financial results | Half-yearly | | 4. | Reports on on-going or planned corporate actions | As and when, relevant | | 5. | Enterprise risk framework and internal auditors' ("**IA**") report(s) | Yearly | | 6. | Research report(s) | As and when, requested | | 7. | Shareholding statistics | As and when, requested | Key management personnel will also provide any additional material or information that is requested by Directors or that is necessary to enable the Board to make a balanced and informed assessment of the Group's performance, position and prospects.

CORPORATE GOVERNANCE REPORT

6.3 6.4	What is the role of the Company Secretary?	The role of the Company Secretary is as follows: • Ensuring the Board procedures are observed and that the Company's Constitution, relevant rules and regulations, including requirements of the Securities and Futures Act (Chapter 289) of Singapore, the Companies Act (Chapter 50) of Singapore and the Catalist Rules, are complied with; • Assisting the Chairman and the Board to implement and strengthen corporate governance practices, with a view to enhancing long-term shareholder value; • Assisting the Chairman to ensure good information flows within the Board and its committees and key management personnel; • Designing and implementing a framework for key management personnel's compliance with the Catalist Rules, including timely disclosure of material information; • Attending and preparing minutes for all Board meetings; • Coordination and liaison between the Board, the Board Committees and key management personnel; and • Assisting the Chairman, the Chairman of each Board Committee and key management personnel in the development of the agendas for the various Board and Board Committee meetings. The appointment and the removal of the Company Secretary are subject to the approval of the Board. All Directors have separate and independent access to the Company Secretary. Where the directors, whether individually or collectively, require independent professional advice in furtherance of their duties, the Company Secretary will assist in appointing a professional advisor to render the advice and keep the Board informed of such advice. The cost of obtaining such professional advice will be borne by the Company.

CORPORATE GOVERNANCE REPORT

REMUNERATION MATTERS		
Developing Remuneration Policies		
7.1 7.2 7.4	What is the role of the RC?	Please refer to Table 1.3 for the names of the members and the composition of the RC. The terms of reference of the RC include, *inter alia*, the following: • Review and recommend to the Board a general framework of remuneration and specific remuneration packages for each Director and key management personnel; • Review and approve the remuneration of the non-executive directors of our subsidiaries; • Review and recommend to the Board the service contracts of Executive Directors and key management personnel and ensure that such services contracts are fair and not excessively long or with onerous renewal/termination clauses; and • Review and recommend on the compensation arrangements for the loss or termination of office, or dismissal or removal of the Executive Directors and key management personnel.
7.3	Were remuneration consultants engaged in the last financial year?	No remuneration consultants were engaged by the Company in FY2018.
Level and Mix of Remuneration		
8.1	Measures for assessing the performance of executive director and key management personnel	The annual review of the compensation is carried out by the RC to ensure that the remuneration of the Executive Directors and key management personnel are commensurate with their performance, giving due regard to the financial and commercial health and business needs of the Group. The performance of the Executive Directors (together with other key management personnel) is reviewed periodically by the RC and the Board. The remuneration of the Executive Directors and the key management personnel consists of fixed salary and allowances. There was no variable compensation paid based on the level of achievement of corporate and individual performance objectives in FY2018. In addition, the Company has put in place the Anchor Resources Performance Share Plan ("**Performance Share Plan**" or "**PSP**") to reward key management for meeting their key performance indicators.

CORPORATE GOVERNANCE REPORT

8.2	Were long term incentive schemes given to executive director and key management personnel?	As mentioned above, the Company currently has in place the Performance Share Plan as a compensation scheme to promote higher performance goals and recognise exceptional achievements by individuals who have contributed to the Group's growth. The Company does not have long-term incentive schemes. The Performance Share Plan was last renewed at the AGM of the Company on 30 April 2018.
8.3	How the remuneration of non-executive directors is determined?	The Board concurred with the RC that the proposed directors' fees for the year ended 31 December 2018 is appropriate and that the Non-Executive Directors receive directors' fees in accordance with their level of contributions, taking into account factors such as effort and time spent for serving on the Board and Board Committees, as well as the responsibilities and obligations of the directors. The Company also recognises the need to pay competitive fees to attract, motivate and retain directors without being excessive to the extent that their independence might be compromised. Directors' fees are recommended by the Board for approval by the shareholders at the AGM of the Company.
8.4	Are there any contractual provisions to allow the company to reclaim incentive components of remuneration from executive directors and key management personnel in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the company?	Having reviewed and considered the variable components of the Executive Directors and the key management personnel, which are moderate, the RC is of the view that there is no requirement to institute contractual provisions to allow the Company to reclaim incentive components of their remuneration paid in prior years in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss. In addition, the Executive Directors owe a fiduciary duty to the Company. The Company should be able to avail itself to remedies against the Executive Directors in the event of such breach of fiduciary duties.

CORPORATE GOVERNANCE REPORT

Disclosure on Remuneration		
9	What is the Company's remuneration policy?	The Company's remuneration policy is one that seeks to attract, retain and motivate talent to achieve the Company's business vision and create sustainable value for its stakeholders. The policy articulates to staff the link on total compensation has to achievement of organisational and individual performance objective, and benchmarked against relevant and comparative compensation in the market.
9.1 9.2	Has the Company disclosed each Director's and the CEO's remuneration as well as a breakdown (in percentage or dollar terms) into base/fixed salary, variable or performance related income/bonuses, benefits in kind, stock options granted, share-based incentives and awards, and long-term incentives? If not, what are the reasons for not disclosing so?	The breakdown for the remuneration of the Directors in FY2018 is as follows:

Table 9 – Directors' Remuneration

Name	Salary (%)[1]	Allowance (%)[1]	Director's Fees (%)	Total (%)
Above S$250,000 and below S$500,000				
Mr. Lim Chiau Woei	78	3	19	100
Below S$250,000				
Dr. Wilson Tay Chuan Hui	–	–	100	100
Mr. Chan Koon Mong	76	24	–	100
Ms. Ch'ng Li Ling	–	–	100	100
Mr. Gavin Mark McIntyre	–	–	100	100
Dr. Foo Fatt Kah[2]	–	–	100	100

Notes:

(1) The Salary and Allowance amounts shown are inclusive of Malaysia Employees Provident Fund, Malaysia Social Security Organisation and Singapore Central Provident Fund.

(2) Dr. Foo Fatt Kah was appointed as Non-Executive Director of the Company on 28 February 2018.

There were no termination, retirement and post-employment benefits that may be granted to Directors and key management personnel in FY2018.

After reviewing the industry practice and analysing the advantages and disadvantages in relation to the disclosure of remuneration of each Director and key management personnel, the Company is of the view that such disclosure would be prejudicial to its business interest given the highly competitive environment in the Group operates in.

CORPORATE GOVERNANCE REPORT

<table>
<tr>
<td>9.3</td>
<td>(a) Has the Company disclosed each key management personnel's remuneration, in bands of S$250,000 or more in detail, as well as a breakdown (in percentage or dollar terms) into base/ fixed salary, variable or performance-related income/ bonuses, benefits in kind, stock options granted, share-based incentives and award, and other long-term incentives? If not, what are the reasons for not disclosing so?

b) Please disclosed the aggregate remuneration paid to the top five key management personnel (who are not Directors or the CEO).</td>
<td>During FY2018, the Company only had four key management personnel (who are not Directors or the Managing Directors).

The breakdown for the remuneration of the Company's key management personnel (who are not Directors or the Managing Director) in FY2018 is as follows:

<table>
<tr><th colspan="5">Table 9.3 – Remuneration of Key Management Personnel</th></tr>
<tr><th>Name</th><th>Salary (%)(1)</th><th>Allowance (%)(1)</th><th>PSP (%)</th><th>Total (%)</th></tr>
<tr><td>Below S$250,000</td><td></td><td></td><td></td><td></td></tr>
<tr><td>Ooi Hooi Kiang(2)</td><td>81</td><td>19</td><td>–</td><td>100</td></tr>
<tr><td>Fan Ngee Shin(3)</td><td>78</td><td>22</td><td>–</td><td>100</td></tr>
<tr><td>Teoh Yee Kian</td><td>80</td><td>20</td><td>–</td><td>100</td></tr>
<tr><td>Chong Poh Leong</td><td>81</td><td>19</td><td>–</td><td>100</td></tr>
</table>

(1) The Salary and Allowance amounts shown are inclusive of Malaysia Employees Provident Fund, Malaysia Social Security Organisation.
(2) Ms. Ooi Hooi Kiang ceased to be a Chief Financial Officer of the Company on 31 October 2018. As such, her remuneration is paid up to 31 October 2018.
(3) Mr. Fan Ngee Shin ceased to be a General Manager (Corporate and Operations) of the Company on 31 October 2018. As such, his remuneration is paid up to 31 October 2018.

The total remuneration paid to the four key management personnel in FY2018 was RM946,163 (equivalent to S$311,699 based on exchange rate of S$1 to MYR3.0355 as at 31 December 2018).

There were no termination, retirement and post-employment benefits that may be granted to the key management personnel during FY2018.</td>
</tr>
<tr>
<td>9.4</td>
<td>Is there any employee who is an immediate family member of a Director or the CEO and whose remuneration exceeds S$50,000 during the financial year? If so, please identify the employee and specify the relationship with the relevant Director or the CEO.</td>
<td>There was no employee of the Group who was an immediate family member of a Director or the CEO whose remuneration exceeded S$50,000 in FY2018.</td>
</tr>
<tr>
<td>9.5</td>
<td>Please provide details of the employee share scheme(s).</td>
<td>The Company currently has in place a Performance Share Plan as a compensation scheme to promote higher performance goals and recognise exceptional achievement by individuals who have contributed to the Group's growth.

The Performance Share Plan was last renewed at the AGM of the Company on 30 April 2018.

Further information on the Performance Share Plan are set out on pages 50 to 53 of this Annual Report.</td>
</tr>
</table>

CORPORATE GOVERNANCE REPORT

<table>
<tr><td rowspan="2">9.6</td><td>(a) Please describe how the remuneration received by Executive Directors and key management personnel has been determined by the performance criteria.</td><td>The remuneration received by the Executive Directors and key management personnel takes into consideration his or her individual performance and contribution toward the overall performance of the Group during the financial year under review. Their remuneration is made up of fixed compensations. The fixed compensation consists of an annual base salary and allowances. Any variable compensation is determined based on the level of achievement of corporate and individual performance objectives.</td></tr>
<tr><td>(b) What were the performance conditions used to determine their entitlement under the short term and long term incentive schemes?</td><td>The following performance conditions were chosen for the Group to remain competitive and to motivate the Executive Directors and key management personnel to work in alignment with the goals of all stakeholders:
<table>
<tr><td colspan="3">Table 9.6 (b)</td></tr>
<tr><td>Performance Conditions</td><td>Short-term Incentives
(Such as performance bonus)</td><td>Long-term Incentives
(Such as PSP)</td></tr>
<tr><td colspan="3">Executive Directors</td></tr>
<tr><td>Qualitative</td><td>1. Leadership
2. People development
3. Commitment
4. Teamwork
5. Current market and industry practices.</td><td>1. Commitment
2. Current market and industry practices</td></tr>
<tr><td>Quantitative</td><td>1. Relative financial performance of the Group in terms of profit to its industry peers
2. Performance of the Group in terms of meeting production targets</td><td>1. Relative financial performance of the Group in terms of profit to its industry peers
2. Performance of the Group in terms of meeting production targets</td></tr>
<tr><td colspan="3">Management Personnel</td></tr>
<tr><td>Qualitative</td><td>1. Leadership
2. People development
3. Commitment
4. Teamwork
5. Current market and industry practices</td><td>1. Commitment
2. Current market and industry practices</td></tr>
<tr><td>Quantitative</td><td>1. Relative financial performance of the Group in terms of profit to its industry peers
2. Performance of the Group in terms of meeting production targets</td><td>1. Relative financial performance of the Group in terms of profit to its industry peers
2. Performance of the Group in terms of meeting production targets</td></tr>
</table></td></tr>
<tr><td></td><td>(c) Were all of these performance conditions met? If not, what were the reasons?</td><td>Yes, the RC has reviewed and satisfied itself that performance conditions were met for FY2018.</td></tr>
</table>

CORPORATE GOVERNANCE REPORT

ACCOUNTABILITY AND AUDIT		
Accountability		
10.1 10.2 10.3	The Board should present to provide a balanced and understandable assessment of the company's performance, position and prospects extends to interim and other price sensitive public report, and reports to regulators (if required).	The Board understands its accountability to the shareholders on the Group's position, performance and prospects. The Board ensures that all material information is fully disclosed in a timely manner to shareholders in compliance with statutory and regulatory requirements and strives to provide its shareholders a balanced and understandable assessment of the Group's performance, position and prospects. Management provides appropriately detailed management accounts of the Group's performance on a half-yearly basis to the Board to enable the Board to make a balanced and informed assessment of the Group's performance, position and prospects. As and when circumstances arise, the Board can request management to provide any necessary explanation and/or information on the management accounts of the Group.
Risk Management and Internal Controls		
11.1 11.2 11.4	The Board is responsible for the governance of risk. The Board should ensure that Management maintains a sound system of risk management and internal control to safeguard shareholders' interest and the company's assets, and should determine the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objectives.	The Board acknowledges that it is responsible for the governance of risks and the overall internal control framework but recognises that no cost effective internal control system will preclude all errors and irregularities, as a system is designed to manage rather that eliminate the risk of failure to achieve business objective and can provide only reasonable and not absolute assurance against material misstatements or loss. Risk assessment and evaluation has become an essential part of the business planning and monitoring process. Having identified the risks to the achievement of the Group's strategic objectives, each business unit is required to document the mitigating actions in place and/or proposed in respect of each significant risk. Risk awareness and ownership of risk treatments are also continuously fostered across the organisation. An external risk consultant has been appointed to enhance the Enterprise Risk Management ("**ERM**") Framework of the Group which outlines the risk reporting structure, risk management policies, risk management process and integration of risk management into key business activities and functions. The Group currently does not have a Risk Management Committee but the Management regularly reviews the Group's operating and business activities to identify areas of significant business risk as well as appropriate measure to control and mitigate these risks. The management reviews all the significant control policies and procedures and highlights all significant findings and matters to Directors and AC. The Board is ultimately responsible for the Group's risk management.

CORPORATE GOVERNANCE REPORT

		On an annual basis, the internal auditor ("**IA**"), Axcelasia Columbus Sdn Bhd, prepares the internal audit plan taking into consideration the risks identified which is approved by the AC. During FY2018, the AC reviewed the reports submitted by the IA relating to the audits conducted to assess the adequacy and the effectiveness of the Group's risk management and the internal control systems put in place, including financial, operational, compliance and information technology controls. Any material non-compliance or lapses in internal controls, together with recommendation for improvement are reported to the AC. A copy of the report is also issued to the relevant department for its follow-up action. The timely and proper implementation of all required corrective, preventive or improvement measures are closely monitored.
11.3	(a) In relation to the major risks faced by the Company, including financial, operational, compliance, information technology and sustainability, please state the bases for the board's view on the adequacy and effectiveness of the Company's internal controls and risk management systems.	The Board, with the concurrence of the AC, is of the view that the Company's internal controls (including financial, operational, compliance and information technology controls) and risk management systems were adequate and effective in FY2018. The bases for the Board's view are as follows: • Assurance had been received from the MD and Chief Financial Officer ("**CFO**"); • Based on the internal controls established and maintained by the Group, work performed by the internal and external auditors, and reviews performed by the key management personnel and the Board; and • Discussion held between the AC and external auditor in the absence of the key management personnel to review and address any potential concerns on 22 February 2019.
	(b) In respect of the past 12 months, has the Board received assurance from the CEO and the CFO as well as the IA that: (i) the financial records have been properly maintained and the financial statements present fairly, in all material respects, the state of affairs of the Group and of the Company; and (ii) the Company's risk management and internal control systems are effective? If not, how does the Board assure itself of points (i) and (ii) above?	Yes, the Board has obtained such assurance from the MD and CFO in respect of FY2018. In addition, the IA had met up with the AC on 22 February 2019 to brief the AC on the internal controls matters and highlighted to the AC the issues identified and management responses. The Board has additionally relied on the IA's report in respect of issues to the Company as assurances that the Company's risk management and internal control systems are effective and adequate.

CORPORATE GOVERNANCE REPORT

Audit Committee		
12.1 12.2 12.3 12.4	What is the role of the AC?	The terms of reference of the AC include, *inter alia*, the following: • Assist our Board in the discharge of its responsibilities on financial reporting matters; • Review, with the internal and external auditors, the audit plans, scope of work, their evaluation of the system of internal accounting controls, their management letter and our management's response and results of our audits compiled by our internal and external auditors; • Review the half-yearly and annual financial statements and results announcements before submission to our Board for approval, focusing in particular, on changes in accounting policies and practices, major risk areas, significant adjustments resulting from the audit, the going concern statement, compliance with financial reporting standards as well as compliance with the Catalist Rules and other statutory/regulatory requirements; • Review the effectiveness and adequacy of the Group's internal controls and procedures including accounting and financial controls and procedures and ensure coordination between the internal and external auditors, and the management, reviewing the assistance given by the management to the auditors, and discuss problems and concern, if any, arising from the interim and final audits, and any matters which the auditors may wish to discuss (in the absence of our management where necessary); • Make recommendation to the Board on the proposals to the Shareholders on the appointment, re-appointment and removal of the external auditors, and approving the remuneration and terms of engagement of the external auditors; • Review significant financial reporting issues and judgements with the CFO and the external auditors so as to ensure the integrity of the financial statements of our Group and any formal announcements relating to our Group's financial performance before their submission to our Board of Directors; • Review and report to the Board at least annually the adequacy and effectiveness of the Group's material internal controls and with the CFO and the internal and external auditor, including financial, operation, compliance and information technology controls via reviews carried out by the internal auditors; • Review and approve transactions falling within the scope of Chapter 9 (Interested Person Transaction) and Chapter 10 (Acquisition and Realisation) of the Catalist Rules (if any); • Review any potential conflict of interest; • Review and approve all hedging policies and instruments (if any) to be implemented to our Group;

CORPORATE GOVERNANCE REPORT

		• Review and establish procedures for receipt, retention and treatment of complaints received by our Group, *inter alia*, criminal offences involving our Group or its employees, questionable accounting, auditing, business, safety or other matters that impact negatively on our Group; and • Undertake such other functions and duties as may be required by statute or the Catalist Rules, and by such amendments made thereto from time to time. The Board considers that Mr. Gavin Mark McIntyre, who has extensive and practical accounting and auditing knowledge and experience, is well qualified to chair the AC. The members of the AC, collectively, have expertise or experience in accounting and related financial management and are qualified to discharge the AC's responsibilities. The AC has explicit authority to investigate any matter within its terms of reference. It has full access to, and the co-operation of the Management and full discretion to invite any Executive Director or key management personnel to attend its meetings. The AC has adequate resources, including access to external consultants and auditors, to enable it to discharge its responsibilities properly.
12.5	Has the AC met with the auditors in the absence of key management personnel?	The AC had met and discussed with the external and internal auditors 1 time in the absence of key management personnel in FY2018. Post FY2018, the AC had also met with the external auditor ("**EA**") and IA in the absence of key management personnel on 22 February 2019.
12.6	Has the AC reviewed the independence of the external auditor?	The AC had reviewed the non-audit services provided by the EA and is satisfied that the nature and extent of such services would not prejudice the independence of the EA, and has recommended the re-appointment of the EA at the forthcoming AGM.
	(a) Please provide a breakdown of the fees paid in total to the external auditor for audit and non-audit services for the financial year.	**Table 12.6 (a) – Fees Paid/Payable to the external auditor for FY2018** | | **RM** | **% of total** | | Audit fees | 158,934 | 85 | | Non-audit fees – Tax compilation service fees | 27,787 | 15 | | **Total** | **186,721** | **100** | All payments in Singapore Dollars are based on exchange rate of S$1 to MYR3.0355 as at 31 December 2018.
	(b) If the external auditor has supplied a substantial volume of non-audit services to the Company, please state the bases for the AC's review on the independence of the external auditor.	The non-audit services rendered during FY2018 were related to fees as independent reporting auditors in connection with tax compilation service fees. The tax compilation service fees were not substantial. The AC had reviewed and is of the view that the nature and extent of such services will not prejudice the independence of the external auditors.

CORPORATE GOVERNANCE REPORT

12.7	Does the Company have a whistle-blowing policy?	The Company has put into place whistle-blowing framework endorsed by the AC, where employees of the Company may, in confidence, raise concerns about possible corporate improprieties in matters of financial reporting or other matters by submitting a whistle blowing report to drwilsontay@gmail.com.
12.8	What are the AC's activities or the measures it has taken to keep abreast of changes to accounting standards and issues which have a direct impact on financial statements?	The AC was briefed by the EA on changes to the financial reporting standards, as well as the relevant sections of the Companies Act which have a direct impact on the financial statements.
12.9	Are any of the members of the AC (i) a former partner or director of the Company's existing auditing firm or auditing corporation within the previous 12 months and (ii) holding any financial interest in the auditing firm or auditing corporation?	None of the members of the AC (i) is a former partner or director of the Company's existing auditing firm or audit corporation within the previous 12 month and (ii) holds any financial interest in the auditing firm or auditing corporation.
Internal Audit		
13.1 13.2 13.3 13.4 13.5	Please provide details of the Company's internal audit function, if any.	During the financial year under review, the Company engaged Axcelasia Columbus Sdn Bhd to conduct an internal control review. The IA reported to the AC on the findings and the management responses on the findings on 15 February 2019. The AC is satisfied that IA is adequately qualified (given, *inter alia*, its adherence to standards set by internationally recognised professional bodies) and resourced and has the appropriate standing in the Company to discharge its duties effectively.
SHAREHOLDER RIGHTS AND RESPONSIBILITIES		
Shareholder Rights		
14.1 14.2 14.3	Does the Company recognise, protect and facilitate the exercise of shareholder's rights and continually review and update such governance arrangements?	The Company recognises the importance of maintaining transparency and accountability to its shareholders. The Board ensures that all the Company's shareholders are treated equitably and the rights of all investors, including non-controlling shareholders are protected. The Company is committed to providing shareholders with adequate, timely and sufficient information pertaining to changes in the Company's business which could have a material impact on the Company's share price. Shareholders are entitled to attend the general meetings of shareholders and given the opportunity to participate effectively in and vote at general meetings of shareholders.

CORPORATE GOVERNANCE REPORT

Communication with Shareholders		
15.1 15.2 15.3 15.4	(a) Does the Company regularly communicate with shareholders and attend to their questions? How often does the Company meet with institutional and retail investors?	The Company does not have an investor relation policy. However, the Company is committed to good corporate governance and transparency by disclosing to its stakeholders, including its shareholders, in a timely, fair and transparent manner. All material information on the performance and development of the Group and of the Company is disclosed in an accurate and comprehensive manner through SGXNET.
	(b) Is this done by a dedicated investor relations team (or equivalent)? If not, who performs this role?	The Company has engaged an investor relation firm to assist the Company in its investors relation activities.
	(c) How does the Company keep shareholders informed of corporate developments, apart from SGXNET announcements and the annual report?	Apart from the SGXNET announcements and its annual report, the Company updates shareholders on its corporate developments through its corporate website at www.angkaalam.com.
15.5	Does the Company have a dividend policy?	The Company does not have a fixed dividend policy. The form, frequency and amount of dividends that the Director may recommend or declare in respect of any particular financial year or period will be subject to, *inter alia*, the Group's level of cash and retained earnings, actual and projected financial performance, projected levels of capital expenditure and expansion plans, working capital requirements and general financing condition, and any restrictions on payment of dividends imposed by the Group's financing arrangements.
	Is the Company is paying dividends for the financial year? If not, please explain why.	The Board has not declared or recommended any dividend for FY2018, as the Board wants to ensure that there are adequate resources to further the development of the gold mine and processing capacities.

CORPORATE GOVERNANCE REPORT

CONDUCT OF SHAREHOLDER MEETINGS		
16.1 16.3 16.4 16.5	How are the general meetings of shareholders conducted	The Company's Constitution allows for abstentia voting. The Company requires all Directors (including the respective chairman of the Board Committees) to be present at all general meetings of shareholders, unless of exigencies. The external auditor is also required to be present to address shareholders' queries about the conduct of audit and the preparation and content of the independent auditor's report. In compliance with Rule 730A(2) of the Catalist Rules, resolutions tabled at general meetings of shareholders will be put to vote by poll, the procedures of which will be explained by the appointed scrutineer(s) at the general meetings. The detailed voting results, including the total number of votes cast for or against each resolution tabled, will be announced immediately at the general meeting of shareholders and via SGXNET. All minutes of general meetings will be made available to shareholders upon their request after the general meetings.

COMPLIANCE WITH APPLICABLE CATALIST RULES		
Catalist Rule	**Rule Description**	**Company's Compliance or Explanation**
712, 715 or 716	Appointment of Auditors	The Company confirms its compliance to the Catalist Rules 712 and 715.
1204(8)	Material Contracts	Save as previously announced by the Company via SGXNET, there are no material contracts entered into by the Group involving the interest of any Director or controlling shareholder, which are either still subsisting at the end of FY2018 or if not then subsisting, entered into since the end of the previous financial year.
1204(10)	Confirmation of Adequacy of Internal Controls	The Board and the AC are of the opinion that the internal controls are adequate to address the financial, operational, compliance and information technology risks in FY2018 based on the following: • internal controls procedures established by the Company; • works performed by the IA and EA during FY2018; • assurance from the MD and CFO; and • reviews done by the various Board Committees and key management personnel.

CORPORATE GOVERNANCE REPORT

1204(10C)	AC's comment on Internal Audit Function	Pursuant to its review, the AC is of the view that the Group's internal audit function is independent, effective and adequately resourced.
1204(17)	Interested Person Transaction ("**IPT**")	The Group has procedures governing all IPTs to ensure that they are properly documented and reported in a timely manner to the AC and they are carried out on normal commercial terms and are not prejudicial to the interests of the Company and its minority shareholders. The Company does not have a general mandate from its shareholders for IPTs. There were no IPTs with a value of more than S$100,000 transacted during FY2018.
1204(19)	Dealing in Securities	The Company has adopted an internal policy which prohibits the Company, its Directors and officers from dealing in the securities of the Company while in possession of price-sensitive information. The Company, its Directors and employees are also expected to observe insider trading laws at all times even when dealing in securities within the permitted trading period. In addition, the Company, its Directors and employees are expected not to deal in the Company's securities on short term considerations and they are also prohibited from dealing in the Company's securities during the period beginning one month before the announcement of the Company's half-year and full-year financial statements respectively and ending on the date of the announcement of the relevant results.
1204(21)	Non-sponsor Fees	The Company is currently under the SGX-ST Catalist sponsor-supervised regime. The Continuing Sponsor of the Company is UOB Kay Hian Private Limited ("**UOBKH**"). For FY2018, there are no non-sponsor fees paid to UOBKH (and its affiliates).

CORPORATE GOVERNANCE REPORT

<table>
<tr>
<td>1204(22)</td>
<td>Use of Proceeds</td>
<td>
Placement of 43,478,261 new ordinary shares in the capital of the Company (the "Placement")

On 17 January 2019, the Company completed a placement exercise to Ms Gao Jingxian, resulting in the issuance of 43,478,261 new ordinary shares in the capital of the Company and raising gross proceeds of S$1,000,000. Please refer to the Company's announcements dated 12 December 2018 and 17 January 2019 for further details.

As at 9 April 2019, the status on the use of the placement proceeds is as follow:
<table>
<tr><th>Purpose</th><th>Amount allocated S$'000</th><th>Amount Utilised S$'000</th><th>Balance S$'000</th></tr>
<tr><td>General working capital(1)</td><td>1,000</td><td>(704)</td><td>296</td></tr>
<tr><td>Total</td><td>1,000</td><td>(704)</td><td>296</td></tr>
</table>
Note:
(1) For general corporate and administrative expenses.
</td>
</tr>
<tr>
<td>711A and 711B</td>
<td>Sustainability Report</td>
<td>
Under Practice Note 7F (Sustainability Report Guide) issued by the SGX-ST, the Board should determine the environmental, social and governance factors ("ESG Factors") identified as material to the Group's business and ensure that they are monitored and managed. The Board has ultimate responsibility for the Company's sustainability reporting.

The Group conducted its maiden formal assessment exercise in FY2017 and has continued its assessment during FY2018. The assessment process takes reference from Global Reporting Initiative Standards ("GRI Standards") reporting guidelines.

Dsiclosure on the material ESG factors identified and assessed during FY2018 will be made with reference to the GRI Standards framework. A full sustainability report will be made available on or before 31 May 2019 in accordance with Rule 711A.
</td>
</tr>
</table>

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Dr. Wilson Tay Chuan Hui and Mr. Lim Chiau Woei are the Directors seeking re-election at the forthcoming annual general meeting of the Company to be convened on Tuesday, 30 April 2019 at 10.30 a.m., ("**AGM**") (collectively, the "**Retiring Directors**" and each a "**Retiring Director**").

Pursuant to Rule 720(5) of the Catalist Rules of the SGX-ST, the information relating to the Retiring Directors as set out in Appendix 7F to the Catalist Rules of the SGX-ST is set out below:

	DR. WILSON TAY CHUAN HUI	**MR. LIM CHIAU WOEI**
Date of appointment	18 December 2015	12 August 2015
Date of last re-appointment	28 April 2017	28 April 2017
Age	68	46
Country of principal residence	Malaysia	Malaysia
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The Board of Directors of the Company has considered, among others, the recommendation of the Nominating Committee ("**NC**") and has reviewed and considered the qualification, work experience and suitability of Dr. Wilson Tay Chuan Hui for re-appointment as Non-Executive Chairman and Lead Independent Director of the Company. The Board have reviewed and concluded that Dr. Wilson Tay Chuan Hui possesses the experience, expertise, knowledge and skills to contribute towards the core competencies of the Board.	The Board of Directors of the Company has considered, among others, the recommendation of the NC and has reviewed and considered the qualification, work experience and suitability of Mr. Lim Chiau Woei for re-appointment as Managing Director of the Company. The Board have reviewed and concluded that Mr. Lim Chiau Woei possesses the experience, expertise, knowledge and skills to contribute towards the core competencies of the Board.
Whether appointment is executive, and if so, the area of responsibility	Non-Executive	Executive responsible for overseeing overall strategic directions and expansion plans for the growth and development of the Group, including sourcing investment opportunities to promote the growth of the Group's Business. Maintaining relationships with the Group's customers and suppliers and overseeing the Group's general operations.
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Non-Executive Chairman and Lead Independent Director, Chairman of the Remuneration Committee, member of the Nominating Committee and Audit Committee	Managing Director

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	DR. WILSON TAY CHUAN HUI	MR. LIM CHIAU WOEI
Working experience and occupation(s) during the past 10 years	December 2015 to present, Non-Executive Chairman and Lead Independent Director of Anchor Resources Limited. 2016 to present, CEO and Principal Consultant of MindQuest Consulting & Coaching. January 2012 to December 2013, Professor and Dean of the Faculty of Business, Communications and Law at the INTI International University. November 2005 to December 2009, CEO and Head of Professional Development Centre at Malaysian Institute of Management. January 2010 to February 2012, CEO and Principal Consultant of Omni View Consulting Sdn. Bhd.	August 2015 to present, Managing Director of Anchor Resources Limited. December 2007 to present, director of Gabungan Granite Terangganu Sdn. Bhd.
Shareholding interest in the listed issuer and its subsidiaries	No	Direct interest: 306,263,319 Deemed interest: 115,415,862
Any relationship (including immediate family relationships with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	No	No
Conflict of Interest (including any competing business)	No	No
Undertaking (in the format set out in Appendix 7H) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes
Other Principal Commitments* Including Directorships# (for the last 5 years)	Present Vistage Malaysia Sdn. Bhd. Past Versalink Holdings Limited Harrison Assesment (Malaysia) Sdn. Bhd. Omniview Consulting (M) Sdn. Bhd.	Present Angka Alamjaya Sdn. Bhd. Angka Mining Sdn. Bhd. Angka Marketing Pte. Ltd. GGTM Sdn. Bhd. Stonetrade Sdn. Bhd. Gabungan Granite (Terengganu) Sdn. Bhd. EH Management Sdn. Bhd. Sandredge Sdn. Bhd. WA Consolidated Private Limited

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	DR. WILSON TAY CHUAN HUI	MR. LIM CHIAU WOEI
Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is "yes", full details must be given.		
(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No	No
(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No	No
(c) Whether there is any unsatisfied judgment against him?	No	No
(d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	DR. WILSON TAY CHUAN HUI	MR. LIM CHIAU WOEI
(e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No
(f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No
(g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No
(h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	DR. WILSON TAY CHUAN HUI	MR. LIM CHIAU WOEI
(i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No
(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:- (i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; (ii) or any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; (iii) or any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or	No	No
(iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	No	No

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	DR. WILSON TAY CHUAN HUI	MR. LIM CHIAU WOEI
(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No	No
Disclosure applicable to the appointment of Director only		
Any prior experience as a director of a listed company? If yes, please provide details of prior experience. If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange. Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable).	N.A.	N.A.

CORPORATE SOCIAL RESPONSIBILITY POLICY STATEMENT

1. SOCIAL RESPONSIBILITY POLICY

The Group is committed to being a responsible corporate citizen and consider the physical and human environment when making our business decisions. We endeavor to have a positive impact on the communities in the areas where we operate both socially and economically.

We uphold the following principles and responsibilities of good corporate citizenship in realising our commitments:

- Provide our staff with comfortable and responsible working conditions and treat them with dignity and respects.
- Strive to achieve high degree of trust with all stakeholders and would conduct our business honestly and ethically. This includes complying with all applicable laws in places we conduct our businesses.
- Strive to protect human health and preservation of the environment in each phase of our operating activity by implementing high standards of environment, health and safety policies.
- Contribute to local communities by providing working opportunities, donating to the less fortunate local residents and participating in local community projects.
- Providing sufficient resources to train and develop our staff to be better persons.

2. ENVIRONMENT, HEALTH AND SAFETY POLICY

The Group intends to achieve high standards of compliance with regard to environment, health and safety matters. In achieving this we are committed to the followings:

- Apply safety management in design, planning and development of all projects developments and operations.
- Develop and implement safe working procedures.
- Ensure compliance to all applicable laws related to environment, health and safety.
- Provide continuous training to all staff to elevate their alertness to issues related to environment, health and safety.
- Ensure installation of appropriate system and all chemicals are discharged in a safe manner and will not bring harm to the environment.
- Conduct audits to ensure that policies and procedures related to environment, health and safety are being adhered to by both internal staff and external contractors.

PERFORMANCE SHARE PLAN (PSP)

Objectives of the PSP

The objectives of the PSP are as follows:

(a) to foster an ownership culture within our Group which aligns the interests of our employees with the interests of shareholders;

(b) motivate participants of the PSP to achieve our key financial and operational goals; and

(c) make total employee remuneration sufficiently competitive to recruit and retain staff having skills that are commensurate with our ambition to become a world-class company.

Summary of PSP

A summary of the rules of the PSP is set out as follows:

(1) Participants

Group Executives who have attained the age of 21 years and hold such rank as may be designated by our Remuneration Committee from time to time shall be eligible to participate in the PSP.

Controlling Shareholders of our Company or associates of such Controlling Shareholders who meet the criteria above are also eligible to participate in the PSP if their participation and awards are approved by independent Shareholders in separate resolutions for each such person and for each such award.

The selection of a participant and the number of Shares which are the subject of each Award to be granted to a participant in accordance with the PSP shall be determined at the absolute discretion of our Remuneration Committee, which shall take into account criteria such as his rank, job performance and potential for future development, his contribution to the success and development of our Group and, if applicable, the extent of effort to achieve the performance target(s) within the performance period.

(2) Administration

The PSP shall be administered by the Remuneration Committee with such powers and duties conferred to it by the Board. A member of the Remuneration Committee who is also a participant of the PSP must not be involved in its deliberation in respect of the Award granted or to be granted to him.

(3) Size of PSP

The aggregate number of Shares which may be issued or transferred pursuant to Awards granted under the PSP, when aggregated with the aggregate number of Shares over which options are granted under any other share option schemes of our Company, shall not exceed 15.0% of the total number issued Shares (excluding Shares held by our Company as treasury shares) from time to time.

PERFORMANCE SHARE PLAN (PSP)

(4) Maximum entitlements

Subject to the following, the aggregate number of Shares which may be issued or transferred pursuant to awards granted under the PSP shall be determined by our Remuneration Committee:

(a) the aggregate number of Shares which may be issued or transferred pursuant to Awards under the PSP to participants who are Controlling Shareholders and their associates shall not exceed 25.0% of the Shares available under the PSP; and

(b) the number of Shares which may be issued or transferred pursuant to Awards under the PSP to each participant who is a Controlling Shareholder or his associate shall not exceed 10.0% of the Shares available under the PSP.

(5) Awards

Awards represent the right of a participant to receive fully paid Shares free of charge, provided that certain prescribed performance targets (if any) are met and upon expiry of the prescribed performance period.

Shares which are allotted and issued or transferred to a participant pursuant to the release of an Award shall not be transferred, charged, assigned, pledged or otherwise disposed of, in whole or in part, during a specified period (as prescribed by our Remuneration Committee in the award letter), except to the extent approved by our Remuneration Committee.

(6) Details of Awards

Our Remuneration Committee shall decide, in relation to each award to be granted to a participant:

(a) the date on which the Award is to be granted;

(b) the number of Shares which are the subject of the Award;

(c) the performance target(s) and the performance period during which such performance target(s) are to be satisfied, if any;

(d) the extent to which Shares, which are the subject of that Award, shall be released on each prescribed performance target(s) being satisfied (whether fully or partially) or exceeded or not being satisfied, as the case may be, at the end of the performance period; and

(e) any other condition which our Remuneration Committee may determine in relation to that Award.

(7) Timing of Awards

While our Remuneration Committee has the discretion to grant Awards at any time in the year, it is currently anticipated that awards would in general be made once a year. An award letter confirming the Award and specifying (inter alia) the number of Shares which are the subject of the Award, the prescribed performance target(s), the performance period during which the prescribed performance target(s) are to be attained or fulfilled and the schedule setting out the extent to which Shares will be released on satisfaction of the prescribed performance target(s), will be sent to each participant as soon as reasonably practicable after the making of an Award.

PERFORMANCE SHARE PLAN (PSP)

(8) Vesting of Awards

Subject to the applicable laws, our Company will deliver Shares to participants upon vesting of their Awards by way of either (i) an issue of new Shares; or (ii) a transfer of Shares then held by our Company in treasury.

In determining whether to issue new Shares to participants upon vesting of their awards, our Company will take into account factors such as (but not limited to) the number of Shares to be delivered, the prevailing market price of the Shares and the cost to our Company of issuing new Shares or delivering existing Shares.

The financial effects of the above methods are discussed below.

(9) Termination of Awards

Special provisions in the rules of the PSP deal with the lapse or earlier vesting of awards apply in circumstances which include the termination of the participant's employment, the bankruptcy of the participant and the winding-up of our Company.

(10) Rights of Shares arising

New Shares allotted and issued and existing Shares procured by our Company for transfer on the release of an Award shall be eligible for all entitlements, including dividends or other distributions declared or recommended in respect of the then existing Shares, the record date for which is on or after the relevant date of issue or, as the case may be, delivery, and shall in all other respects rank pari passu with other existing Shares then in issue.

(11) Duration of the PSP

The PSP shall continue in force at the discretion of our Remuneration Committee, subject to a maximum period of 10 years commencing on the date on which the PSP is adopted by our Company in general meeting, provided always that the PSP may continue beyond the above stipulated period with the approval of Shareholders in general meeting and of any relevant authorities which may then be required.

Notwithstanding the expiry or termination of the PSP, any Awards made to participants prior to such expiry or termination will continue to remain valid.

(12) Abstention from voting

Shareholders who are eligible to participate in the PSP are to abstain from voting on any shareholders' resolution relating to the PSP and should not accept nominations as proxy or otherwise for voting unless specific instructions have been given in the proxy form on how the vote is to be cast.

PERFORMANCE SHARE PLAN (PSP)

Adjustments and Alterations to the PSP

The following describes the adjustment events under, and provisions relating to alterations of, the PSP.

1. *Adjustment Events*

If a variation in the issued ordinary share capital of our Company (whether by way of a capitalization of profits or reserves or rights issue, reduction, subdivision, consolidation, distribution or otherwise) shall take place, then:

(a) the class and/or number of Shares which are the subject of an Award to the extent not yet vested; and/or

(b) the class and/or number of Shares in respect of which future Awards may be granted under the PSP,

shall be adjusted by our Remuneration Committee to give such participant the same proportion of the equity capital of our Company as that to which he was previously entitled, in such manner as our Remuneration Committee may determine to be appropriate, provided that no adjustment shall be made if as a result, the participant receives a benefit that a Shareholder of our Company does not receive.

Unless our Remuneration Committee considers an adjustment to be appropriate, (a) the issue of securities as consideration for an acquisition or a private placement of securities; (b) the cancellation of issued Shares purchased or acquired by our Company by way of a market purchase of such Shares undertaken by our Company on the SGX-ST during the period when a share purchase mandate granted by our Shareholders (including any renewal of such mandate) is in force; (c) the issue of Shares or other securities convertible into or with rights to acquire or subscribe for Shares to its employees pursuant to any share option scheme or share plan approved by Shareholders in general meeting, including the PSP; or (d) any issue of Shares arising from the exercise of any warrants or the conversion of any convertible securities issued by our Company, shall not normally be regarded as a circumstance requiring adjustment.

2. *Modifications to the PSP*

The PSP may be modified from time to time by a resolution of our Remuneration Committee subject to the prior approval of the SGX-ST and such other regulatory authorities as may be necessary.

However, no modification shall adversely affect the rights attached to any Award prior to such modification or alteration except with the consent in writing of such number of participants who, if their Awards were released to them upon the performance conditions for their Awards being satisfied in full, would become entitled to not less than three-quarters in number of all the Shares which would be issued or transferred in full of all outstanding Awards under the PSP.

No alteration shall be made to particular rules of the PSP to the advantage of the holders of the Awards except with the prior approval of Shareholders in general meeting.

FINANCIAL CONTENTS

DIRECTORS' STATEMENT

The Directors of Anchor Resources Limited (the "Company") present their statement to the members together with the audited consolidated financial statements of the Company and its subsidiaries (the "Group") for the financial year ended 31 December 2018 and the statement of financial position of the Company as at 31 December 2018.

1. Opinion of the Directors

In the opinion of the Board of Directors,

(a) the consolidated financial statements of the Group and the statement of financial position of the Company together with the notes thereon are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2018, and the financial performance, changes in equity and cash flows of the Group for the financial year then ended; and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due, with the going concern's assessments made in Note 4 to the financial statements.

2. Directors

The Directors of the Company in office at the date of this statement are as follows:

Lim Chiau Woei
Chan Koon Mong
Dr. Tay Chuan Hui
Ch'ng Li-Ling
Gavin Mark McIntyre
Dr. Foo Fatt Kah

3. Arrangements to enable Directors to acquire shares or debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of those objects is, to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

DIRECTORS' STATEMENT

4. Directors' interests in shares or debentures

According to the register of directors' shareholdings kept by the Company for the purposes of Section 164 of the Companies Act, Chapter 50 (the "Act"), none of the Directors of the Company who held office at the end of the financial year had any interests in the shares or debentures of the Company or its related corporations except as follows:

Name of Directors	Shareholdings registered in name of Director or nominee		Shareholdings in which Director is deemed to have an interest	
	Balance at 1 January 2018	Balance at 31 December 2018	Balance at 1 January 2018	Balance at 31 December 2018
Company				
Ordinary shares				
Lim Chiau Woei	306,263,319	306,263,319	115,415,862	115,415,862
Chan Koon Mong	3,496,625	3,496,625	1,597,222	1,597,222

By virtue of Section 7 of the Act, Mr. Lim Chiau Woei is deemed to have an interest in the shares of all wholly-owned subsidiaries of the Company as at the beginning and end of the financial year.

In accordance with the continuing listing requirements of the Singapore Exchange Securities Trading Limited ("SGX-ST"), the Directors of the Company state that, according to the register of directors' shareholdings, the Directors' interest as at 21 January 2019 in the shares of the Company have not changed from those disclosed as at 31 December 2018.

5. Share plans

There were no share options granted by the Company or its subsidiary corporations during the financial year.

There were no shares issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company or its subsidiary corporations.

There were no unissued shares of the Company or its subsidiary corporations under option as at the end of the financial year.

Performance Share Plan ("PSP")

Pursuant to an Extraordinary General Meeting of the Company held on 22 September 2015, the Anchor Resources Performance Share Plan ("PSP") was established.

The PSP is administered by the Remuneration Committee ("RC") with such powers and duties conferred to it by the Board. The members of the Remuneration Committee as at the date of the report are Dr. Tay Chuan Hui, Ch'ng Li-Ling and Gavin Mark McIntyre. A member of the Remuneration Committee who is also a participant of the PSP must not be involved in its deliberation in respect of the Awards granted or to be granted to him.

DIRECTORS' STATEMENT

5. Share plans (Continued)

Performance Share Plan ("PSP") (Continued)

The salient features of the PSP is as follows:

(a) to foster an ownership culture within our Group which aligns the interests of our employees with the interests of shareholders;

(b) motivate participants of the PSP to achieve our key financial and operational goals; and

(c) make total employee remuneration sufficiently competitive to recruit and retain staff having skills that are commensurate with our ambition to become a world-class company.

A summary of the Rules of the PSP is set out as follows:

Participants

Group Executives who have attained the age of 21 years and hold such rank as may be designated by the Remuneration Committee from time to time shall be eligible to participate in the PSP.

Controlling shareholders of the Company or associates of such controlling shareholders who meet the criteria above are also eligible to participate in the PSP if their participation and awards are approved by independent shareholders in separate resolutions for each such person and for each such award.

The selection of a participant and the number of Shares which are the subject of each Award to be granted to a participant in accordance with the PSP shall be determined at the absolute discretion of the Remuneration Committee, which shall take into account criteria such as his rank, job performance and potential for future development, his contribution to the success and development of the Group and, if applicable, the extent of effort to achieve the performance target(s) within the performance period.

Size of PSP

The aggregate number of Shares which may be issued or transferred pursuant to Awards granted under the PSP, when aggregated with the aggregate number of Shares over which options are granted under any other share option schemes of the Company, shall not exceed 15.0% of the total number issued Shares (excluding Shares held by the Company as treasury shares) from time to time.

DIRECTORS' STATEMENT

5. Share plans (Continued)

Performance Share Plan ("PSP") (Continued)

Maximum entitlements

Subject to the following, the aggregate number of Shares which may be issued or transferred pursuant to awards granted under the PSP shall be determined by the Remuneration Committee:

(a) the aggregate number of shares which may be issued or transferred pursuant to Awards under the PSP to participants who are controlling shareholders and their associates shall not exceed 25.0% of the Shares available under the PSP; and

(b) the number of Shares which may be issued or transferred pursuant to Awards under the PSP to each participant who is a Controlling Shareholder or his associate shall not exceed 10.0% of the Shares available under the PSP.

Awards

Awards represent the right of a participant to receive fully paid Shares free of charge, provided that certain prescribed performance targets (if any) are met and awarded upon expiry of the prescribed performance period.

Shares which are allotted and issued or transferred to a participant pursuant to the release of an Award shall not be transferred, charged, assigned, pledged or otherwise disposed of, in whole or in part, during a specified period (as prescribed by the Remuneration Committee in the award letter), except to the extent approved by the Remuneration Committee.

Details of Awards

The Remuneration Committee shall decide, in relation to each Award to be granted to a participant:

(a) the date on which the Award is to be granted;

(b) the number of Shares which are the subject of the Award;

(c) the performance target(s) and the performance period during which such performance target(s) are to be satisfied, if any;

(d) the extent to which Shares, which are the subject of that Award, shall be released on each prescribed performance target(s) being satisfied (whether fully or partially) or exceeded or not being satisfied, as the case may be, at the end of the performance period; and

(e) any other condition which the Remuneration Committee may determine in relation to that Award.

DIRECTORS' STATEMENT

5. Share plans (Continued)

Performance Share Plan ("PSP") (Continued)

Timing of Awards

While the Remuneration Committee has the discretion to grant Awards at any time in the year, it is currently anticipated that Awards would in general be made once a year. An Award letter confirming the Award and specifying, inter alia, the number of shares which are the subject of the Award, the prescribed performance target(s), the performance period during which the prescribed performance target(s) are to be attained or fulfilled and the schedule setting out the extent to which Shares will be released on satisfaction of the prescribed performance target(s), will be sent to each participant as soon as reasonably practicable after the making of an Award.

Vesting of Awards

Subject to the applicable laws, the Company will deliver Shares to participants upon vesting of their Awards by way of either an issue of new Shares; or a transfer of Shares then held by the Company in treasury.

In determining whether to issue new Shares to participants upon vesting of their Awards, the Company will take into account factors such as, but not limited to, the number of Shares to be delivered, the prevailing market price of the Shares and the cost to the Company of issuing new Shares or delivering existing Shares.

Termination of Awards

Special provisions in the rules of the PSP dealing with the lapse or earlier vesting of Awards apply in circumstances which include the termination of the participant's employment, the bankruptcy of the participant and the winding-up of the Company.

Rights of shares arising

New Shares allotted and issued and existing Shares procured by the Company for transfer on the release of an Award shall be eligible for all entitlements, including dividends or other distributions declared or recommended in respect of the then existing Shares, the record date for which is on or after the relevant date of issue or, as the case may be, delivery, and shall in all other respects rank pari passu with other existing Shares then in issue.

Duration of PSP

The PSP shall continue in force at the discretion of the Remuneration Committee, subject to a maximum period of 10 years commencing on the date on which the PSP is adopted by the Company in general meeting, provided always that the PSP may continue beyond the above stipulated period with the approval of shareholders in general meeting and of any relevant authorities which may then be required.

Notwithstanding the expiry or termination of the PSP, any Awards made to participants prior to such expiry or termination will continue to remain valid.

DIRECTORS' STATEMENT

5. Share plans (Continued)

Performance Share Plan ("PSP") (Continued)

Abstention from voting

Shareholders who are eligible to participate in the PSP are to abstain from voting on any shareholders' resolution relating to the PSP and should not accept nominations as proxy or otherwise for voting unless specific instructions have been given in the proxy form on how the vote is to be cast.

At the end of the financial year, none of the Directors of the Company had any interests pursuant to the PSP.

6. Audit committee

The Audit Committee comprises the following members, who are all non-Executive and Independent Directors. The members of the Audit Committee during the financial year ended 31 December 2018 and at the date of this statement are:

Gavin Mark McIntyre (Chairman)
Dr. Tay Chuan Hui
Ch'ng Li-Ling

The Audit Committee performed the functions specified in Section 201B(5) of the Act and the Singapore Code of Corporate Governance, including the following:

(i) reviewing the audit plans and results of the external audits;

(ii) reviewing the audit plans and results of the internal auditors' examination and evaluation of the Group's system of internal controls;

(iii) reviewing the Group's financial and operating results and accounting policies;

(iv) reviewing the half yearly and full year results announcements;

(v) reviewing the consolidated financial statements of the Group, the statement of financial position of the Company and the external auditors' report on those financial statements before their submission to the Directors of the Company;

(vi) ensuring the co-operation and assistance given by the management to the Group's internal and external auditors;

(vii) making recommendation to the Board of Directors on the re-appointment of the Group's internal and external auditors; and

(viii) reviewing the Interested Person Transactions as required and defined in Chapter 9 of the Rules of Catalist of SGX-ST and ensuring that the transactions were on normal commercial terms and not prejudicial to the interests of the members of the Company.

DIRECTORS' STATEMENT

6. Audit committee (Continued)

The Audit Committee confirmed that it has undertaken a review of all non-audit services provided by the external auditors to the Group and is satisfied that the nature and extent of such services would not affect the independence of the external auditors.

The Audit Committee has full access to and has the co-operation of the management and has been given the resources required for it to discharge its function properly. It also has full discretion to invite any director and executive officer to attend its meetings. The external and internal auditors have unrestricted access to the Audit Committee.

The Audit Committee has recommended to the Board of Directors the nomination of BDO LLP, for re-appointment as external auditors of the Company at the forthcoming Annual General Meeting of the Company.

7. Independent auditors

The independent auditors, BDO LLP, have expressed their willingness to accept re-appointment.

On behalf of the Board of Directors

Lim Chiau Woei
Director

Chan Koon Mong
Director

Singapore
9 April 2019

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF ANCHOR RESOURCES LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Anchor Resources Limited (the "Company") and its subsidiaries (the "Group") as set out on pages 68 to 137, which comprise:

- the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2018;
- the consolidated statement of comprehensive income, consolidated statement of changes in equity, and consolidated statement of cash flows of the Group for the financial year then ended; and
- notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)s") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2018, and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the financial year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSA"). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 4 to the financial statements, which indicates that the Group's and Company's current liabilities exceeded their current assets by approximately RM15,678,000 and RM4,948,000 respectively as at 31 December 2018. The Group incurred a net loss of approximately RM15,475,000 and had negative cash flows from operating activities of approximately RM8,724,000 for the financial year ended 31 December 2018. As at 31 December 2018, the Group and the Company have cash and cash equivalents of approximately RM7,153,000 and RM5,038,000 respectively.

The Group's Guaranteed Bond II of S$1,500,000 (equivalent to RM4,500,000) is originally due for repayment in April 2019. Repayment date has been extended from April 2019 to May 2019 for the first S$750,000 (equivalent to RM2,250,000) and April 2020 for the remaining S$750,000 (equivalent to RM2,250,000). The Group's Guaranteed Bond III of S$3,310,000 (equivalent to RM9,930,000) is originally due for repayment in April 2019. Repayment date has been extended from April 2019 to May 2019 for the first S$1,655,000 (equivalent to RM4,965,000) and the remaining S$1,655,000 (equivalent to RM4,965,000) is exchanged with an issue of S$1,903,000 (equivalent to RM5,709,000) in aggregate principal amount of 10% guaranteed non-convertible bonds which will mature in April 2020. The Group also has exchangeable bond of S$2,645,000 (equivalent to RM7,935,000) due for repayment in August 2019 which is being extended to August 2020 subject to parties successful negotiating the terms and conditions for the extension.

These events or conditions, along with other matters as set forth in Note 4, indicate that a material uncertainty exists that may cast significant doubt on the Group's and Company's ability to continue as a going concern.

Our opinion is not modified in respect of this matter.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF ANCHOR RESOURCES LIMITED

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Material Uncertainty Related to Going Concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matters	Audit Response
1 Mining Operations	
The Group operates mining and production of gold and granite respectively at Lubuk Mandi and Bukit Chetai Mines located in Terengganu, Malaysia. As at 31 December 2018, the assets related to mining operations ("Mining Assets") mainly comprise the following: 1. Mine properties 2. Property, plant and equipment 3. Investments in subsidiaries of the Company Mine properties and property, plant and equipment form a significant component of the Group's assets, i.e. 66.8% of the Group's total assets as at 31 December 2018. Mine properties represent those capitalised exploration, evaluation and development costs incurred for Lubuk Mandi and Bukit Chetai Mines. The Group applies a unit-of-production amortisation policy on its gold mine properties and straight-line method over the concession period for granite mine properties. Property, plant and equipment are mainly those on-site processing facilities and infrastructure. As the Group's gold and granite mining business segment incurred operating losses for the financial year ended 31 December 2018, management determined if there are impairment losses based on the value-in-use ("VIU") by estimating the expected present value of future cash flows from the Group's gold and granite mining operations. In addition, management also determined that there are indications of impairment on the investments in subsidiaries operating the mines as their net assets are lower than the costs of investment. Based on the respective recoverable amounts determined by management, no impairment loss is required.	We performed the following audit procedures, amongst others: • Read the Independent Qualified Person's Reports ("IQPR") issued by the independent external specialists to obtain an understanding of the reports. • Assessed the reasonableness of the amortisation policy which is based on a unit-of-production method by reference to the ratio of the actual production volume in the financial year to the recoverable ore reserves of the gold mine as extracted from the IQPR as well as assessed the reasonableness of the amortisation policy which is based on a straight-line method over the concession period of the granite mine. • Checked the mathematical accuracy of management's computation of the VIU of the respective CGU and discussed with management to understand the basis for the key assumptions made.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF ANCHOR RESOURCES LIMITED

Key Audit Matters	Audit Response
1 Mining Operations (Continued)	
We focused on this area as a key audit matter due to the inherent subjectivity in management's judgement in: • determining the respective VIU of the gold and granite cash generating units ("CGU") which involves key assumptions on gold future prices, granite prices, future production volumes and discount rates, amongst others. • applying the unit-of-production amortisation policy on the gold mine properties which involves an estimation of the rate of depletion. • applying the straight-line amortisation policy over the concession period of the granite mine. In addition, the recoverable ore reserves of the mines are another key inputs to the VIU, for which management has engaged independent external specialists to assist in the estimations. Refer to Note 3.1(i) to the financial statements which describes the critical judgements made in relation to impairment of the mine properties. Refer to Notes 5 and 7 to the financial statements relating to the carrying amounts of the Group's property plant and equipment and mine properties which amounted to approximately RM17,467,000 and RM15,204,000 respectively as at 31 December 2018. Refer to Note 8 to the financial statements relating to the carrying amount of the Company's investments in subsidiaries which amounted to RM171,757,000 as at 31 December 2018.	We performed the following audit procedures, amongst others: (Continued) • Evaluated the reasonableness of significant judgements and key assumptions used in the VIU by checking against relevant underlying data and performing sensitivity analysis. • Performed retrospective review by comparing the actual revenue incurred during the current year with those included in the prior year's forecasts so as to assess the accuracy of the Group's budgeting process. • Assessed the appropriateness of the cash flow projection periods used in the respective VIU of the gold mine and granite mine. • Engaged our internal valuation specialist to evaluate the reasonableness of the discount rate used. • Evaluated the adequacy of the related disclosures in the financial statements.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditors' report thereon.

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

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

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF ANCHOR RESOURCES LIMITED

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and SFRS(I)s, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is 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 management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, 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 management.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF ANCHOR RESOURCES LIMITED

Auditors' Responsibilities for the Audit of the Financial Statements (Continued)

- Conclude on the appropriateness of management's 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 auditors' report to the related disclosures in the 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 auditors' 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 financial statements, including the disclosures, and whether the 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, related safeguards.

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

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF ANCHOR RESOURCES LIMITED

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and its subsidiary corporation incorporated in Singapore of which we are the auditors, have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditors' report is Leong Hon Mun Peter.

BDO LLP
Public Accountants and
Chartered Accountants

Singapore
9 April 2019

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2018

	Note	Group 31 December 2018 RM'000	Group 31 December 2017 RM'000	Group 1 January 2017 RM'000	Company 31 December 2018 RM'000	Company 31 December 2017 RM'000	Company 1 January 2017 RM'000
ASSETS							
Non-current assets							
Property, plant and equipment	5	**17,467**	16,766	18,474	**5**	3	4
Exploration and evaluation assets	6	**–**	–	50	**–**	–	–
Mine properties	7	**15,204**	15,833	15,442	**–**	–	–
Investments in subsidiaries	8	**–**	–	–	**171,757**	171,757	51,599
Prepayments		**23**	53	83	**–**	–	–
		32,694	32,652	34,049	**171,762**	171,760	51,603
Current assets							
Inventories	9	**1,314**	584	493	**–**	–	–
Income tax recoverable		**450**	105	–	**–**	–	–
Trade and other receivables	10	**7,095**	5,545	2,988	**12,730**	9,922	3,117
Contract assets	21	**–**	10	–	**–**	–	–
Prepayments		**189**	182	153	**107**	102	74
Fixed deposits and bank balances	11	**7,153**	7,817	11,746	**5,038**	1,611	3,965
		16,201	14,243	15,380	**17,875**	11,635	7,156
Total assets		**48,895**	46,895	49,429	**189,637**	183,395	58,759
EQUITY AND LIABILITIES							
Equity							
Share capital	12	**248,600**	247,780	106,342	**248,600**	247,780	106,092
Merger reserve	13	**(102,649)**	(102,649)	15,645	**–**	–	–
Share-based payment reserve	14	**–**	–	694	**–**	–	694
Currency translation reserve	15	**28**	40	–	**–**	–	–
Accumulated losses	16	**(134,371)**	(118,896)	(99,359)	**(86,230)**	(79,112)	(48,938)
Total equity		**11,608**	26,275	23,322	**162,370**	168,668	57,848
Non-current liabilities							
Finance lease payables	17	**964**	250	330	**–**	–	–
Borrowings	18	**4,444**	7,494	–	**4,444**	–	–
		5,408	7,744	330	**4,444**	–	–
Current liabilities							
Trade and other payables	20	**9,987**	4,436	11,315	**9,166**	6,367	911
Contract liabilities	21	**–**	–	763	**–**	–	–
Finance lease payables	17	**319**	80	73	**–**	–	–
Borrowings	18	**21,573**	8,360	–	**13,657**	8,360	–
Redeemable convertible preference shares	19	**–**	–	13,626	**–**	–	–
		31,879	12,876	25,777	**22,823**	14,727	911
Total liabilities		**37,287**	20,620	26,107	**27,267**	14,727	911
Total equity and liabilities		**48,895**	46,895	49,429	**189,637**	183,395	58,759

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

CONSOLIDATED STATEMENT OF **COMPREHENSIVE INCOME**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	Note	2018 RM'000	2017 RM'000
Revenue	21	**1,879**	24,185
Other income	22	**85**	201
Raw materials and consumables used		**(594)**	(170)
Changes in inventories		**271**	59
Contractors expenses		**(393)**	(15,289)
Royalty fees		**(9)**	(680)
Depreciation and amortisation expenses	23	**(2,655)**	(1,978)
Employee benefits expenses	24	**(5,973)**	(6,624)
Operating lease expenses	25	**(330)**	(300)
Other expenses		**(3,926)**	(12,889)
Loss allowance on third party trade receivables		**(62)**	–
Finance costs	26	**(3,950)**	(4,199)
Fair value loss on derivative financial instrument		**–**	(1,471)
Loss before income tax	27	**(15,657)**	(19,155)
Income tax	28	**182**	(382)
Loss for the financial year		**(15,475)**	(19,537)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Currency exchange differences arising on translating foreign operation		**(12)**	40
Income tax relating to items that may be subsequently reclassified		**–**	–
Other comprehensive income for the financial year, net of tax		**(12)**	40
Total comprehensive income for the financial year		**(15,487)**	(19,497)
Net loss attributable to owners of the parent		**(15,475)**	(19,537)
Total comprehensive loss attributable to owners of the parent		**(15,487)**	(19,497)
Loss per share	29		
– Basic (in sen)		**(1.49)**	(1.91)
– Diluted (in sen)		**(1.49)**	(1.91)

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

CONSOLIDATED STATEMENT OF **CHANGES IN EQUITY**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	Note	Share capital RM'000	Merger reserve RM'000	Currency translation reserve RM'000	Accumulated losses RM'000	Total equity RM'000
Balance at 1 January 2018		247,780	(102,649)	40	(118,896)	26,275
Loss for the financial year		–	–	–	(15,475)	(15,475)
Other comprehensive income for the financial year:						
Foreign currency translation differences		–	–	(12)	–	(12)
Total comprehensive income for the financial year		–	–	(12)	(15,475)	(15,487)
Contribution by owners of the parent:						
Issuance of new ordinary shares	12	820	–	–	–	820
Total transactions with owners		820	–	–	–	820
Balance at 31 December 2018		248,600	(102,649)	28	(134,371)	11,608

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

CONSOLIDATED STATEMENT OF **CHANGES IN EQUITY**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	Note	Share capital RM'000	Merger reserve RM'000	Share-based payment reserve RM'000	Currency translation reserve RM'000	Accumulated losses RM'000	Total equity RM'000
Balance at 1 January 2017		106,342	15,645	694	–	(99,359)	23,322
Loss for the financial year		–	–	–	–	(19,537)	(19,537)
Other comprehensive income for the financial year:							
Foreign currency translation differences		–	–	–	40	–	40
Total comprehensive income for the financial year		–	–	–	40	(19,537)	(19,497)
Contribution by and distribution to owners of the parent:							
Issuance of new ordinary shares pursuant to acquisition exercise	12	138,800	–	–	–	–	138,800
Deemed distribution to owners		(250)	(118,294)	–	–	–	(118,544)
Issuance of new ordinary shares		2,255	–	–	–	–	2,255
Share-based compensation expense		633	–	(694)	–	–	(61)
Total transactions with owners		141,438	(118,294)	(694)	–	–	22,450
Balance at 31 December 2017		247,780	(102,649)	–	40	(118,896)	26,275

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

CONSOLIDATED STATEMENT OF **CASH FLOWS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	Note	2018 RM'000	2017 RM'000
Operating activities			
Loss before income tax		**(15,657)**	(19,155)
Adjustments for:			
Depreciation and amortisation expenses	23	**2,655**	1,978
Share-based payment expenses		**–**	109
Interest expenses	A	**3,950**	4,199
Interest income		**(47)**	(188)
Allowance for impairment loss on receivables, net		**62**	–
Write-down of inventories to net realisable value		**30**	68
Plant and equipment written off		**2**	–
Impairment in property, plant and equipment		**–**	258
Exploration and evaluation assets written off		**–**	50
Fair value loss on derivative financial instruments		**–**	1,471
Unrealised foreign exchange differences		**194**	(834)
Operating cash flows before working capital changes		**(8,811)**	(12,044)
Working capital changes:			
Inventories		**(760)**	(134)
Trade and other receivables, and contract assets		**(1,595)**	(2,421)
Prepayments		**23**	1
Trade and other payables, and contract liabilities		**2,582**	(4,165)
Cash used in operations		**(8,561)**	(18,763)
Income tax paid		**(163)**	(487)
Net cash used in operating activities		**(8,724)**	(19,250)
Investing activities			
Purchase of property, plant and equipment		**(1,544)**	(1,237)
Additions to mine properties		**–**	(700)
Interest received		**47**	188
Net cash used in investing activities		**(1,497)**	(1,749)

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

CONSOLIDATED STATEMENT OF **CASH FLOWS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	Note	2018 RM'000	2017 RM'000
Financing activities			
Decrease in fixed deposits pledged		**–**	100
Interest paid	A	**(2,602)**	(251)
Proceeds from issuance of new ordinary shares	12	**820**	–
Share application money pending allotment		**3,036**	–
Repayment of finance lease obligations	B	**(303)**	(73)
Proceeds from issuance of guaranteed bond	B	**4,088**	7,403
Proceeds from issuance of non-guaranteed bond	B	**4,515**	–
Proceeds from issuance of exchangeable bond	B	**–**	6,059
Proceeds from issuance of redeemable convertible preference shares	B	**–**	3,355
Rebate of transaction costs		**–**	745
Net cash from financing activities		**9,554**	17,338
Net change in cash and cash equivalents		**(667)**	(3,661)
Exchange difference on cash and cash equivalents		**3**	(168)
Cash and cash equivalents at beginning of financial year		**7,817**	11,646
Cash and cash equivalents at end of financial year	11	**7,153**	7,817

	Note	2018 RM'000	2017 RM'000
A – Non-cash transactions			
Interest expenses		**3,950**	4,199
Interest paid		**(2,602)**	(251)
Interest accrued		**1,348**	3,948

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

CONSOLIDATED STATEMENT OF **CASH FLOWS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

B – Reconciliation of liabilities arising from financing activities:

				Non-cash changes			
	1 January 2018 RM'000	Proceeds received RM'000	Principal and interest repayment RM'000	Additions of property, plant and equipment under finance lease RM'000	Interest expense RM'000	Foreign exchange movement RM'000	31 December 2018 RM'000
Finance lease payables	330	–	(303)	1,185	71	–	1,283
Guaranteed bond	8,360	4,088	(2,099)	–	3,169	139	13,657
Exchangeable bond	7,494	–	(299)	–	595	126	7,916
Non-guaranteed bond	–	4,515	(204)	–	115	18	4,444

				Non-cash changes					
	1 January 2017 RM'000	Proceeds received RM'000	Principal and interest repayment RM'000	Interest expense RM'000	Equity conversion (Note 19) RM'000	Fair value loss RM'000	Rebate of transaction costs RM'000	Foreign exchange movement RM'000	31 December 2017 RM'000
Finance lease payables	403	–	(100)	27	–	–	–	–	330
Guaranteed bond	–	7,403	(224)	1,533	–	–	–	(352)	8,360
Exchangeable bond	–	6,059	–	109	–	1,471	–	(145)	7,494
RCPS	13,626	3,355	–	2,530	(20,256)	–	745	–	–

Note: The RCPS was converted into equity of GGTM on 26 July 2017.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

These notes form an integral part and should be read in conjunction with these financial statements.

1. General corporate information

1.1 Domicile and activities

Anchor Resources Limited (the "Company") is a public limited liability company, incorporated and domiciled in Singapore and its registered office and principal place of business are 80 Robinson Road #17-02, Singapore 068898 and C-3A-9-10, 11 & 12, Block C, Pusat Komersial Southgate, No. 2, Jalan Dua, Off Jalan Chan Sow Lin, 55200, Kuala Lumpur Wilayah Persekutuan, Malaysia respectively. The Company is listed on the Catalist Board of the Singapore Exchange Securities Trading Limited ("SGX-ST"). The registration number of the Company is 201531549N.

The principal activity of the Company is that of an investment holding company.

The principal activities of the subsidiaries are set out in Note 8 to the financial statements.

The Company's ultimate controlling party is Lim Chiau Woei, who is a Director of the Company as at 31 December 2018 and 31 December 2017.

2. Summary of significant accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards (International) ("SFRS(I)") and on a going concern basis as referred to in Note 4 to the financial statements. They are prepared under the historical cost convention, except as disclosed in the accounting policies below.

These financial statements are the Group and the Company's first financial statements prepared in accordance with SFRS(I). The Group and the Company have previously prepared their financial statements in accordance with Financial Reporting Standards in Singapore ("FRS"). As required by SFRS(I) 1 *First-time Adoption of Singapore Financial Reporting Standards (International)*, the Group and the Company have consistently applied the same accounting policies in its opening statement of financial position at 1 January 2017 and throughout all financial years presented, as if these policies had always been in effect subject to the mandatory exceptions and optional exemptions under SFRS(I) 1. Comparative information for the financial year ended 31 December 2017 in these financial statements have been restated to give effect to these changes and the financial impact on transition from FRS to SFRS(I) are disclosed in Note 34 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. Summary of significant accounting policies (Continued)

2.1 Basis of preparation of financial statements (Continued)

Items included in the individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The consolidated financial statements of the Group and the statement of financial position of the Company are presented in Ringgit Malaysia ("RM") which is the functional currency of the Company and the presentation currency for the consolidated financial statements and all values presented are rounded to the nearest thousand ("RM'000") as indicated.

The preparation of financial statements in compliance with SFRS(I) requires management to make judgements, estimates and assumptions that affect the Group's and the Company's application of accounting policies and reported amounts of assets, liabilities, revenue and expenses. Although these estimates are based on management's best knowledge of current events and actions, actual results may differ from those estimates. The areas where such judgements or estimates have significant effect on the financial statements are disclosed in Note 3 to the financial statements.

SFRS(I) and Interpretations of SFRS(I) ("SFRS(I) INT") issued but not yet effective

At the date of authorisation of these financial statements, the following SFRS(I) and SFRS(I) INT that were issued but not yet effective, and have not been adopted early in these financial statements:

			Effective date (annual periods beginning on or after)
SFRS(I) 1-1, SFRS(I) 1-8 (Amendments)	:	Definition of Material	1 January 2020
SFRS(I) 1-19 (Amendments)	:	Plan Amendment, Curtailment or Settlement	1 January 2019
SFRS(I) 1-28 (Amendments)	:	Long-term Interests in Associates and Joint Ventures	1 January 2019
SFRS(I) 3 (Amendments)	:	Definition of a Business	1 January 2020
SFRS(I) 9 (Amendments)	:	Prepayment Features with Negative Compensation	1 January 2019
SFRS(I) 16	:	Leases	1 January 2019
SFRS(I) 17	:	Insurance Contracts	1 January 2021
SFRS(I) 10 and SFRS(I) 1-28 (Amendments)	:	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined
Annual Improvements to SFRS(I)s 2015 – 2017 Cycle			
– SFRS(I) 1-12 (Amendments)	:	Income Tax	1 January 2019
– SFRS(I) 1-23 (Amendments)	:	Borrowing Costs	1 January 2019
– SFRS(I) 3 (Amendments)	:	Business Combinations	1 January 2019
– SFRS(I) 11 (Amendments)	:	Joint Arrangements	1 January 2019
SFRS(I) INT 23	:	Uncertainty over Income Tax Treatments	1 January 2019

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. Summary of significant accounting policies (Continued)

2.1 Basis of preparation of financial statements (Continued)

SFRS(I) and Interpretations of SFRS(I) ("SFRS(I) INT") issued but not yet effective (Continued)

Consequential amendments were also made to various standards as a result of these new or revised standards.

The management anticipates that the adoption of the above SFRS(I) and SFRS(I) INT in future periods will not have a material impact on the financial statements of the Group and of the Company in the period of their initial adoption, except as disclosed below.

SFRS(I) 16 *Leases*

SFRS(I) 16 supersedes SFRS(I) 1-17 *Leases* and introduces a new single lessee accounting model which eliminates the current distinction between operating and finance leases for lessees. FRS 116 requires lessees to capitalise all leases on the statement of financial position by recognising a 'right-of-use' asset and a corresponding lease liability for the present value of the obligation to make lease payments, except for certain short-term leases and leases of low-value assets. Subsequently, the lease assets will be depreciated and the lease liabilities will be measured at amortised cost.

From the perspective of a lessor, the classification and accounting for operating and finance leases remains substantially unchanged under SFRS(I) 16. SFRS(I) 16 also requires enhanced disclosures by both lessees and lessors.

The Group has performed an assessment on the adoption of SFRS(I) 16 based on currently available information as well as recognition exemptions under SFRS(I) 16. The Group expects to capitalise its operating leases on office premises and other operating facilities on the statement of financial position by recognising a 'right-of-use' assets of RM105,000 and their corresponding lease liabilities for the present value of future lease payments of RM105,000. This assessment may be subject to changes from the ongoing analysis until the finalisation of transition entries.

The Group plans to adopt the standard in the financial year beginning on 1 January 2019 using the modified retrospective method in accordance with the transitional provisions, and therefore will only recognise leases on statement of financial position as at 1 January 2019. The Group will include the required additional disclosures in its financial statements for the financial year ending 31 December 2019.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. Summary of significant accounting policies (Continued)

2.2 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries made up to the end of the reporting period.

Subsidiaries are consolidated from the date on which the Group obtains control over the investee and cease from consolidation when the control is lost. Control is reassessed whenever the facts and circumstances indicate that there may be a change in the elements of control.

All intra-group balances and transactions and any unrealised income and expenses arising from intra-group transactions are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides an impairment indicator of the transferred asset.

The financial statements of the subsidiaries are prepared for the same reporting period as that of the Company, using consistent accounting policies. Where necessary, accounting policies of subsidiaries are changed to ensure consistency with the policies adopted by the Group.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions (i.e. transactions with owners). The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the parent.

When the Group loses control of a subsidiary, it derecognises the assets and liabilities of the subsidiary and any non-controlling interest. The profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained earnings) in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under SFRS(I) 9 or, when applicable, the cost on initial recognition of an investment in an associate or joint venture.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. Summary of significant accounting policies (Continued)

2.2 Basis of consolidation (Continued)

Acquisitions under common control

Business combination arising from transfers of interest in entities that are under common control are accounted for as if the acquisition had occurred at the beginning of the earliest comparative period presented or, if later, at the date that common control was established. For this purpose, comparatives are restated. The assets and liabilities acquired are recognised at the carrying amounts recognised previously and no adjustments are made to reflect the fair values or to recognise any new assets or liabilities, including no goodwill is recognised as a result of the combination. The components of equity of the acquired entities are added to the same components within the Group's and the Company's equity. Any difference between the consideration paid for the acquisition and share capital of acquirees is recognised directly to equity as merger reserve.

2.3 Subsidiaries

Subsidiaries are entities over which the Group has control. The Group controls an investee if the Group has power over the investee, exposure to variable returns from the investee, and the ability to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

Investments in subsidiaries are accounted for at cost, less any impairment loss in the Company's statement of financial position.

2.4 Property, plant and equipment

Property, plant and equipment are initially recorded at cost. Subsequent to initial recognition, property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any. Property, plant and equipment are mainly those on-site processing facilities and infrastructure.

The cost of property, plant and equipment includes expenditure that is directly attributable to the acquisition of the items. Dismantlement, removal or restoration costs are included as part of the cost of property, plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the property, plant and equipment.

Subsequent expenditure relating to the property, plant and equipment that has already been recognised is added to the carrying amount of the asset when it is probable that the future economic benefits, in excess of the standard of performance of the asset before the expenditure was made, will flow to the Group and the Company, and the cost can be reliably measured. Other subsequent expenditure is recognised as an expense during the financial year in which it is incurred.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. Summary of significant accounting policies (Continued)

2.4 Property, plant and equipment (Continued)

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

Depreciation is calculated using the straight-line method to allocate the depreciable amounts of the property, plant and equipment over their estimated useful lives as follows:

	Years
Buildings	20
Furniture and fittings	5
Office equipment	5
Motor vehicles	5
Renovation	5
Plant and machinery	10
Road and infrastructure	20
Electrical installation works	5
Tools and equipment	5

The residual values, estimated useful lives and depreciation method are reviewed at each financial year-end to ensure that the residual values, period of depreciation and depreciation method are consistent with previous estimates and expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

2.5 Exploration, evaluation and development ("E, E&D") assets

Exploration and evaluation assets

Exploration and evaluation activity involves the search for mineral resources, the determination of technical feasibility and the assessment of the commercial viability of an identified resource. Costs incurred before the Group and the Company have obtained the legal rights to explore an area are recognised in profit or loss. Exploration and evaluation costs are capitalised in respect of each area of interest for which the rights to tenure are current and where:

(i) the exploration and evaluation costs are expected to be recouped through successful development and exploitation of the area of interest; or alternatively, by its sale; or

(ii) exploration and evaluation activities in the area of interest have not reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the areas of interest are continuing.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. Summary of significant accounting policies (Continued)

2.5 Exploration, evaluation and development ("E, E&D") assets (Continued)

Exploration and evaluation assets (Continued)

Exploration and evaluation assets are stated at cost less accumulated impairment losses, if any. Exploration and evaluation costs include the cost of acquiring exploration rights, researching and analysing existing exploration data, gathering exploration data through topographical, geochemical and geophysical studies, exploratory drilling, trenching and sampling, determining and examining the volume and grade of the resource, examining and testing extraction and treatment methods, surveying transportation and infrastructure requirements, compiling pre-feasibility and feasibility studies, gaining access to areas of interest including occupancy and relocation compensation and/or amortisation and depreciation charges in respect of assets consumed during the exploration and evaluation activities.

General and administrative costs are allocated to, and included in, the cost of exploration and evaluation asset only to the extent that those costs can be related directly to operational activities in the area of interest to which the exploration and evaluation asset relates. In all other cases, these costs are expensed as incurred.

Exploration and evaluation assets are tested for impairment and transferred to development expenditures, a component of E, E&D assets, when the technical feasibility and commercial viability of extracting the resource are demonstrable and sanctioned by management.

Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation assets may exceed its recoverable amount. Where a potential impairment is indicated, assessment is performed for each area of interest in conjunction with the group of operating assets (representing a cash-generating unit) to which the exploration and evaluation is attributable. To the extent that capitalised exploration and evaluation is not expected to be recovered, it is charged to profit or loss.

Development assets

Development expenditures are incurred within an area of interest as a component of a commercial development phase only upon its commitment to a commercial development.

Expenditures on the construction, installation or completion of infrastructure facilities are capitalised within E, E&D assets.

Amortisation is not charged on costs carried in respect of areas of interest in the development phase until production commences.

Development assets are tested for impairment annually or more frequently if the events or changes in circumstances indicate that the carrying amount may be impaired either at individual or cash-generating unit level.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. Summary of significant accounting policies (Continued)

2.6 Mine properties

When production commences, carried forward development assets are transferred to mine properties and the accumulated costs for the relevant area of interest will then be amortised over the life of the area.

(i) Gold mine

Amortisation for gold mine properties is according to the rate of depletion, on a unit-of-production basis over the economically recoverable reserves of the mine concerned, except in the case of assets whose useful life is shorter than the life of the mine, in which case the straight-line method is applied. The unit of account for run of mines costs are recoverable ounces of gold for gold mine.

(ii) Granite mine

Amortisation for granite mine properties is based on straight-line method over the concession period of the mine properties.

The unit-of-production rate and straight-line method for the amortisation of mine properties takes into account expenditure incurred to date, together with sanctioned future development expenditure.

2.7 Contract assets and contract liabilities

For contract where the customer is invoiced on a milestone payment schedule, a contract asset is recognised if the value of the contract work transferred by the Group exceed the receipts from the customer and a contract liability is recognised if the receipts from the customer exceed the value of the contract work transferred by the Group.

2.8 Impairment of non-financial assets except for E, E&D assets

The carrying amounts of non-financial assets except for E, E&D assets are reviewed at the end of each reporting period to determine whether there is any indication of impairment loss and whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If any such indication exists, or when annual impairment testing for an asset is required, the asset's recoverable amount is estimated.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. Summary of significant accounting policies (Continued)

2.8 Impairment of non-financial assets except for E, E&D assets (Continued)

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups of assets. Impairment loss is recognised in profit or loss unless it reverses a previous revaluation credited to other comprehensive income, in which case it is charged to other comprehensive income up to the amount of any previous revaluation.

The recoverable amount of an asset or cash-generating unit is the higher of its fair value less costs to sell and its value in use. Recoverable amount is determined for individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. If this is the case, the recoverable amount is determined for the cash-generating unit to which the assets belong. The fair value less costs to sell is the amount obtainable from the sale of an asset or cash-generating unit in an arm's length transaction between knowledgeable willing parties less costs of disposal. Value-in-use is the present value of estimated future cash flows expected to be derived from the continuing use of an asset and from its disposal at the end of its useful life, discounted at pre-tax rate that reflects current market assessment of the time value of money and the risks specific to the asset or cash-generating unit for which the future cash flow estimates have not been adjusted.

An assessment is made at the end of each reporting period as to whether there is any indication that an impairment loss recognised in prior periods for an asset may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. An impairment loss recognised in prior periods is reversed only if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment loss are recognised in profit or loss unless the asset is carried at revalued amount, in which case the reversal in excess of impairment losses recognised in profit or loss in prior periods is treated as a revaluation increase. After such a reversal, the depreciation or amortisation is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

2.9 Inventories

Inventories are stated at the lower of cost and net realisable value.

Cost is determined on a weighted average basis and includes all costs of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price at which inventories can be realised in the ordinary course of business, less estimated costs incurred in marketing and distribution. Where necessary, allowance is made for obsolete, slow-moving and defective inventories to adjust the carrying value of those inventories to the lower of cost and net realisable value.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. Summary of significant accounting policies (Continued)

2.10 Financial instruments

The Group and the Company recognise a financial asset or a financial liability in its statement of financial position when, and only when, the Group and the Company become party to the contractual provisions of the instrument.

Financial assets

The Group and the Company classify their financial assets under amortised cost, based on the Group's and the Company's business model for managing the financial assets as well as the contractual terms of the cash flows of the financial asset. The classification depends on the nature and purpose for which these financial assets were acquired and is determined at the time of initial recognition. The Group and the Company shall reclassify the affected financial assets when and only when the Group and the Company change the business model for managing these financial assets. The Group's and the Company's accounting policy for the financial assets is as follows:

Amortised cost

These assets arise principally from the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of financial assets where the objective is to hold these assets in order to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment. Interest income from these financial assets is included in interest income using the effective interest rate method.

Loss allowances for trade receivables are recognised based on the simplified approach within SFRS(I) 9 using the lifetime expected credit losses. During this process, the probability of the non-payment of the trade receivables is assessed. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. For trade receivables, which are reported net, such allowances are recorded in a separate allowance account with the loss being recognised in the consolidated statement of comprehensive income. On confirmation that the trade receivables will not be collectable, the gross carrying value of the asset is written off against the associated allowance.

Loss allowances for receivables from subsidiaries are recognised based on a forward looking expected credit loss model. The methodology used to determine the amount of the allowance is based on whether at each reporting date, there has been a significant increase in credit risk since initial recognition of the financial asset. For those where the credit risk has not increased significantly since initial recognition of the financial asset, twelve month expected credit losses along with gross interest income are recognised. For those for which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. Summary of significant accounting policies (Continued)

2.10 Financial instruments (Continued)

Financial assets (Continued)

Amortised cost (Continued)

From time to time, the Group elects to renegotiate the terms of trade receivables due from customers with which it has previously had a good trading history. Such renegotiations will lead to changes in the timing of payments rather than changes to the amounts owed and, in consequence, the new expected cash flows are discounted at the original effective interest rate and any resulting difference to the carrying value is recognised in the consolidated statement of comprehensive income (operating profit).

The Group's and the Company's financial assets measured at amortised cost comprise trade and other receivables and fixed deposits and bank balances in the consolidated statement of financial position.

Derecognition of financial assets

The Group and the Company derecognise a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

Accounting policy for financial assets prior to 1 January 2018

Financial assets are recognised on the statements of financial position when the Group and the Company become a party to the contractual provisions of the instrument.

Financial assets

Financial assets are classified into the following specified categories: financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables and available-for-sale financial assets. The classification depends on the nature and purpose for which these financial assets were acquired and is determined at the time of initial recognition. The Group and the Company have loans and receivables as at year end.

All financial assets are initially recognised at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially recognised at fair value.

Loans and receivables

Non-derivative financial assets which have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables are measured at amortised cost, using the effective interest method, less impairment. Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

The Group's and the Company's loans and receivables in the statements of financial position comprise trade and other receivables and fixed deposits and bank balances.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. Summary of significant accounting policies (Continued)

2.10 Financial instruments (Continued)

Accounting policy for financial assets prior to 1 January 2018 (Continued)

Financial assets (Continued)

Impairment of financial assets

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amounts of all financial assets are reduced by the impairment loss directly with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

Financial liabilities and equity instruments

Classification as debt or equity

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs. The Group classifies ordinary shares as equity instruments.

When shares recognised as equity are reacquired, the amount of consideration paid is recognised directly in equity. Reacquired shares are classified as treasury shares and presented as a deduction from total equity. No gain or loss is recognised in profit or loss on the purchase, sale issue or cancellation of treasury shares.

When treasury shares are subsequently cancelled, the cost of treasury shares are deducted against the share capital account if the shares are purchased out of capital of the Company, or against the retained earnings of the Company if the shares are purchased out of earnings of the Company.

When treasury shares are subsequently sold or reissued the cost of treasury shares is reversed from the treasury share account and the realised gain or loss on sale or reissue, net of any directly attributable incremental transaction costs and related income tax, is recognised in the capital reserve of the Company.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. Summary of significant accounting policies (Continued)

2.10 Financial instruments (Continued)

Financial liabilities and equity instruments (Continued)

Financial liabilities

The Group classifies all financial liabilities as subsequently measured at amortised cost, and financial liabilities at fair value through profit or loss.

Trade and other payables

Trade and other payables are recognised initially at cost which represents the fair value of the consideration to be paid in the future, less transaction cost, for goods received or services rendered, whether or not billed to the Group and the Company, and are subsequently measured at amortised cost using the effective interest method.

Redeemable convertible loans ("RCL")

RCL with conversion option are accounted for as financial liability with an embedded equity conversion derivative based on the terms of the contract. On issuance of RCL, the embedded option is recognised at its fair value as derivative liability with subsequent changes in fair value recognised in profit or loss. The remainder of the proceeds is allocated to the liability component that is carried at amortised cost until the liability is extinguished on conversion or redemption. When an equity conversion option is exercised, the carrying amounts of the liability component and the equity conversion option are derecognised with a corresponding recognition of share capital.

Guaranteed and non-guaranteed bonds

Guaranteed and non-guaranteed bonds are recognised initially at fair value, net of transaction costs incurred, and are subsequently stated at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is taken to the income statement over the period of the borrowings using the effective interest method.

Exchangeable bond

The exchangeable bond is a hybrid contract stated initially at fair value and subsequently carried at amortised cost as the embedded derivative which is the conversion feature is of insignificant value and does not modify the cash flows that otherwise would be required by the contract, except for the amount of change in fair value attributable to change in credit risk of that liability which is recognised in other comprehensive income unless that would create or enlarge an accounting mismatch.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. Summary of significant accounting policies (Continued)

2.10 Financial instruments (Continued)

Financial liabilities and equity instruments (Continued)

Financial liabilities (Continued)

Financial guarantee contracts

The Company has issued corporate guarantees to banks for borrowings of certain subsidiaries and these guarantees qualify as financial guarantees because the Company is required to reimburse the banks if these subsidiaries breach any repayment term.

Financial guarantee contract liabilities are measured initially at their fair values, net of transaction costs. Financial guarantee contracts are subsequently measured at the higher of:

(a) premium received on initial recognition less the cumulative amount of income recognised in accordance with the principles of SFRS(I) 15; and

(b) the amount of loss provisions determined in accordance with SFRS(I) 9.

Prior to 1 January 2018, financial guarantees were subsequently measured at the higher of amount initially recognised less amortisation and the expected amounts payable to the banks in the event it is probable that the Company will reimburse the banks.

Derecognition of financial liabilities

The Group and the Company derecognise financial liabilities when, and only when, the Group's and the Company's obligations are discharged, cancelled or they expire. The difference between the carrying amount and the consideration paid is recognised in profit or loss.

2.11 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, cash and deposits with banks and financial institutions. Cash and cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value. For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand, cash at bank and fixed deposits, net of fixed deposits pledged.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. Summary of significant accounting policies (Continued)

2.12 Share-based payments

The Group issues equity-settled share-based payments.

Equity-settled share-based payments are measured at fair value of the equity instruments (excluding the effect of non market-based vesting conditions) at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period with a corresponding credit to the share-based payment reserve, based on the Group's estimate of the number of equity instruments that will eventually vest and adjusted for the effect of non market-based vesting conditions. At the end of each financial year, the Group revises the estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss over the remaining vesting period with a corresponding adjustment to the share-based payment reserve.

2.13 Revenue recognition

Revenue is recognised when a performance obligation is satisfied. Revenue is measured based on consideration of which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties (i.e. sales related taxes). The consideration promised in the contracts with customers is based on fixed amounts. The Group's revenue is derived from the fixed price contracts and therefore, the amount of revenue earned for each contract is determined by reference to those fixed prices.

Sale of goods

Revenue from sale of semi-processed gold concentrate ore, processed gold ore, granite and aggregate are recognised at a point in time when the Group satisfies a performance obligation by transferring control of a promised good to the customer. The amount of revenue recognised is the amount of the transaction price allocated to the satisfied performance obligation. There is limited judgement needed to identify when the point of control passes to customers. There is no element of significant financing component in the Group's revenue transactions as customers are required to pay within a credit term of 30 to 90 days.

Contract works

Revenue for contract works is recognised over time by reference to the Group's progress towards completing the construction of the contract work. The measure of progress is determined based on the proportion of contract costs incurred to date to the estimated total contract costs. Costs incurred that are not related to the contract or that do not contribute towards satisfying a performance obligation are excluded from the measure of progress.

Interest income

Interest income is recognised on a time-proportion basis using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. Summary of significant accounting policies (Continued)

2.14 Employee benefits

Defined contribution plans

Contributions to defined contribution plans are recognised as expenses in profit or loss in the same financial year as the employment that gives rise to the contributions.

Employee leave entitlement

Employee entitlements to annual leave are recognised when they accrue to employees. An accrual is made for estimated liability for unutilised annual leave as a result of services rendered by employees up to the end of the reporting period.

Employee performance share plan

Selected employees of the Group receive remuneration in the form of performance share plan ("PSP") as consideration for services rendered. The cost of these equity-settled share based payment transactions with employees is measured by reference to the fair value of the PSP at the date on which the PSP are granted which takes into account market conditions and non-vesting conditions. This cost is recognised in profit or loss, with a corresponding increase in the employee share based payment reserve, over the vesting period. The cumulative expense recognised at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of PSP that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense. The employee share based payment reserve is transferred to share capital upon expiry of the PSP.

2.15 Leases

Finance leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the leased assets to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are capitalised as property, plant and equipment of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss, unless they are directly attributable to the acquisition, construction of production of qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. Summary of significant accounting policies (Continued)

2.15 Leases (Continued)

Operating leases

Rentals payable under operating leases (net of any incentives received from lessors) are charged to profit or loss on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

2.16 Income tax

Income tax expense comprises current and deferred taxes. Income tax expense is recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity, or in other comprehensive income.

Current income tax expense is the expected tax payable on the taxable income for the financial year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to income tax payable in respect of previous financial years. Taxable income differs from profit reported as profit or loss because it excluded items of income or expenses that are taxable or deductible in other years and it further excludes items of income or expenses that are not taxable or tax deductible.

Deferred tax is provided, using the balance sheet liability method, for temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax is measured using the tax rates expected to be applied to the temporary differences when they are realised or settled, based on tax rates enacted or substantively enacted by the end of the reporting period.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profits will be available against which the temporary differences can be utilised.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. Summary of significant accounting policies (Continued)

2.16 Income tax (Continued)

Deferred tax assets and liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same tax authority and where there is intention to settle the current tax assets and liabilities on a net basis.

Deferred tax liabilities are recognised for all taxable temporary differences associated with investments in subsidiaries, except where the timing of the reversal of the temporary difference can be controlled by the Group and the Company and it is probable that the temporary difference will not reverse in the foreseeable future.

2.17 Foreign currencies

Items included in the individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("functional currency").

The financial statements are presented in Ringgit Malaysia, which is the functional currency of the Company and the presentation currency for the financial statements.

In preparing the financial statements, transactions in currencies other than the entity's functional currency ("foreign currencies") are recorded at the rates of exchange prevailing on the date of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are re-translated at the rates prevailing at the end of the reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are re-translated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not re-translated.

Exchange differences arising on the settlement of monetary items and on re-translating of monetary items are recognised in profit or loss for the financial year. Exchange differences arising on the re-translation of non-monetary items carried at fair value are recognised in profit or loss for the financial year except for differences arising on the re-translation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income. For such non-monetary items, any exchange component of that gain or loss is also recognised in other comprehensive income.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations (including comparatives) are expressed in Ringgit Malaysia using exchange rates prevailing at the end of the financial year. Income and expense items (including comparatives) are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, are recognised initially in other comprehensive income and accumulated in the Group's foreign exchange reserve.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. Summary of significant accounting policies (Continued)

2.17 Foreign currencies (Continued)

On consolidation, exchange differences arising from the translation of the net investment in foreign entities (including monetary items that, in substance, form part of the net investment in foreign entities), and of borrowings and other currency instruments designated as hedges of such investments, are taken to the foreign exchange reserve.

On disposal of a foreign operation, the accumulated foreign exchange reserve relating to that operation is reclassified to profit or loss.

2.18 Joint-operation

Based on the contractual agreement, the Group accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the accounting policies applicable to the particular assets, liabilities, revenues and expenses.

2.19 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group) and whose operating results are regularly reviewed by the Group's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance.

2.20 Contingencies

A contingent liability is:

(a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group or the Company; or

(b) a present obligation that arises from past events but is not recognised because:

(i) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

(ii) the amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group or the Company.

Contingencies are not recognised on the statements of financial position, except for contingent liabilities assumed in a business combination that are present obligations and for which the fair value can be reliably determined.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

3. Critical accounting judgements and key sources of estimation uncertainty

3.1 Critical judgements made in applying the accounting policies

In the process of applying accounting policies, the management is of the opinion that there are no critical judgements involved that have a significant effect on the amounts recognised in the financial statements except as discussed below.

(i) Impairment of assets relating to mining operations

The Group and the Company assess the assets relating to the mining operations at each reporting period to determine whether any indication of impairment exists. Where an indicator of impairment exists, a formal estimate of the recoverable amount is made, which is considered to be the higher of fair value less costs to sell and value in use. These assessments require the use of estimates and assumptions including historical, current and future prices, recoverable ore reserve of the mine, discount rate, operating costs, future capital requirements and operating performance (which includes production and sales volumes). In estimating the recoverable ore reserve of the mine, management relied on the Independent Qualified Person's Report ("IQPR") issued by the independent valuers. These estimates and assumptions are subject to risk and uncertainty. Therefore, there is a possibility that changes in circumstances will impact these projections, which may impact the recoverable amount of the assets.

3.2 Key sources of estimation uncertainty

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

(i) Amortisation of mine properties

Gold mine properties are amortised based on units-of-production basis over the economically recoverable reserves and granite mine properties are amortised based on straight-line method over the concession period of the granite mine. Management reviews and revises the estimates of the recoverable reserves of the mines and remaining useful life and residual values of mine properties at the end of each financial year. Any changes in estimates of the recoverable reserve of the mine and, the useful life and residual values of the mine properties would impact the amortisation charges and consequently affect the Group's financial performance. The carrying amount of the Group's mine properties as at 31 December 2018 was approximately RM15,204,000 (31 December 2017: RM15,833,000, 1 January 2017: RM15,442,000).

(ii) Non-trade receivable due from a subsidiary

Management determines whether there is significant increase in credit risk of the subsidiary since initial recognition. Management considers various operating performance ratios and projected cash flows of the subsidiary. There is no significant increase in credit risk as at 31 December 2018. Therefore, no expected credit loss allowance is recognised.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

3. Critical accounting judgements and key sources of estimation uncertainty (Continued)

3.2 Key sources of estimation uncertainty (Continued)

(iii) Impairment of investments in subsidiaries

At the end of each financial year, an assessment is made on whether there is indication that the investments in subsidiaries are impaired. The management's assessment is based on the estimation of the value-in-use of the CGUs by forecasting the expected future cash flows for a period of 4 and 18 years, using a suitable discount rate in order to calculate the present value of those cash flows. The Company's carrying amount of investments in subsidiaries as at 31 December 2018 was approximately RM171,757,000 (31 December 2017: RM171,757,000, 1 January 2017: RM51,599,000) (Note 8).

4. Going concern

The Group's and Company's current liabilities exceeded its current assets by approximately RM15,678,000 and RM4,948,000 respectively as at 31 December 2018. The Group incurred a net loss of approximately RM15,475,000 and had negative cash flows from operating activities of approximately RM8,724,000 for the financial year ended 31 December 2018. As at 31 December 2018, the Group and the Company have cash and cash equivalents of approximately RM7,153,000 and RM5,038,000 respectively.

The Group's Guaranteed Bond II, i.e. Guaranteed First-Tranche Non-Convertible Bond of S$1,500,000 (equivalent to RM4,500,000) is originally due for repayment in April 2019. Repayment date has been extended from April 2019 to May 2019 for the first S$750,000 (equivalent to RM2,250,000) and April 2020 for the remaining S$750,000 (equivalent to RM2,250,000) respectively as disclosed in Note 35.2. The Group's Guaranteed Bond III, i.e. Guaranteed Second-Tranche Non-Convertible Bond of S$3,310,000 (equivalent to RM9,930,000) is originally due for repayment in April 2019. Repayment date has been extended from April 2019 to May 2019 for the first S$1,655,000 (equivalent to RM4,965,000) and the remaining S$1,655,000 (equivalent to RM4,965,000) is exchanged with an issue of S$1,903,000 (equivalent to RM5,709,000) in aggregate principal amount of 10% guaranteed non-convertible bonds which will mature in April 2020 as disclosed in Note 35.3. The Group also has exchangeable bond of S$2,645,000 (equivalent to RM7,935,000) due for repayment in August 2019. Repayment date is being extended from 25 August 2019 to 25 August 2020 subject to parties successful negotiating the terms and conditions for the extension as disclosed in Note 35.5.

These events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's and Company's ability to continue as a going concern, which is highly dependent on the Group's and Company's ability to obtain funding and generate sufficient cash flows from its operations.

To meet the short-term financing needs of the Group and to support the redemption of bonds and payment of interest expenses, the Company has obtained or plans to obtain the following sources of funding:

(a) On 17 January 2019, the Company completed a placement exercise, resulting in the issuance of 43,478,261 new ordinary shares in the capital of the Company and raising gross proceeds of S$1,000,000 (equivalent to RM3,000,000) as disclosed in Note 35.1;

(b) On 8 April 2019, the Company entered into a subscription agreement pursuant to which the Subscribers has agreed to subscribe for an aggregate of up to 143,790,838 new ordinary shares in the capital of the Company at an issue price of S$0.0153 each for an aggregate cash consideration of S$2,200,000 (equivalent to RM6,600,000) as disclosed in Note 35.1;

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

4. Going concern (Continued)

(c) The Company has entered into a subscription agreement dated 12 March 2019 with Advance Opportunity Fund (the "Subscriber") and Advance Partners Limited as the investment manager of the Subscriber for the issuance of 1% unsecured redeemable equity-linked notes ("RELN") due 2022, with an aggregate principal amount of S$10,000,000 (equivalent to RM30,000,000) in three tranches subject to approval from relevant authorities. Due in 2022, the notes bear interest rate of 1% interest per annum and is payable semi-annually.

Management continues to evaluate various strategies to improve profitability and generate positive cash flows from the Group's current business activities. These strategies include, inter alia, obtaining more projects for our granite mining segment; working with business partners to expand business operations and expedite the plan to achieve the revenue base and simultaneously reducing our operating and capital commitment which include the following:

(a) The processing of tailings materials into gold concentrated ore since June 2018 which has shown encouraging results in production and it is expected to contribute positively to the Group's operating cash flows;

(b) The Group had on 18 January 2019 entered into a Technical Services Agreement ("TSA") with Great Aims Resources Sdn. Bhd. ("GAR"), pursuant to which GAR is engaged to carry out core drilling in Lubuk Mandi Gold Mine;

(c) The Group had entered into a Co-Operation Agreement on 16 January 2019 with Jianning Country Huasheng Stone Co., Ltd. ("Jianning") where the latter is to undertake all the dimension stone processing and be overall responsible for the preparation, production, safety and relevant management of the plant; and

(d) Barring any over stockpile of aggregates in Brunei or any unforeseen circumstances, the Group will strive to supply the 75,000 MT of granite aggregates to SIVLI in Brunei as per the contractual four (4) years agreement. The sales team is actively marketing the aggregate sales to both local and overseas market.

Management has prepared a cash flow forecast which shows that the Company and the Group will have adequate funds for its operational needs and to meet its debt obligations as and when they fall due for at least 12 months from the end of the financial year, having taken account of the funds available and cash flows to be generated from its operations based on the plans set out above. Accordingly, the Directors of the Company are of the opinion that it is appropriate for the financial statements to be prepared using a going concern basis of accounting.

If the Group and the Company are unable to continue in operational existence for the foreseeable future, the Group and the Company may be unable to discharge its liabilities in the normal course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the consolidated statement of financial position of the Group and the statement of financial position of the Company. In addition, the Group and the Company may need to reclassify non-current assets and non-current liabilities to current assets and current liabilities respectively. No such adjustments have been made to these financial statement.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

5. Property, plant and equipment

	Buildings RM'000	Furniture and fittings RM'000	Office equipment RM'000	Motor vehicles RM'000	Renovation RM'000	Plant and machinery RM'000	Road and infrastructure RM'000	Electrical installation works RM'000	Tools and equipment RM'000	Total RM'000
Group										
2018										
Cost										
Balance at 1 January 2018	5,976	113	628	753	522	12,030	1,331	9	11	21,373
Additions	441	1	22	472	–	1,717	20	44	12	2,729
Written off	–	–	(6)	–	–	–	–	–	–	(6)
Balance at 31 December 2018	6,417	114	644	1,225	522	13,747	1,351	53	23	24,096
Accumulated depreciation and impairment losses										
Balance at 1 January 2018	799	71	344	323	256	2,651	153	4	6	4,607
Depreciation for the financial year	286	16	112	182	101	1,252	67	4	6	2,026
Written off	–	–	(4)	–	–	–	–	–	–	(4)
Balance at 31 December 2018	1,085	87	452	505	357	3,903	220	8	12	6,629
Carrying amount										
Balance at 31 December 2018	5,332	27	192	720	165	9,844	1,131	45	11	17,467
2017										
Cost										
Balance at 1 January 2017	5,976	92	591	750	439	11,973	1,321	9	5	21,156
Additions	–	21	37	3	83	1,075	10	–	8	1,237
Reclassification/Adjustment	–	–	–	–	–	(1,018)#	–	–	–	(1,018)
Written off	–	–	*	–	–	–	–	–	(2)	(2)
Balance at 31 December 2017	5,976	113	628	753	522	12,030	1,331	9	11	21,373
Accumulated depreciation and impairment losses										
Balance at 1 January 2017	523	57	227	173	161	1,450	87	2	2	2,682
Depreciation for the financial year	276	14	117	150	95	943	66	2	6	1,669
Impairment loss for the financial year	–	–	–	–	–	258	–	–	–	258
Written off	–	–	*	–	–	–	–	–	(2)	(2)
Balance at 31 December 2017	799	71	344	323	256	2,651	153	4	6	4,607
Carrying amount										
Balance at 31 December 2017	5,177	42	284	430	266	9,379	1,178	5	5	16,766
Balance at 1 January 2017	5,453	35	364	577	278	10,523	1,234	7	3	18,474

* Amount less than RM1,000.

\# This is in relation to the discount for the purchase of machinery in prior year.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

5. Property, plant and equipment (Continued)

	Company	
	2018 RM'000	2017 RM'000
Office equipment		
Cost		
Balance at beginning of financial year	**7**	7
Additions	**5**	–
Written off	**(5)**	–
Balance at end of financial year	**7**	7
Accumulated depreciation		
Balance at beginning of financial year	**4**	3
Depreciation for the financial year	**1**	1
Written off	**(3)**	–
Balance at end of financial year	**2**	4
Carrying amount		
Balance at end of financial year	**5**	3

Carrying amount of the Company's office equipment as at 1 January 2017 is RM4,000.

As at 31 December 2018, included in the Group's property, plant and equipment are items with aggregate net carrying value of approximately RM1,570,000 (31 December 2017: RM394,000, 1 January 2017: RM509,000) purchased under finance lease arrangements.

In 2017, the Group has recognised impairment loss of approximately RM258,000 due to certain plant and equipment are no longer in-use as the Group has embarked on exporting semi-processed gold concentrated ore instead of producing purified gold from tailings process.

Impairment assessment for property, plant and equipment is disclosed in Note 7. The Group has also reassessed the useful lives of its property, plant and equipment and determined that no change in the useful lives was required.

For the purpose of consolidated statement of cash flows, the Group's additions to property, plant and equipment were financed as follows:

	Group	
	2018 RM'000	2017 RM'000
Additions to property, plant and equipment	**2,729**	1,237
Acquired under finance lease arrangements	**(1,185)**	–
Cash payments for acquisition of property, plant and equipment	**1,544**	1,237

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

6. Exploration and evaluation assets

	Group 31 December	
	2018 RM'000	2017 RM'000
Cost		
Balance at beginning of financial year	–	50
Written off	–	(50)
Balance at end of financial year	–	–
Carrying amount		
Balance at end of financial year	–	–

Carrying amount of exploration and evaluation assets as at 1 January 2017 is RM50,000.

Included in exploration and evaluation assets is a concession asset representing concession rights to mine with carrying amount of RM Nil (31 December 2017: RM Nil, 1 January 2017: RM50,000) as at 31 December 2018.

Ultimate recoupment of exploration and evaluation expenditure carried forward is dependent on successful development and commercial exploitation or alternatively, sale of the concession rights.

7. Mine properties

	Group 31 December	
	2018 RM'000	2017 RM'000
Cost		
Balance at beginning of financial year	**16,777**	16,077
Additions	**–**	700
Balance at end of financial year	**16,777**	16,777
Accumulated amortisation		
Balance at beginning of financial year	**944**	635
Amortisation for financial year	**629**	309
Balance at end of financial year	**1,573**	944
Carrying amount		
Balance at end of financial year	**15,204**	15,833

Carrying amount of mine properties as at 1 January 2017 is RM15,442,000.

Property, plant and equipment and mine properties

Property, plant and equipment and mine properties acquired are allocated to the cash-generating units ("CGU") that are expected to benefit from the acquisition. The Group tests the CGUs annually for impairment or more frequently when there are indications that the CGUs might be impaired.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

7. Mine properties (Continued)

Property, plant and equipment and mine properties (Continued)

There are indications of impairment as both Gold and Granite businesses' CGUs have incurred operating losses in current financial year. However, based on the recoverable amount determined by management using the inputs as presented below, no impairment loss is required.

Impairment testing

The recoverable amount of the mentioned CGUs are determined from value-in-use calculations.

For value-in-use calculations, the recoverable amount is determined by applying the discounted cash flow model using cash flow projections based on financial budget and forecasts approved by the management covering a period of 4 and 18 years. Management is of the opinion that, four-year and eighteen-year cash flow projections are more reflective of the recoverable reserves of the mines and remaining life of the mines in which the CGUs are operating in. The terminal year value is not relevant for this calculation.

The key assumptions for these value-in-use calculations are those regarding the discount rates and growth rates as stated below:

	2018 Discount rate %	2018 Average growth rate %	2017 Discount rate %	2017 Average growth rate %
Gold mining	**9.9**	**41.6**	6.5	6.1
Granite mining	**9.9**	**34.1**	#	#

Value-in-use calculation was not performed by the management as there was no indication of impairment.

8. Investments in subsidiaries

	Company		
	31 December		1 January
	2018 RM'000	2017 RM'000	2017 RM'000
Unquoted equity investments, at cost	**192,686**	192,686	51,599
Less: Accumulated impairment losses	**(20,929)**	(20,929)	–
	171,757	171,757	51,599
Accumulated impairment losses			
Balance at beginning of financial year	**20,929**	–	–
Impairment loss for financial year	**–**	20,929	–
Balance at end of financial year	**20,929**	20,929	–

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

8. Investments in subsidiaries (Continued)

As at the end of the reporting period, the Company carried out a review of the investment in subsidiaries, having regards for indicators of impairment on investment in Angka Alamjaya Sdn. Bhd. ("AASB") and GGTM Sdn. Bhd. ("GGTM") due to the losses reported by both subsidiaries, an impairment loss of approximately RM Nil (2017: RM20,929,000) was recognised for the financial year ended 31 December 2018.

The recoverable amount of investments in AASB and GGTM which are approximately RM45,217,000 and RM139,506,000 respectively are determined from value-in-use calculations based on cash flow forecasts derived from the most recent financial budgets approved by management for the next 4 and 18 years. The key assumptions for these value-in-use calculations are those regarding the discount rates and growth rates disclosed in Note 7.

The particulars of the subsidiaries are as follows:

Name of company (Principal place of business)	Ownership interest held			Principal activities
	31 December		1 January	
	2018	2017	2017	
	%	%	%	
Held by the Company				
Angka Alamjaya Sdn. Bhd.[1] (Malaysia)	**100**	100	100	Gold and related mineral mining, consultant and contractor of natural resources
GGTM Sdn. Bhd.[1] (Malaysia)	**100**	100	–	Exploration, mining and production of granite dimension stone for sales as well as architectural stone and interior fit-out
Angka Marketing Pte. Ltd.[2] (Singapore)	**100**	100	–	Business and management consulting services
Held by Angka Alamjaya Sdn. Bhd.				
Angka Mining Sdn. Bhd.[1] (Malaysia)	**100**	100	100	Gold and related mining consultancy
Held by GGTM Sdn. Bhd.				
Stonetrade Sdn. Bhd.[1] (Malaysia)	**100**	–	–	Exploration, quarrying activities, construction, manufacturing, processing, cutting and polishing of dimension stone, granite stone, marble, aggregates and related products

(1) Audited by BDO PLT, Malaysia, a member firm of BDO International Limited
(2) Audited by BDO LLP, Singapore

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

8. Investments in subsidiaries (Continued)

In prior financial year, the Company completed the acquisition of GGTM Sdn. Bhd. ("GGTM") on 21 August 2017, and thereafter GGTM became a wholly-owned subsidiary of the Company. This acquisition is a very substantial acquisition ("VSA") and is under common control (Note 2.2).

On 27 July 2017, the Group incorporated a subsidiary company in Singapore known as Angka Marketing Pte. Ltd. ("AMPL") by the subscription of 10,000 new shares in the capital of AMPL at an issue price of S$1.00 per share and for a total cash consideration of S$10,000.

On 8 May 2018, the Group incorporated a subsidiary company in Malaysia known as Stonetrade Sdn. Bhd. ("STSB") by the subscription of 100,000 new shares in the capital of STSB at an issue price of RM1.00 per share and for a total cash consideration of RM100,000.

During the financial year ended 31 December 2018, the Company has issued corporate guarantee to a bank in respect of the finance lease arrangements amounting to RM876,000 (2017: RM590,000) which is granted to GGTM.

9. Inventories

	Group		
	31 December		1 January
	2018	2017	2017
	RM'000	RM'000	RM'000
Raw materials	**545**	34	124
Consumables	**503**	168	46
Work-in-progress	**41**	71	139
Finished goods	**225**	311	184
	1,314	584	493

The cost of inventories recognised as an expense and included in "Raw materials and consumables used" line item in the Group's profit or loss for the financial year ended 31 December 2018 amounted to approximately RM564,000 (2017: RM102,000).

As at 31 December 2018, the Group carried out a review of the realisable values of its inventories and the review led to a write down of inventories to net realisable value of approximately RM30,000 (2017: RM68,000) as an expense and included in "Raw materials and consumables used" line item in the Group's profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

10. Trade and other receivables

	Group			Company		
	31 December		1 January	31 December		1 January
	2018	2017	2017	2018	2017	2017
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Trade receivables – third parties	**4,112**	2,967	2,079	**–**	–	–
Less: Loss allowance	**(62)**	–	–	**–**	–	–
Sub-total	**4,050**	2,967	2,079	**–**	–	–
Other receivables						
– third parties	**1,410**	974	62	**–**	–	–
– a subsidiary	**–**	–	–	**12,730**	9,922	3,117
Advance payments to suppliers – third parties	**487**	318	128	**–**	–	–
Goods and services tax recoverable, net	**63**	203	276	**–**	–	–
Deposits	**1,085**	1,083	443	**–**	–	–
	3,045	2,578	909	**12,730**	9,922	3,117
	7,095	5,545	2,988	**12,730**	9,922	3,117

Included in trade receivables at 31 December 2018 are retention sums of RM1,455,000 (31 December 2017: RM1,455,000, 1 January 2017: RM485,000) relating to contract works. Retention sums are unsecured, interest-free and are expected to be collected within the normal operating cycle.

The non-trade amount due from a subsidiary is unsecured, non-interest bearing and repayable on demand. No expected credit loss allowance was recognised as explained in Note 3.

Advance payments to suppliers represent advance payments for the operating expenses and purchase of plant and equipment.

Deposits mainly relate to refundable rental deposits for office premises and equipment and concession rights.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

10. Trade and other receivables (Continued)

At 31 December 2018, the lifetime expected loss allowance for Group's trade receivables is as follows:

	Current RM'000	More than 30 days past due RM'000	More than 60 days past due RM'000	More than 120 days past due RM'000	Total RM'000
Expected loss rate	0%	0%	0%	2%	
Gross carrying amount					
– Trade receivables	380	47	–	3,685	4,112
Loss allowance	–	–	–	62	62

Movement in the loss allowance for trade receivables is as follows:

	Group	
	2018 RM'000	2017 RM'000
Balance at beginning of financial year under FRS 39	**–**	–
Application of SFRS(I) 9	**–**	–
Balance at beginning of financial year under SFRS(I) 9	**–**	–
Loss allowance recognised during the financial year	**62**	–
Balance at end of financial year	**62**	–

Other receivables from third parties and a subsidiary are considered to be a low credit risk and subject to immaterial credit loss. Credit risk for these assets has not increased significantly since their initial recognition.

The currency profiles of trade and other receivables as at the end of the reporting period are as follows:

	Group			Company		
	31 December		1 January	31 December		1 January
	2018 RM'000	2017 RM'000	2017 RM'000	2018 RM'000	2017 RM'000	2017 RM'000
Ringgit Malaysia	**6,761**	5,395	2,988	**–**	–	–
Singapore dollar	**–**	–	–	**12,730**	9,922	3,117
United States dollar	**319**	133	–	**–**	–	–
Chinese renminbi	**15**	17	–	**–**	–	–
	7,095	5,545	2,988	**12,730**	9,922	3,117

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

11. Fixed deposits and bank balances

	Group			Company		
	31 December		1 January	31 December		1 January
	2018	2017	2017	2018	2017	2017
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Fixed deposits	**300**	4,059	5,514	**–**	–	1,860
Bank balances	**6,853**	3,758	6,232	**5,038**	1,611	2,105
Balances as per statements of financial position	**7,153**	7,817	11,746	**5,038**	1,611	3,965
Less: Fixed deposits pledged	**–**	–	(100)			
Cash and cash equivalents as per consolidated statement of cash flows	**7,153**	7,817	11,646			

Fixed deposits bear an effective interest rate of 3.15% (2017: 0.05% to 3.90%) per annum with maturity of 3 (2017: 1 to 12) months during the financial year. The Group's fixed deposits are readily convertible to cash at minimal cost.

For the purpose of presenting the statement of cash flows, cash and cash equivalents include fixed deposits with an average maturity of more than 3 months, as there are no significant costs or penalties in converting these fixed deposits into liquid cash before maturity.

As at 1 January 2017, fixed deposits of the Group amounting to RM100,000 were pledged to certain bank to secure banker's guarantee facility amounting to RM100,000.

As at the end of the reporting period, the Group has banking facilities as follows:

	Group	
	31 December	
	2018	2017
	RM'000	RM'000
Banking facilities granted	**5,000**	5,000
Banking facilities utilised	**–**	–

The currency profiles of fixed deposits and bank balances included in the statements of financial position as at the end of the reporting period are as follows:

	Group			Company		
	31 December		1 January	31 December		1 January
	2018	2017	2017	2018	2017	2017
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Ringgit Malaysia	**2,081**	6,175	7,780	**–**	–	–
Singapore dollar	**5,072**	1,642	3,966	**5,038**	1,611	3,965
	7,153	7,817	11,746	**5,038**	1,611	3,965

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

12. Share capital

	Group			
	2018		2017	
	Number of ordinary shares	RM'000	Number of ordinary shares	RM'000
Issued and fully-paid:				
At beginning of financial year	**1,038,448,355**	**247,780**	310,750,000	106,342
Deemed distribution to owners#	**–**	**–**	(250,000)	(250)
Issuance of ordinary share pursuant to the Acquisition of GGTM[i]	**–**	**–**	712,172,414	138,800
	1,038,448,355	**247,780**	1,022,672,414	244,892
Issuance of new shares:				
– to employees[ii]	**–**	**–**	764,200	169
– for compensation[iii]	**–**	**–**	3,496,625	633
– for termination and settlement[iv]	**–**	**–**	11,515,116	2,086
– by way of warrants conversion[v]	**8,500,000**	**820**	–	–
At end of financial year	**1,046,948,355**	**248,600**	1,038,448,355	247,780

These represent the value of the issued and fully paid-up share capital of GGTM as the acquisition of GGTM, which fall under common control combination, was completed on 21 August 2017.

As at 31 December 2018, the Group has 128,500,000 free warrants remain outstanding (31 December 2017: 137,000,000, 1 January 2017: Nil).

	Company			
	2018		2017	
	Number of ordinary shares	RM'000	Number of ordinary shares	RM'000
Issued and fully-paid:				
At beginning of financial year	**1,038,448,355**	**247,780**	310,500,000	106,092
Issuance of ordinary share pursuant to the Acquisition of GGTM[i]	**–**	**–**	712,172,414	138,800
	1,038,448,355	**247,780**	1,022,672,414	244,892
Issuance of new shares:				
– to employees[ii]	**–**	**–**	764,200	169
– for compensation[iii]	**–**	**–**	3,496,625	633
– for termination and settlement[iv]	**–**	**–**	11,515,116	2,086
– by way of warrants conversion[v]	**8,500,000**	**820**	–	–
At end of financial year	**1,046,948,355**	**248,600**	1,038,448,355	247,780

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

12. Share capital (Continued)

(i) Issuance of shares for completion of the acquisition of GGTM

On 21 August 2017, the Company acquired 100% equity interest in GGTM Sdn. Bhd., a company incorporated in Malaysia by way of allotment and issuance of 712,172,414 new ordinary shares at an issue price of S$0.062 per ordinary share for consideration of approximately S$44,155,000 (approximately RM138,800,000).

(ii) Issuance of employee shares

On 4 October 2017, the Company increased its issued and fully paid-up share capital by way of allotment and issuance of 764,200 new ordinary shares at an issue price of S$0.071 per share to certain employees of the Group, pursuant to the vesting of the Awards in accordance with the terms of the PSP.

(iii) Issuance of compensation shares

On 6 October 2017, the Company increased its issued and fully paid-up share capital by way of allotment and issuance of 3,496,625 new ordinary shares at an issue price of S$0.060 per ordinary share amounting to approximately S$210,000 (approximately RM633,000) to one of the Executive Director of the Company pursuant to the terms of the Service Agreement.

(iv) Issuance of termination and settlement shares

On 6 October 2017, the Company increased its issued and fully paid-up share capital by way of allotment and issuance of 11,515,116 new ordinary shares at an issue price of S$0.060 per ordinary share to various parties in relation to the termination agreement and settlement agreement on behalf of the Company's wholly-owned subsidiary, Angka Alamjaya Sdn. Bhd. for work undertaken by these parties at the Group's Lubuk Mandi mine.

(v) Issuance of shares by way of warrants conversion

On 7 September 2018, the Company increased its issued and fully paid-up share capital by way of warrants conversion and issuance of 8,500,000 new ordinary shares at an issue price of S$0.032 per ordinary share for cash consideration of approximately S$272,000 (approximately RM819,400).

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares have no par value and carry one vote per share without restriction.

13. Merger reserve

Merger reserve represents the differences between the consideration paid and the issued share capital of subsidiaries under common control that are accounted for by applying the "pooling-of-interest" method.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

14. Share-based payment reserve

Share-based payment reserve represents the equity-settled share granted to a Director of the Company. The reserve is made up of the cumulative value of services received from a Director of the Company recorded over the vesting period commencing from the grant date of equity compensation plan awards, and is increased by the expiry of the equity compensation plan awards and is decreased by the expiry of the equity compensation plan awards.

The fair values of the equity compensation plan awards were determined by reference to the grant date fair value and recognised over the vesting period.

15. Currency translation reserve

The currency translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations. This reserve is not distributable.

16. Accumulated losses

	Company		
	31 December 2018 RM'000	**31 December 2017 RM'000**	**1 January 2017 RM'000**
Accumulated losses	**86,230**	79,112	48,938

Movements of accumulated losses of the Company are as follows:

	Company	
	2018 RM'000	**2017 RM'000**
Balance at beginning of financial year	**79,112**	48,938
Total comprehensive income for the financial year	**7,118**	30,174
Balance at end of financial year	**86,230**	79,112

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

17. Finance lease payables

	Group		
	31 December		1 January
	2018	2017	2017
	RM'000	RM'000	RM'000
Minimum lease payments due			
– Not later than a year	**397**	100	100
– Between one and five years	**1,045**	240	327
– Later than five years	**24**	38	52
	1,466	378	479
Less: Interest charges	**(183)**	(48)	(76)
	1,283	330	403
Presented in consolidated statement of financial position:			
Non-current	**964**	250	330
Current	**319**	80	73
	1,283	330	403

The finance lease term ranges from 2 to 7 (31 December 2017: 3 to 8, 1 January 2017: 4 to 9) years for the financial year ended 31 December 2018. The effective interest rates for the finance lease obligations ranges from 5.14% to 9.24% (31 December 2017: 5.14% to 9.24%, 1 January 2017: 5.14% to 9.24%) per annum for the financial year ended 31 December 2018.

Interest rates are fixed at the contract date and thus expose the Group to fair value interest rate risk. All finance lease is on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

The Group's obligations under finance leases are secured by the leased assets, which will revert to the lessors in the event of default by the Group.

The currency profile of finance lease payables as at the end of the reporting period is denominated in Ringgit Malaysia.

During the financial year ended 31 December 2018, the Company has issued corporate guarantee to a bank in respect of the finance lease arrangements amounting to RM876,000 (2017: RM590,000) which is granted to GGTM.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

18. Borrowings

	Group			Company		
	31 December		1 January	31 December		1 January
	2018	2017	2017	2018	2017	2017
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Non-current liabilities						
Secured						
Non-guaranteed bond	**4,444**	–	–	**4,444**	–	–
Unsecured						
Exchangeable bond	**–**	7,494	–	**–**	–	–
	4,444	7,494	–	**4,444**	–	–
Current liabilities						
Secured						
Guaranteed bond I	**–**	8,360	–	**–**	8,360	–
Guaranteed bond II	**4,243**	–	–	**4,243**	–	–
Guaranteed bond III	**9,414**	–	–	**9,414**	–	–
	13,657	8,360	–	**13,657**	8,360	–
Unsecured						
Exchangeable bond	**7,916**	–	–	**–**	–	–
	21,573	8,360	–	**13,657**	8,360	–
	26,017	15,854	–	**18,101**	8,360	–

18.1 Non-guaranteed bond ("NGB")

The non-guaranteed non-convertible bond, which is due in September 2021, carries fixed interest rate of 9.0% per annum. The effective interest rate is 9.3% per annum.

The NGB is denominated in Singapore dollar ("SGD").

The salient features of the NGB are as follows:

(i) NGB will mature on the third anniversary from the date the NGB is issued ("NGB Issue Date") ("NGB Maturity Date").

(ii) Unless previously redeemed, purchased and cancelled or extended, the Company will be required to redeem all outstanding NGB on the NGB Maturity Date at 100.0% of its principal amount, together with all accrued but unpaid interest thereon.

(iii) The NGB will constitute direct, unsubordinated and unconditional obligations of the Company. The NGB shall at all times rank pari passu and without any preference or priority among themselves.

The payment obligations of the Company under the NGB shall, save for such exceptions as may be provided by applicable laws, at all times rank (i) in priority to loans to the Company by its directors and/or shareholders, if any; and (ii) at least equally with all of the Company's present and future direct, unsubordinated and unconditional obligations, other than subordinated obligations and priorities created by law.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

18. Borrowings (Continued)

18.2 Exchangeable bond ("EB")

The exchangeable bond which is due and convertible into new fully paid shares capital of the Company in August 2019, carries fixed interest rate of 5.0% per annum. The effective interest rate is 19.9% per annum.

The EB is denominated in Singapore dollar ("SGD").

The Group has recognised fair value loss of RM Nil (2017: RM1,471,000) for the EB during the financial year ended 31 December 2018.

The salient features of the EB are as follows:

(i) Unless previously converted, Luminor Pacific Fund 2 Ltd. ("Luminor 2"), the holder of the EB, may elect on the EB Maturity Date either to (i) redeem all outstanding Bonds; or (ii) exchange all the outstanding Bonds;

If Luminor 2 elects to redeem all outstanding Bonds on the EB Maturity Date, within seven (7) business days of the EB Maturity Date, Angka Marketing Pte. Ltd. ("EB Subsidiary") shall pay to Luminor 2 an amount equivalent to (i) the principal amount of the outstanding Bonds held by it; plus (ii) a premium that would generate for Luminor 2 a 15.0% per annum cumulative return from the EB Issue Date to the EB Maturity Date.

(ii) the Exchange Price shall be equal to 90.0% of the VWAP of the Shares traded on the SGX-ST for the five (5) days prior to: (i) the date Luminor 2 exercises its right to exchange the EB ("Exchange Right"); or the (ii) the date of the EB Subscription Agreement (whichever is lower), provided that such price being not more than a 10.0% discount to the VWAP for trades done on the Shares on the SGX-ST on the date of the EB Subscription Agreement (or if trading is not available for a full market day, the VWAP for trades done on the preceding market day up to the date of the EB Subscription Agreement), subject to adjustment in accordance with the EB Terms and Conditions.

(iii) The EB constitute direct, unsubordinated, unconditional and unsecured obligations of the EB Subsidiary. The EB shall at all times rank pari passu and without any preference or priority among themselves. The payment obligations of the EB Subsidiary under the EB shall, save for such exceptions as may be provided by applicable laws, at all times rank senior to all of the EB Subsidiary's other present and future unsecured and unsubordinated obligations.

(iv) Upon the occurrence of any event of default specified in the EB Terms and Conditions, Luminor 2 will be entitled to exercise its right to redeem the Bonds, at a price equal to (i) the outstanding principal amount plus (ii) a premium that would generate for Luminor 2 a 20.0% per annum cumulative return from the EB Issue Date to the date notice of default is given by Luminor 2.

On 8 April 2019, the Company extended the repayment date for the amount of S$2,645,000 (equivalent to RM7,916,000) due and payable by the Company from 25 August 2019 to 25 August 2020 subject to parties successful negotiating the terms and conditions for the extension.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

18. Borrowings (Continued)

18.3 Guaranteed bond I ("GB I")

The guaranteed non-convertible bond, which is due in April 2018, carries fixed interest rate of 5.0% per annum and guaranteed by the Managing Director. The effective interest rate is 26.3% per annum.

The GB I is denominated in Singapore dollar ("SGD").

The salient features of the GB I are as follows:

(i) GB I will mature on the first anniversary from the date the GB I is issued ("GB I Issue Date") ("GB I Maturity Date"), which may be extended for a period of three months ("Extension Period") at the sole discretion of the Company ("Extension").

(ii) The Company is entitled, at its sole discretion, to extend the GB I Maturity Period, once, by a period of three months subsequent to the initial GB I Maturity Period.

In the event of Extension, the GB I will bear interest at the rate of 12.0% per annum of the principal amount outstanding of the GB I for the duration of the Extension Period. Interest for the duration of the Extension Period calculated up to but excluding the new GB I Maturity Date shall be payable on the first day of the Extension Period.

(iii) Unless previously redeemed, purchased and cancelled or extended, the Company will be required to redeem all outstanding GB I on the GB I Maturity Date at 100.0% of its principal amount, together with all accrued but unpaid interest thereon.

(iv) The GB I will constitute direct, unsubordinated and unconditional obligations of the Company. The GB I shall at all times rank pari passu and without any preference or priority among themselves.

The payment obligations of the Company under the GB I shall, save for such exceptions as may be provided by applicable laws, at all times rank (i) in priority to loans to the Company by its directors and/or shareholders, if any; and (ii) at least equally with all of the Company's present and future direct, unsubordinated and unconditional obligations, other than subordinated obligations and priorities created by law.

On 29 March 2018, the Company issued the Second Tranche Bond of S$3,310,000 (approximately RM9,737,000) and the net proceeds of S$2,875,000 (approximately RM9,050,000) was used to settle the GB I.

18.4 Guaranteed bond II ("GB II")

The guaranteed first-tranche non-convertible bond, which is due in April 2019, carries fixed interest rate of 20.0% per annum and guaranteed by the Managing Director. The effective interest rate is 28.6% per annum.

The GB II is denominated in Singapore dollar ("SGD").

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

18. Borrowings (Continued)

18.4 Guaranteed bond II ("GB II") (Continued)

The salient features of the GB II are as follows:

(i) GB II will mature on the first anniversary from the date the GB II is issued ("GB II Issue Date") ("GB II Maturity Date").

(ii) Unless previously redeemed, purchased and cancelled or extended, the Company will be required to redeem all outstanding GB II on the GB II Maturity Date at 100.0% of its principal amount, together with all accrued but unpaid interest thereon.

(iii) The GB II will constitute direct, unsubordinated and unconditional obligations of the Company. The GB II shall at all times rank pari passu and without any preference or priority among themselves.

The payment obligations of the Company under the GB II shall, save for such exceptions as may be provided by applicable laws, at all times rank (i) in priority to loans to the Company by its directors and/or shareholders, if any; and (ii) at least equally with all of the Company's present and future direct, unsubordinated and unconditional obligations, other than subordinated obligations and priorities created by law.

In connection with the subscription of the First Tranche Bonds by the First Tranche Subscribers, the Company has also agreed to issue 47,000,000 free warrants (the "First Tranche Warrants") to the First Tranche Subscribers in their pro-rata proportion to their respective subscription of the First Tranche Bonds, with each First Tranche Warrant carrying the right to subscribe for one new ordinary share in the capital of the Company (each, a "First Tranche Warrant Share", collectively, the "First Tranche Warrant Shares") at an exercise price of S$0.032 for each First Tranche Warrant Share, subject to the terms and conditions of the First Tranche Warrants as set out in the Warrant Instrument. 8,500,000 new ordinary shares in the capital of the Company have been allotted and issued by the Company on 7 September 2018 arising from the exercise of 8,500,000 First Tranche Warrants. As at 31 December 2018, the Group has 38,500,000 First Tranche Warrants remain outstanding.

On 11 December 2018, the Company entered into a Repayment and Subscription Agreement to vary the terms of repayment under the First Tranche Bonds, coupled with an option for each Investor to subscribe for 16,304,347 new ordinary shares in the capital of the Company. Where the options are exercised by both Investors within the prescribed exercise period commencing from 3 April 2019 to 3 April 2020, the Company will allot and issue, an aggregate of 32,608,694 new Shares. Under the Repayment and Subscription Agreement, the Company will pay to each Investor S$375,000 (equivalent to RM1,125,000) on 3 April 2019 and S$375,000 (equivalent to RM1,125,000) on 3 April 2020. Upon entry into the Repayment and Subscription Agreement: (a) the First Guaranteed Subscription Agreement will terminate and cease to have any effect whatsoever; and (b) there are no rights nor claims, whether accrued or otherwise, arising out of or in connection with the First Tranche Bonds (save that the warrants issued in connection with the First Guaranteed Subscription Agreement will continue to subsist in accordance with the terms and conditions of the said warrants).

On 3 April 2019, the Company entered into an agreement to extend the repayment date under the Repayment and Subscription Agreement for the amount of S$375,000 (equivalent to RM1,125,000) due and payable by the Company to each Investor from 3 April 2019 to 3 May 2019.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

18. Borrowings (Continued)

18.5 Guaranteed bond III ("GB III")

The guaranteed second-tranche non-convertible bond, which is due in April 2019, carries fixed interest rate of 10.0% per annum and guaranteed by the Managing Director. The effective interest rate is 26.3% per annum.

The GB III is denominated in Singapore dollar ("SGD").

The salient features of the GB III are as follows:

(i) GB III will mature on the first anniversary from the date the GB III is issued ("GB III Issue Date") ("GB III Maturity Date").

(ii) Unless previously redeemed, purchased and cancelled or extended, the Company will be required to redeem all outstanding GB III on the GB III Maturity Date at 100.0% of its principal amount, together with all accrued but unpaid interest thereon.

(iii) The GB III will constitute direct, unsubordinated and unconditional obligations of the Company. The GB III shall at all times rank pari passu and without any preference or priority among themselves.

The payment obligations of the Company under the GB III shall, save for such exceptions as may be provided by applicable laws, at all times rank (i) in priority to loans to the Company by its directors and/or shareholders, if any; and (ii) at least equally with all of the Company's present and future direct, unsubordinated and unconditional obligations, other than subordinated obligations and priorities created by law.

In connection with the subscription of the Second Tranche Bonds by the Second Tranche Subscribers, the Company has also agreed to issue 90,000,000 free warrants (the "Second Tranche Warrants") to the Second Tranche Subscribers, with each Second Tranche Warrant carrying the right to subscribe for one new ordinary share in the capital of the Company (each, a "Second Tranche Warrant Share", collectively, the "Second Tranche Warrant Shares") at an exercise price of S$0.032 for each Second Tranche Warrant Share, subject to the terms and conditions of the Second Tranche Warrants as set out in the Warrant Instrument.

On 3 April 2019, the Company issued guaranteed non-convertible bonds of S$1,903,000 (equivalent to RM5,709,000) to exchange 50% of principal amount of Second Tranche Bonds (i.e. S$1,655,000) (equivalent to RM4,965,000). The bonds issued has not resulted in any new cash proceeds for the Company as subscription price of the bonds payable is used to settle the GB III. In respect of the remaining 50% of the principal amount of the Second Tranche Bonds that is not being exchanged, the maturity date is extended to 3 May 2019.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

19. Redeemable convertible preference shares

	Group 31 December	
	2018 RM'000	2017 RM'000
Current		
Balance at beginning of financial year	–	13,626
Proceeds received	–	3,372
Less: Transaction costs	–	(17)
Add: Rebate of overcharged of transaction costs	–	745
	–	17,726
Finance costs	–	2,530
	–	20,256
Converted to ordinary shares in a subsidiary	–	(20,256)
Balance at end of financial year	–	–

Carrying amount of redeemable preference shares as at 1 January 2017 is RM13,626,000.

(a) The RCPS is denominated in Ringgit Malaysia ("RM").

(b) The salient features of the redeemable convertible preference shares ("RCPS") issued by GGTM are as follows:

(i) RCPS are redeemable at the option of RCPS holders at the Redemption Amount (as defined herein) upon the occurrence of an Event of Default or upon Maturity Date (the day immediately preceding the second (2nd) anniversary of the Issue Date), whichever is earlier;

The redemption amount payable by GGTM upon the redemption of the RCPS shall be an amount equivalent to the Subscription Price received by the subsidiary for the subscription of the RCPS together with any declared but unpaid dividends made prior to the date of full redemption, which shall equivalent to thirty percent (30%) compounded internal rate of return (IRR) per annum calculated from the respective date of issue of the RCPS ("Redemption Amount");

(ii) RCPS shall rank at all times pari passu among themselves, in priority to the Ordinary Shares of GGTM. Without limiting the generality of the foregoing, with respect to amounts payable upon liquidation or winding up of GGTM, the holders of RCPS will rank in priority to the holders of Ordinary Shares in GGTM;

(iii) In the event that GGTM fails or refuses or neglects to redeem such RCPS as required by the RCPS holders, then the RCPS holders has the right to sell such RCPS ("Option Shares") to the Promoter and the Promoter shall be bound to acquire such Option Share at such Redemption Amount ("Put Option") failing which the RCPS holder shall be at liberty to take such action in law as may be necessary to compel the Promoter by way of specific performance to complete the Put Option as contemplated by the agreement and/or to recover damages from the promoter.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

19. Redeemable convertible preference shares (Continued)

(iv) In the event of a Trade Sale, GGTM and the Promoter each agree to do all things necessary to procure that the proceeds from such Trade Sale shall be distributed and/or paid to the shareholders in the following order of priority;

First, to the RCPS holders an amount per RCPS equal to the sum of the Issue Price plus any declared but unpaid dividends and any applicable interest; and

Second, after the RCPS Trade Sale Amount on all outstanding RCPS had been paid, any remaining proceeds from such Trade Sale or liquidation shall be distributed pro rata among the holders of the Ordinary Shares and the on the RCPS holder on the basis that each RCPS is deemed as if it has been converted to such number of Ordinary Shares as the RCPS holders would have been entitled on conversion thereof;

(v) All overdue amounts payable shall bear interest rate at the rate of ten percent (10%) per annum on such overdue amounts form the respective due date of payment until the full payment of all overdue amounts;

(b) The salient features of the redeemable convertible preference shares ("RCPS") issued by GGTM are as follows: (Continued)

(vi) Unless otherwise redeemed by GGTM, the RCPS shall be convertible into Ordinary Shares of GGTM at a conversion ratio of 1:2.5000117 ("Conversion Ratio") at the option of the Subscriber at any time prior to:

(a) the Public Listing/VSA; or
(b) change of control of GGTM; or
(c) the Maturity Date.

and the Ordinary Shares issued upon conversion of the RCPS shall rank at all times pari passu among themselves and the existing Ordinary Shares of GGTM;

(vii) All sums payable to the Subscriber are exclusive of tax and clear of any deduction or withholding if any which shall, were applicable be paid by GGTM in addition to the sums otherwise payable, at the rate in force at the due time for payment or such other time as is stipulated under relevant legislation.

On 26 July 2017, all conversions in respect of the RCPS amounting to RM20,256,000, comprising an aggregate principal amount of approximately RM14,372,000 and transaction costs and accrued interest of approximately RM5,884,000 were completed and 51,327 new ordinary shares in the GGTM were issued to such RCPS holders at a conversion ratio of 1:2.5000117, pursuant to which, each of such RCPS holders became shareholders of GGTM, and none of the RCPS remains outstanding. The share capital of GGTM has become RM20,506,000 and on 21 August 2017, the Company has completed the acquisition of GGTM.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

20. Trade and other payables

	Group			Company		
	31 December		1 January	31 December		1 January
	2018	2017	2017	2018	2017	2017
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Trade payables – third parties	**2,858**	1,138	1,920	**–**	–	–
Non-trade payables						
– third parties	**1,178**	1,218	3,390	**248**	164	497
– subsidiary	**–**	–	–	**5,601**	5,927	–
Advance payments from customers	**–**	–	2,771	**–**	–	–
Accrued expenses	**2,916**	2,080	3,234	**282**	276	414
Share application money	**3,035**	–	–	**3,035**	–	–
	9,987	4,436	11,315	**9,166**	6,367	911

Trade payables are unsecured, non-interest bearing and are normally settled between 30 to 60 days' (31 December 2017: 30 to 60 days', 1 January 2017: 30 to 60 days') terms.

The non-trade amounts due to third parties and a subsidiary are unsecured, non-interest bearing and repayable on demand.

Share application money received pertains to the proposed placement of 43,478,261 new ordinary shares in the capital of the Company. The completion of the placement has taken place on 17 January 2019 which is disclosed in Note 35.1 to the financial statements.

The currency profiles of trade and other payables as at the end of the reporting period are as follows:

	Group			Company		
	31 December		1 January	31 December		1 January
	2018	2017	2017	2018	2017	2017
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Ringgit Malaysia	**5,913**	3,391	5,617	**–**	–	–
Singapore dollar	**3,584**	553	2,838	**9,166**	6,367	875
United States dollar	**490**	470	2,824	**–**	–	–
Others	**–**	22	36	**–**	–	36
	9,987	4,436	11,315	**9,166**	6,367	911

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

21. Revenue

Disaggregation of revenue

The Group has disaggregated revenue into various categories in the following table which is intended to:

- depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic data; and
- enable users to understand the relationship with revenue segment information provided in Note 32 to the financial statements.

	Gold mining		Granite business		Total	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Primary geographical markets						
Malaysia	**–**	721	**51**	23,020	**51**	23,741
China	**1,828**	–	**–**	444	**1,828**	444
	1,828	721	**51**	23,464	**1,879**	24,185
Timing of transfer of goods and services						
Point in time	**1,828**	721	**51**	1,828	**1,879**	2,549
Over time	**–**	–	**–**	21,636	**–**	21,636
	1,828	721	**51**	23,464	**1,879**	24,185
Type of goods or services						
Sale of goods	**1,828**	721	**51**	1,828	**1,879**	2,549
Contract works	**–**	–	**–**	21,636	**–**	21,636
	1,828	721	**51**	23,464	**1,879**	24,185

Contract assets and contract liabilities

	Group		
	31 December		1 January
	2018 RM'000	2017 RM'000	2017 RM'000
Contract assets	**–**	10	–
Contract liabilities	**–**	–	763

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

21. Revenue (Continued)

Significant changes in contract assets and contract liabilities

	Contract assets		Contract liabilities	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Balance at beginning of financial year	**10**	–	**–**	763
Amount recognised as revenue	**–**	–	**–**	(21,636)
Cash received	**(10)**	–	**–**	–
Progress billings	**–**	10	**–**	20,873
Balance at end of financial year	**–**	10	**–**	–

The contract assets and liabilities arise from contract works mainly due to the cumulative billings issued at end of reporting period do not necessarily equal to the amount of revenue recognised on the contracts.

22. Other income

	Group	
	2018	2017
	RM'000	RM'000
Interest income	**47**	188
Others	**38**	13
	85	201

23. Depreciation and amortisation expenses

	Group	
	2018	2017
	RM'000	RM'000
Depreciation of property, plant and equipment	**2,026**	1,669
Amortisation of mine properties	**629**	309
	2,655	1,978

24. Employee benefits expenses

	Group	
	2018	2017
	RM'000	RM'000
Salaries, wages, bonuses and other benefits	**5,715**	6,271
Contributions to defined contribution plans	**258**	353
	5,973	6,624

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

24. Employee benefits expenses (Continued)

Included in employee benefits expenses were the remuneration and share-based payment of Directors of the Company and a subsidiary and key management personnel of the Group as set out in Note 30 to the financial statements.

The Group and the Company recognised total employee benefits expenses amounting to approximately RM Nil (2017: RM109,000) related to equity-settled share-based payment transactions during the financial year in which RM Nil (2017: RM169,000) and reversal of RM Nil (2017: RM60,000) were related to performance shares granted under PSP to its employees of the Group and the equity compensation plan to a Director of the Company, respectively.

25. Operating lease expenses

	Group	
	2018	**2017**
	RM'000	**RM'000**
Rental of office	**187**	189
Rental of equipment	**113**	81
Rental of land	**30**	30
	330	300

26. Finance costs

	Group	
	2018	**2017**
	RM'000	**RM'000**
Interest expense		
– finance leases	**71**	27
– guaranteed bond	**3,169**	1,533
– exchangeable bond	**595**	109
– non-guaranteed bond	**115**	–
– redeemable convertible preference shares	**–**	2,530
	3,950	4,199

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

27. Loss before income tax

In addition to the charges and credits disclosed elsewhere in the notes to the financial statements, the above includes the following charges/(credits):

	Group	
	2018	**2017**
	RM'000	**RM'000**
Other expenses		
Audit fees paid/payable to:		
– auditors of the Company	**125**	127
– other auditors	**33**	32
Non-audit fees paid/payable to:		
– auditors of the Company	**13**	33
– other auditors	**15**	19
Foreign exchange loss/(gain), net	**194**	(355)
Very substantial acquisition expenses#	**–**	4,501
Plant and equipment written off	**2**	–
Impairment in property, plant and equipment	**–**	258
Exploration and evaluation assets written off	**–**	50
Professional fees	**1,033**	970
Repair and maintenance	**187**	416
Security charges	**85**	203
Travelling and accommodation	**333**	361
Utilities	**499**	321

Included in these expenses were professional fees paid to the external auditors of the Company amounting to approximately RM Nil (2017: RM242,000) in respect of an allocated portion of professional services rendered as independent reporting auditors in connection with the Company's very substantial acquisition of GGTM.

28. Income tax

	Group	
	2018	**2017**
	RM'000	**RM'000**
Current income tax		
– current financial year	**–**	382
– over provision in prior financial year	**(182)**	–
	(182)	382

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

28. Income tax (Continued)

Reconciliation of tax expense

	Group	
	2018	**2017**
	RM'000	**RM'000**
Loss before income tax	**(15,657)**	(19,155)
Income tax calculated at Singapore's statutory income tax rate of 17% (2017: 17%)	**(2,662)**	(3,256)
Effect of different tax rate in other countries	**(549)**	(1,382)
Tax effect of non-deductible expenses for income tax purposes	**1,757**	3,609
Statutory stepped income exemption	**–**	(30)
Deferred tax assets not recognised	**1,454**	1,566
Over provision in prior year	**(182)**	–
Utilisation of deferred tax asset not recognised previously	**–**	(125)
	(182)	382

Unrecognised deferred tax assets

	Group	
	2018	**2017**
	RM'000	**RM'000**
Balance at beginning of financial year	**5,278**	3,837
Amount not recognised during the financial year	**1,454**	1,441
Balance at end of financial year	**6,732**	5,278

Unrecognised deferred tax assets are attributable to the following:

	Group	
	2018	**2017**
	RM'000	**RM'000**
Property, plant and equipment and mine properties	**(4,367)**	(3,199)
Unutilised tax losses	**9,100**	7,022
Unabsorbed capital allowances	**1,999**	1,455
	6,732	5,278

As at 31 December 2018, the Group has unutilised tax losses and unabsorbed capital allowances of approximately RM37,918,000 (2017: RM29,260,000) and RM8,332,000 (2017: RM6,066,000) respectively available for offset against future taxable profits which has no expiry date and subject to the agreement by the tax authorities and provisions of the tax legislations of the respective countries in which the Group operates.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

28. Income tax (Continued)

Unrecognised deferred tax assets (Continued)

These deferred tax assets have not been recognised as it is not certain whether future taxable profits will be available against which the Group can utilise these benefits. Accordingly, these deferred tax assets have not been recognised in the financial statements in accordance with the accounting policy in Note 2.16 to the financial statements.

29. Loss per share

The calculation for loss per share is based on:

	Group	
	2018	**2017**
Loss for the financial year attributable to owners of the Company (RM'000)	**(15,475)**	(19,537)
Weighted average number of ordinary shares in issue during the financial year applicable to loss per share	**1,041,126,437**	1,023,884,861
Loss per share (in sen)		
– Basic	**(1.49)**	(1.91)
– Diluted	**(1.49)**	(1.91)

The calculations of basic loss per share for the relevant periods are based on loss attributable to owners of the Company for the financial years ended 31 December 2018 and 31 December 2017 divided by the weighted average number of ordinary shares in the relevant periods.

Diluted loss per share is the same as the basic loss per share because the potential ordinary shares to be converted are anti-dilutive as the effect of the shares conversion would be to decrease the loss per share.

The number of ordinary shares used for the calculation of loss per share in a common control combination which is accounted for using merger accounting was the aggregate of the weighted average number of shares of the Company whose shares are outstanding after the combination and adjusted for event taken place on 21 August 2017 in respect of the 712,172,414 ordinary shares in the Company was issued to the vendors as consideration of acquisition of GGTM.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

30. Significant related party transactions

For the purpose of these financial statements, parties are considered to be related to the Group and the Company if the Group and the Company have the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

In addition to the related party information disclosed elsewhere in the financial statements, the following were significant related party transactions at rates and terms agreed between the Group and the Company with its related parties during the financial year:

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
With Directors of the Company				
Rental expenses	**140**	140	**–**	–
With subsidiaries				
Payment on behalf of	**–**	–	**325**	2,115
Payment on behalf by	**–**	–	**96**	212
Advances to subsidiaries	**–**	–	**2,849**	5,336
Advances from a subsidiary	**–**	–	**–**	6,255
Staff performance benefit paid on behalf	**–**	–	**–**	169
Settlement of debts via share issue	**–**	–	**–**	2,086

Compensation of key management personnel

Key management personnel are directors of the Company and subsidiaries and those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly, or indirectly.

The remuneration of Directors and other members of the key management personnel of the Group and the Company during the financial year was as follows:

	Group	
	2018 RM'000	2017 RM'000
Directors of the Company		
– short-term employee benefits	**1,688**	1,862
– post-employment benefits	**36**	48
– Directors' fees	**694**	582
	2,418	2,492
Directors of the subsidiaries		
– director's fees	**216**	181
– performance share plan expense	**–**	22
	216	203

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

30. Significant related party transactions (Continued)

Compensation of key management personnel (Continued)

The remuneration of Directors and other members of the key management personnel of the Group and the Company during the financial year was as follows:

	Group	
	2018	**2017**
	RM'000	**RM'000**
Key management personnel		
– short-term employee benefits	**894**	992
– post-employment benefits	**52**	57
– performance share plan expense	**–**	110
	946	1,159

Compensation Share

The Company has entered into service agreement with an Executive Director on 26 October 2015. Pursuant to the agreement, the said Director will be entitled to 1.25% of our enlarged share capital of 279,730,000 upon completion of our Initial Public Offering ("Compensation Share") of which (a) 50% of the Compensation Shares will be issued 12 months (18 March 2017) after the date of Listing; and (b) the remaining 50% of the Shares will be issued 18 months (18 September 2017) after the date of Listing. Such Compensation Shares will not be subject to moratorium. In the event the said Director's employment with the Company is terminated less than 12 months after the date of Listing, he shall not be entitled of any Compensation Shares.

The movement of the shares awarded for the financial year ended 31 December 2017 is as follows:

		Number of Performance Shares		
Date of Grant	**Date of Vested**	**At date of vested**	**Released**	**Balance at 31 December 2017**
26 October 2015	18 March 2017	1,748,312	1,748,312	–
26 October 2015	18 September 2017	1,748,313	1,748,313	–

31. Operating lease commitments

The Group as lessee

The Group leases office premises and equipment under non-cancellable operating leases. The operating lease commitments are based on existing rental rates. The leases have terms ranging from 1 to 3 (2017: 1 to 5) years and rentals are fixed during the lease term.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

31. Operating lease commitments (Continued)

The Group as lessee (Continued)

As at the end of the reporting period, the future minimum lease payable under non-cancellable operating leases contracted for but not recognised as liabilities were as follows:

	Group		
	31 December		1 January
	2018	2017	2017
	RM'000	RM'000	RM'000
Within one financial year	**142**	142	167
After one financial year but within five financial years	**7**	25	93
	149	167	260

32. Segment information

Business segments

For management purposes, the Group is organised into business units based on their products and services. The Group's reportable segments are as follows:

(i) Gold mining – exploration, mining and production of gold.

(ii) Granite business – exploration, mining, quarry extraction, processing and sales of granite products and dimension stone granites as well as architectural stone and interior fit-out.

(iii) Corporate & others – investment holding company as well as business and management consulting services.

Except as indicated above, no operating segments has been aggregated to form the above reportable segment. Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise corporate assets, liabilities and expenses.

Segment revenue and expenses include transfers between business segments that are eliminated on consolidation.

Geographical information

During the financial year ended 31 December 2018 and 2017, the Group operated mainly in Malaysia and all non-current assets were located in Malaysia. Accordingly, an analysis of assets and profits of the Group by geographical distribution has not been presented.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

32. Segment information (Continued)

Major customers

During the financial year ended 31 December 2018, the revenue from one customer of the Group's gold segment amounting to approximately RM1,828,000 and representing 97% of the Group's total revenue.

During the financial year ended 31 December 2017, the revenue from one customer of the Group's granite segment amounting to approximately RM21,636,000 and representing 89% of the Group's total revenue.

The following table provides an analysis of the Group's revenue, results, assets, liabilities and other information by business segments:

	Gold mining 2018 RM'000	Granite business 2018 RM'000	Corporate & others 2018 RM'000	Total 2018 RM'000	Gold mining 2017 RM'000	Granite business 2017 RM'000	Corporate & others 2017 RM'000	Total 2017 RM'000
Group								
Revenue	**1,828**	**51**	**–**	**1,879**	721	23,464	–	24,185
Results								
Operating profit/(loss)	**(3,815)**	**(4,061)**	**(3,878)**	**(11,754)**	(6,477)	658	(9,325)	(15,144)
Interest income	**–**	**47**	**–**	**47**	9	179	–	188
Interest expenses	**(19)**	**(53)**	**(3,878)**	**(3,950)**	(22)	(2,535)	(1,642)	(4,199)
Loss before taxation	**(3,834)**	**(4,067)**	**(7,756)**	**(15,657)**	(6,490)	(1,698)	(10,967)	(19,155)
Taxation	**–**	**182**	**–**	**182**	–	(382)	–	(382)
Loss after taxation	**(3,834)**	**(3,885)**	**(7,756)**	**(15,475)**	(6,490)	(2,080)	(10,967)	(19,537)
Segment assets	**29,469**	**14,243**	**5,183**	**48,895**	29,871	15,279	1,745	46,895
Segment liabilities	**3,042**	**4,644**	**29,601**	**37,287**	1,975	2,239	16,406	20,620
Other segment information								
Capital expenditure – property, plant and equipment	**1,574**	**1,150**	**5**	**2,729**	159	1,078	–	1,237
Capital expenditure – mine properties	**–**	**–**	**–**	**–**	610	90	–	700
Depreciation and amortisation expenses	**(2,065)**	**(589)**	**(1)**	**(2,655)**	(1,524)	(453)	(1)	(1,978)
Loss allowance for trade receivables	**–**	**(62)**	**–**	**(62)**	–	–	–	–
Impairment in property, plant and equipment	**–**	**–**	**–**	**–**	(258)	–	–	(258)
Exploration and evaluation assets written off	**–**	**–**	**–**	**–**	(50)	–	–	(50)
Fair value loss on derivative financial instrument	**–**	**–**	**–**	**–**	–	–	(1,471)	(1,471)

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33. Financial instruments, financial risks and capital management

The Group's and the Company's activities expose them to credit risks, market risks (including foreign currency risks) and liquidity risks arising in the ordinary course of business. The Group's and the Company's overall risk management strategy seeks to minimise adverse effects from the volatility of financial markets on the Group's and the Company's financial performance.

The Board of Directors is responsible for setting the objectives and underlying principles of financial risk management for the Group and the Company. The management then establishes the detailed policies such as risk identification and measurement, exposure limits and hedging strategies, in accordance with the objectives and underlying principles approved by the Board of Directors.

The Group and the Company do not hold or issue derivative financial instruments for trading purposes or to hedge against fluctuations, if any, in interest rates and foreign exchange rates.

There has been no change to the Group's and the Company's exposure to these financial risks or the manner in which it manages and measures the risk. If necessary, market risk exposures are measured using sensitivity analysis indicated below.

33.1 Credit risks

Credit risks refer to the risk that counterparty will default on its contractual obligations resulting in a loss to the Group and the Company. The Group and the Company have adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. The Group and the Company perform ongoing credit evaluation of its counterparties' financial condition and generally does not require collaterals.

The Group and the Company do not have any significant credit exposure to any single counterparty or any group of counterparties having similar characteristics except the Group and the Company have trade receivables from a third party and non-trade receivables from its subsidiaries amounting to approximately RM2,804,000 (2017: RM1,818,000) and RM12,730,000 (2017: RM9,922,000). Further disclosures regarding trade and other receivables are provided in Note 10 to the financial statements.

The carrying amounts of financial assets recorded in the financial statements, grossed up for any allowances for impairment losses, represents the Group's and the Company's maximum exposure to credit risks.

The Group's and the Company's major classes of financial assets are trade and other receivables and fixed deposits and bank balances.

Credit risk also arises from bank balances and deposits with banks and financial institutions. For banks and financial institutions, only independently rated parties with minimum rating "A-" are accepted.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

33. Financial instruments, financial risks and capital management (Continued)

33.1 Credit risks (Continued)

Fixed deposits and bank balances

The fixed deposits and bank balances are held with the financial institutions with the following credit ratings:

	Rating	Group Bank balance RM'000	Short-term deposits RM'000	Rating	Company Bank balance RM'000	Short-term deposits RM'000
31 December 2018						
International banks	A-	1,783	300	A-	–	–
Local banks	AA-	5,070	–	AA-	5,038	–
		6,853	300		5,038	–
31 December 2017						
International banks	A-	2,117	4,059	A-	–	–
Local banks	AA-	1,641	–	AA-	1,611	–
		3,758	4,059		1,611	–
1 January 2017						
International banks	A-	4,127	3,654	A-	–	–
Local banks	AA-	2,105	1,860	AA-	2,105	1,860
		6,232	5,514		2,105	1,860

The credit ratings above are derived from Fitch Ratings. The Board of Directors monitors the credit ratings of counterparties regularly. Impairment of fixed deposits and bank balances has been measured based on 12-month expected credit loss model. At the reporting date, the Group and Company did not expect any credit losses from non-performance by the counterparties.

As the Group and the Company do not hold any collateral, the carrying amount of financial assets represents the maximum exposure to credit risk, except as follows:

	Company		
	31 December		1 January
	2018 RM'000	2017 RM'000	2017 RM'000
Corporate guarantee provided to banking facilities of subsidiary (Note 8)	**876**	590	–

For the corporate guarantee issued, the Company has assessed that this subsidiary has sufficient financial capabilities to meet its contractual cash flows obligation in the near future hence, does not expect any material loss allowance under 12-month expected credit loss model.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

33. Financial instruments, financial risks and capital management (Continued)

33.2 Market risks

Foreign currency risks

The Group incurs foreign currency risk on transactions and balances that are denominated in currencies other than the functional currency of entities within the Group. The Group transacts business in various foreign currencies and therefore is exposed to foreign exchange risk mainly from Singapore dollar and United States dollar transactions.

As at the end of the reporting period, the carrying amounts of monetary assets and monetary liabilities denominated in currencies other than the respective entities' functional currency are as follows:

	Group			Company		
	31 December		1 January	31 December		1 January
	2018	2017	2017	2018	2017	2017
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Assets						
Singapore dollar	**5,072**	1,642	3,966	**17,768**	11,533	7,082
United States dollar	**319**	133	–	**–**	–	–
Liabilities						
Singapore dollar	**29,601**	16,407	2,838	**27,267**	14,727	875
United States dollar	**490**	470	2,824	**–**	–	–

The Group has investments in foreign subsidiaries, whose net assets are exposed to currency translation risk. The Group does not currently designate its foreign currency denominated debt as a hedging instrument for the purpose of hedging the translation of its foreign operations.

Exposure to foreign currency risk is monitored on an ongoing basis in accordance with the Group's risk management policies to ensure that the net exposure is at an acceptable level.

Foreign currency sensitivity analysis

The following table details the sensitivity to a 3% change in Singapore dollar and a 6% change in United States dollar (31 December 2017: a 2% change in Singapore dollar and a 10% change in United States dollar, 1 January 2017: a 7% change in Singapore dollar and a 8% change in United States dollar) respectively against the functional currency of entities within the Group. The sensitivity rates above were used when reporting foreign currency risk internally to key management personnel and represents the management's assessment of the possible change in foreign exchange rates.

The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation as at the end of the reporting period for 3% and 6% (31 December 2017: 2% and 10%, 1 January 2017: 7% and 8%) respectively, change in foreign currency rates.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

33. Financial instruments, financial risks and capital management (Continued)

33.2 Market risks (Continued)

Foreign currency sensitivity analysis (Continued)

The sensitivity analysis assumes an instantaneous change in the foreign currency exchange rates from the end of the reporting period, with all other variables held constant. The results of the model are also constrained by the fact that only monetary items, which is denominated in Singapore dollar and United States dollar are included in the analysis. Consequentially, reported changes in the values of some of the financial instruments impacting the results of the sensitivity analysis are not matched with the offsetting changes in the values of certain excluded items that those instruments are designed to finance or hedge.

	Profit or loss					
	Group			Company		
	31 December		1 January	31 December		1 January
	2018	2017	2017	2018	2017	2017
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Singapore dollar						
Strengthens against						
Ringgit Malaysia	**(736)**	(295)	79	**(285)**	(64)	434
Weakens against						
Ringgit Malaysia	**736**	295	(79)	**285**	64	(434)
United States dollar						
Strengthens against						
Ringgit Malaysia	**(10)**	(34)	(226)	**–**	–	–
Weakens against						
Ringgit Malaysia	**10**	34	226	**–**	–	–

33.3 Liquidity risks

Liquidity risks refer to the risks in which the Group and the Company encounter difficulties in meeting short-term obligations. Liquidity risks are managed by matching the payment and receipt cycle.

The Group and the Company actively manage their operating cash flows so as to ensure that all payment needs are met. As part of overall prudent liquidity management, the Group and the Company minimise liquidity risk by ensuring the availability of funding through equity and maintain sufficient levels of cash to meet working capital requirements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

33. Financial instruments, financial risks and capital management (Continued)

33.3 Liquidity risks (Continued)

Contractual maturity analysis

The following tables detail the Group's and the Company's remaining contractual maturity for financial instruments. The tables have been drawn up based on undiscounted cash flows of financial instruments based on the earlier of the contractual date or when the Group and the Company are expected to pay.

	Within one financial year RM'000	After one financial year but within five financial years RM'000	More than five financial years RM'000	Total RM'000
31 December 2018				
Group				
Financial liabilities				
Trade and other payables	**9,987**	**–**	**–**	**9,987**
Finance lease payables	**397**	**1,045**	**24**	**1,466**
Non-guaranteed bond	**–**	**5,578**	**–**	**5,578**
Guaranteed bonds	**14,601**	**–**	**–**	**14,601**
Exchangeable bond	**8,332**	**–**	**–**	**8,332**
	33,317	**6,623**	**24**	**39,964**
31 December 2017				
Group				
Financial liabilities				
Trade and other payables	4,436	–	–	4,436
Finance lease payables	100	240	38	378
Guaranteed bond	8,927	–	–	8,927
Exchangeable bond	–	8,618	–	8,618
	13,463	8,858	38	22,359
1 January 2017				
Group				
Financial liabilities				
Trade and other payables	8,544	–	–	8,544
Finance lease payables	100	327	52	479
	8,644	327	52	9,023

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

33. Financial instruments, financial risks and capital management (Continued)

33.3 Liquidity risks (Continued)

Contractual maturity analysis (Continued)

	Within one financial year RM'000	After one financial year but within five financial years RM'000	Total RM'000
31 December 2018			
Company			
Financial liabilities			
Non-trade payables	**9,166**	**–**	**9,166**
Guaranteed bonds	**14,601**	**–**	**14,601**
Non-guaranteed bond	**–**	**4,553**	**4,553**
	23,767	**4,553**	**28,320**
Financial guarantee contracts	**876**	**–**	**876**
31 December 2017			
Company			
Financial liabilities			
Non-trade payables	6,367	–	6,367
Guaranteed bond	8,927	–	8,927
	15,294	–	15,294
Financial guarantee contracts	590	–	590
1 January 2017			
Company			
Financial liabilities			
Non-trade payables	911	–	911
Financial guarantee contracts	–	–	–

The disclosed amounts for the financial guarantee contracts represent the maximum amount of issued financial guarantees in the earliest period for which the guarantee could be called upon in the contracted maturity analysis.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

33. Financial instruments, financial risks and capital management (Continued)

33.4 Capital management policies and objectives

The Group and the Company manage capital to ensure that the Group and the Company are able to continue as a going concern and maintain an optimal capital structure so as to maximise shareholders' value. The capital structure of the Group and the Company comprise share capital, reserves and accumulated losses.

The Group and the Company include within net debt, trade and other payables, borrowings and finance lease payables less fixed deposits and bank balances.

The management reviews the capital structure to ensure that the Group and the Company are able to service any debt obligations (including principal repayment and interest) based on their operating cash flows. Upon review, the Group and the Company will balance their overall capital structure through new share issues and the issue of new debt or the redemption of existing debt, if necessary. The Group's and the Company's overall strategy remains unchanged from 31 December 2017.

The Group and the Company monitor capital based on a gearing ratio, which is net debt divided by total equity plus net debt. The Group and the Company include within net debt, trade and other payables, borrowings and finance lease payables less fixed deposits and bank balances. Total equity comprises of share capital plus reserves.

	Group			**Company**		
	31 December		**1 January**	**31 December**		**1 January**
	2018	**2017**	**2017**	**2018**	**2017**	**2017**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Trade and other payables	**9,987**	4,436	8,544	**9,166**	6,367	911
Borrowings	**26,017**	15,854	–	**18,101**	8,360	–
Finance lease payables	**1,283**	330	403	**–**	–	–
Less: Fixed deposits and bank balances	**(7,153)**	(7,817)	(11,746)	**(5,038)**	(1,611)	(3,965)
Net (cash)/debt	**30,134**	12,803	(2,799)	**22,229**	13,116	(3,054)
Redeemable convertible preference shares	**–**	–	13,626	**–**	–	–
Total equity	**11,608**	26,275	23,322	**162,370**	168,668	57,848
Total capital	**11,608**	26,275	36,948	**162,370**	168,668	57,848
Capital and net debt	**41,742**	39,078	34,149	**184,599**	181,784	54,794
Gearing ratio	**72.19%**	32.76%	n.m[(1)]	**12.04%**	7.22%	n.m.[(1)]

(1) The gearing ratio is not disclosed as it is not meaningful because the Group's and Company's fixed deposits and bank balances are higher than the total of its financial liabilities respectively.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

33. Financial instruments, financial risks and capital management (Continued)

33.5 Fair values of financial assets and financial liabilities (Continued)

The carrying amounts of the Group's and the Company's current financial assets and current financial liabilities approximate their respective fair values as at the end of the reporting period due to the relatively short-term maturity of these financial instruments. The carrying amounts of the Group's and the Company's non-current financial liabilities also approximate their fair values based on management assessment.

33.6 Categories of financial instruments

The following table sets out the financial instruments as at the end of the reporting period:

	Group			Company		
	31 December		1 January	31 December		1 January
	2018	2017	2017	2018	2017	2017
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Financial assets						
Financial assets, at amortised cost	**13,698**	12,851	14,330	**17,768**	11,533	7,082
Financial liabilities						
Financial liabilities, at amortised cost	**37,287**	20,620	22,573	**27,267**	14,727	911

34. Convergence to SFRS(I)

The Group has transited to SFRS(I) on 1 January 2018. In transiting to SFRS(I), the Group is required to apply all of the specific transition requirements under SFRS(I) 1 *First-time Adoption of SFRS(I)*.

The accounting policies set out in Note 2 to the financial statements comply with SFRS(I)s effective on 1 January 2018. These accounting policies have been applied in preparing the financial statements of the Group for the end of reporting period 31 December 2018, as well as comparative information presented in these financial statements for the end of reporting period 31 December 2017 and in the preparation of the opening statements of financial position at 1 January 2017 ("date of transition").

Changes in presentation of the comparative financial information in the statements of financial position arising from the transition from FRS to SFRS(I)

In the first set of SFRS(I) financial statements for the end of reporting period 31 December 2018, an additional opening statement of financial position as at date of transition (1 January 2017) is presented, together with related notes. Reconciliation statements from previously reported FRS amounts are not presented for equity as at date of transition (1 January 2017) and as at end of last financial period under FRS (31 December 2017), and for total comprehensive income and cash flows reported for the last financial period under FRS (for the year ended 31 December 2017) as there were no changes compared to amounts previously reported.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

34. Convergence to SFRS(I) (Continued)

Changes in presentation of the comparative financial information in the statements of financial position arising from the transition from FRS to SFRS(I) (Continued)

There are no material adjustments on the initial transition to the new framework as (i) management has not elected to take up any transition exemption under SFRS(I) 1, (ii) the application of the SFRS(I) 9 impairment requirements has not resulted in additional loss allowance to be recognised except as disclosed in Note 10, and (iii) no changes to the revenue recognition policy was assessed to be required upon application of SFRS(I) 15.

In accordance with requirements of SFRS(I) 1, the Group has adopted SFRS(I) 15 retrospectively. the Group has elected to apply the transition provisions in accordance with SFRS(I) 15:C5. The adoption of SFRS(I) 15 has resulted in adjustments to the previously reported financial statements due to the followings:

Presentation of contract assets and contract liabilities

The Group has changed the presentation of certain amounts in the consolidated statement of financial position on adopting SFRS(I) 15 as at 31 December 2017 and 1 January 2017:

- "amount due from a customer for contract works" of approximately RM10,000 included in "trade and other receivables", is now being reclassified and included in "contract assets", as presented on the consolidated statement of financial position as at 31 December 2017; and

- "amount due to a customer for contract works" of approximately RM763,000 included in "trade and other payables", is also being reclassified and included in "contract liabilities", as presented on the consolidated statement of financial position as at 1 January 2017.

35. Events after the reporting period

35.1 Placement of new ordinary shares

On 17 January 2019, the Company completed a placement exercise, resulting in the issuance of 43,478,261 new ordinary shares in the capital of the Company and raising gross proceeds of S$1,000,000 (equivalent to RM3,000,000).

On 8 April 2019, the Company entered into a subscription agreement pursuant to which the Subscribers has agreed to subscribe for an aggregate of up to 143,790,838 new ordinary shares in the capital of the Company at an issue price of S$0.0153 each for an aggregate cash consideration of S$2,200,000 (equivalent to RM6,600,000).

35.2 Extension of Repayment Date of Guaranteed Bond II, i.e. Guaranteed First-Tranche Non-Convertible Bonds

The Company has entered into Repayment and Subscription Agreement on 3 April 2019 to extend the repayment date for the amount of S$375,000 (equivalent to RM1,125,000) due and payable by the Company to each Investor from 3 April 2019 to 3 May 2019.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

35. Events after the reporting period (Continued)

35.3 Issuance of bonds in exchange of 50% of principal amount of Guaranteed Bond III, i.e. Guaranteed Second-Tranche Non-Convertible Bonds

The Company has entered into subscription agreement on 3 April 2019 to exchange 50% of principal amount of Guaranteed Second-Tranche Non-Convertible Bonds (i.e. S$1,655,000) (equivalent to RM4,965,000) which will mature in April 2020. In respect of the remaining 50% of the principal amount of the Guaranteed Second-Tranche Non-Convertible Bonds that is not being exchanged, the maturity date shall be extended to 3 May 2019. The bonds issued will not result in any new cash proceeds for the Company as subscription price of the bonds payable by the Subscriber will be used to offset the amounts owed to the Subscriber under the Guaranteed Second-Tranche Non-Convertible Bonds. Following the offsetting, the Company will be deemed to have satisfied 50% of its payment obligations in respect of the principal under the Guaranteed Second-Tranche Non-Convertible Bonds and the Subscriber is deemed to have satisfied in full his payment obligations of the bonds.

35.4 Issuance of unsecured redeemable equity-linked notes (“RELN”)

The Company has entered into a subscription agreement dated 12 March 2019 with Advance Opportunity Fund (the “Subscriber”) and Advance Partners Limited as the investment manager of the Subscriber for the issuance of 1% unsecured redeemable equity-linked notes (“RELN”) due 2022, with an aggregate principal amount of S$10,000,000 (equivalent to RM30,000,000) in three tranches. Due in 2022, the notes bear interest rate of 1% interest per annum and is payable semi-annually.

35.5 Extension of Repayment Date of Exchangeable Bond

The Group has extended the repayment date for the amount of S$2,645,000 (equivalent to RM7,916,000) due and payable by the Group from 25 August 2019 to 25 August 2020 subject to parties successful negotiating the terms and conditions for the extension.

36. Authorisation of financial statements

The consolidated financial statements of the Group and the statement of financial position of the Company for the financial year ended 31 December 2018 were authorised for issue in accordance with a Directors’ resolution dated 9 April 2019.

SUMMARY OF MINERAL RESERVES AND RESOURCES (GOLD)

Rockhound Limited
石犬有限公司

Unit A, 12th Floor,
Times Media Centre,
133 Wanchai Road, Hong Kong.
Tel: (852) 2572 0122
Fax: (852) 2572 0899
Email: info@rockhoundasia.com
Website: www.rockhoundasia.com

Date of report: 20th February 2019

Date of previous report (if applicable): 31st January 2018

Lubuk Mandi Gold Mine

District of Marang, State of Terengganu,
Malaysia.

Prepared for:

Anchor Resources Limited

Summary of Mineral Reserves and Resources*
at 31 December 2018

Area	Category	Gross Attributable to Licence			Net Attributable to Issuer			Change from previous update (%)
		Tonnes (Mt)	Gold Grade (g/t)	Ounces Gold	Tonnes (Mt)	Gold Grade (g/t)	Ounces Gold	
Tailings (Cut off 0.4g/t)	Measured	-	-	-	-	-	-	
	Indicated	1.12	0.73	25,850	1.12	0.73	25,850	Less 6%
	Inferred	0.1	0.83	2,500	0.1	0.83	2,500	0%
	Total	1.22	0.73	28,350	1.22	0.73	28,350	Less 6%
Open Pit (Cut Off grade 0.3g/t)	Measured	-	-	-	-	-		No Change
	Indicated	1.5	1.46	69,400	1.5	1.46	69,400	
	Inferred	0.3	1.01	9,700	0.3	1.01	9,700	
	Total	1.8	1.39	79,100	1.8	1.39	79,100	

* There are no Mineral Reserves reported – only Mineral Resources

Name of Qualified Person: Paul Fowler

Date: 20th February 2019

Professional Society Affiliation/Membership: Institution of Materials, Minerals & Mining (aka IOM3) – Reciprocal Organization to AusIMM (Australian Institute of Mining & Metallurgy).

SUMMARY OF MINERAL RESERVES AND RESOURCES (GRANITE)

Rockhound Limited
石犬有限公司

Unit A, 12th Floor,
Times Media Centre,
133 Wanchai Road, Hong Kong.
Tel: (852) 2572 0122
Fax: (852) 2572 0899
Email: info@rockhoundasia.com
Website: www.rockhoundasia.com

Date of report: 20th February 2019

Date of previous report (if applicable): 21st February 2018

Bukit Chetai Granite Mine

District of Hulu Terengganu, Terengganu Darul Iman, Malaysia

Prepared for:

Anchor Resources Limited

Summary of Mineral Reserves and Resources at 31 December 2018

Category	Mineral Type	Gross Attributable to Licence	Net Attributable to Issuer	Change from previous update (%)
Reserves (million m^3)				
Proved	White Granite	57.42	57.42	-
	Green Granite	-	-	-
Probable	White Granite	3.90	3.90	-0.013
	Green Granite	3.07	3.07	-0.056
Total		**64.39**	**64.39**	**-0.003**
Resources* (million m^3)				
Measured	White Granite	88.34	88.34	-
	Green Granite	-	-	-
Indicated	White Granite	6.00	6.00	-0.013
	Green Granite	4.72	4.72	-0.056
Total		**99.06**	**99.06**	**-0.003**

* Mineral Resources are reported inclusive of the Mineral Reserves

Name of Qualified Person: Paul Fowler

Date of report: 20th February 2019

Professional Society Affiliation/Membership: Institution of Materials, Minerals & Mining (aka IOM3) – Reciprocal Organization to AusIMM (Australian Institute of Mining & Metallurgy).

STATISTICS OF SHAREHOLDINGS

AS AT 28 MARCH 2019

Number of shares issued	:	1,090,426,616
Class of Equity Security	:	Ordinary shares
Voting Rights of Ordinary Shareholders	:	1 vote for each ordinary share
Number of treasury shares	:	Nil
Number of subsidiary holdings	:	Nil

DISTRIBUTION OF SHAREHOLDINGS

Size of shareholdings	No. of shareholders	%	No. of Shares	%
1 – 99	5	0.55	242	0.00
100 – 1,000	51	5.58	38,675	0.01
1,001 – 10,000	55	6.02	385,800	0.03
10,001 – 1,000,000	741	81.07	121,708,571	11.16
1,000,001 and above	62	6.78	968,293,328	88.80
Total	914	100.00	1,090,426,616	100.00

SHAREHOLDING HELD IN HANDS OF PUBLIC

As at 28 March 2019, approximately 36.55% of the issued ordinary shares of the Company is held in the hands of the public as defined in the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited (the "Catalist Rules"). Accordingly, Rule 723 of the Catalist Rules is complied with.

TWENTY LARGEST SHAREHOLDERS

No.	Name	No. of shares	%
1	Lim Chiau Woei	306,263,319	28.09
2	Luminor Pacific Fund 1 Ltd.	187,651,724	17.21
3	WA Consolidated Private Limited	115,415,862	10.58
4	Koh Ah Luan	82,554,886	7.57
5	OCBC Securities Private Ltd	52,307,361	4.80
6	UOB Kay Hian Pte Ltd	34,493,208	3.16
7	Chan Soo Chee	16,391,565	1.50
8	CGS-CIMB Securities (Singapore) Pte Ltd	16,150,110	1.48
9	Maybank Kim Eng Securities Pte. Ltd.	15,480,912	1.42
10	RHB Securities Singapore Pte Ltd	9,332,846	0.86
11	Koh Kai Jok	8,500,000	0.78
12	Koh Wan Tiong	8,457,320	0.78
13	Phillip Securities Pte Ltd	7,422,700	0.68
14	Cheng Ye	6,775,000	0.62
15	Vincent Gan	5,867,381	0.54
16	Teo Kian Soon Peter	5,164,400	0.47
17	Aw Guan Hong	4,648,800	0.43
18	Chin Tyng Lei	4,122,315	0.38
19	DBS Nominees Pte Ltd	3,530,000	0.32
20	Chan Koon Mong	3,496,625	0.32
	Total:	894,026,334	81.99

STATISTICS OF SHAREHOLDINGS

AS AT 28 MARCH 2019

LIST OF SUBSTANTIAL SHAREHOLDERS AS AT 28 MARCH 2019

	Direct Interest		Deemed Interest	
	Number of Shares	%	Number of Shares	%
Lim Chiau Woei[1]	306,263,319	28.09%	115,415,862	10.58%
Luminor Pacific Fund 1 Ltd. ("**Luminor 1**")	187,651,724	17.21%	–	–
Luminor Capital Pte. Ltd.[2] ("**Luminor Capital**")	–	–	187,651,724	17.21%
Dr. Foo Fatt Kah[2]	–	–	187,651,724	17.21%
Kwan Chee Seng[2]	–	–	187,651,724	17.21%
Kwan Yu Wen[2]	–	–	187,651,724	17.21%
WA Consolidated Private Limited	115,415,862	10.58%	–	–
Koh Ah Luan	82,554,886	7.57%	–	–

(1) WA Consolidated Private Limited is a private investment holding company incorporated in Singapore wholly owned by Mr. Lim Chiau Woei. As such, Mr. Lim Chiau Woei are deemed interested in all the shares held by WA Consolidated Private Limited by virtue of his interest in WA Consolidated Private Limited.

(2) Luminor Capital, a discretionary fund manager, manages Luminor 1 and accordingly is deemed to have an interest in the shares held by Luminor 1.

Its shareholders are Dr. Foo Fatt Kah, Mr. Kwan Chee Seng and Mr. Kwan Yu Wen who hold 50%, 30% and 20% of the share capital of Luminor Capital, respectively. Dr. Foo Fatt Kah holds 100% of the shares in Luminor 1 as nominee of Luminor Capital. Dr. Foo Fatt Kah, Mr. Kwan Chee Seng and Mr. Kwan Yu Wen are deemed to have an interest in the shares held by Luminor 1 by virtue of the percentage of shares held by them in the share capital of Luminor Capital.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 4th Annual General Meeting of the Company will be held at Sheraton Tower Hotel Level 3, Turquoise Room and Onyx Room, on Tuesday, 30 April 2019 at 10.30 a.m., for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Statement and the Audited Consolidated Financial Statements of the Company and its subsidiaries for the financial year ended 31 December 2018 and the Statement of Financial Position of the Company as at 31 December 2018 together with the Independent Auditors' Report thereon. **(Resolution 1)**

2. To re-elect Dr. Wilson Tay Chuan Hui, a Director retiring pursuant to Article 114 of the Company's Constitution. **(Resolution 2)**
(See Explanatory Note (i))

3. To re-elect Mr. Lim Chiau Woei, a Director retiring pursuant to Article 114 of the Company's Constitution. **(Resolution 3)**
(See Explanatory Note (ii))

4. To approve the payment of Directors' Fees of S$160,000 for the financial year ending 31 December 2019, to be paid quarterly in arrears. **(Resolution 4)**

5. To re-appoint Messrs BDO LLP as the Company's Auditors and to authorise the Directors to fix their remuneration. **(Resolution 5)**

6. To transact any other ordinary business which may properly be transacted at an Annual General Meeting.

AS SPECIAL BUSINESS:

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

7. **GENERAL MANDATE TO ISSUE SHARES OR CONVERTIBLE SECURITIES**

"That pursuant to Section 161 of the Companies Act, Cap. 50 and Rule 806 of the Listing Manual (Section B: Rules of Catalist) of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") ("**Catalist Rules**") and notwithstanding the provisions of the Constitution of the Company, authority be and is hereby given to the Directors of the Company (the "**Directors**") to: **(Resolution 6)**

(a) (i) issue shares in the capital of the Company (whether by way of rights, bonus or otherwise); and/or

(ii) make or grant offers, agreements or options (collectively, "**instruments**") that may or would require shares to be issued, including but not limited to the creation and issue of warrants, debentures or other instruments convertible into shares, at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and

NOTICE OF ANNUAL GENERAL MEETING

(b) (notwithstanding that the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any instrument made or granted by the Directors while this Resolution was in force, provided that:

(i) the aggregate number of shares to be issued pursuant to this Resolution (including shares to be issued in pursuance of instruments made or granted pursuant to this Resolution) does not exceed one hundred per cent (100%) of the total number of issued shares excluding treasury shares and subsidiary holdings of the Company (as calculated in accordance with sub-paragraph (ii) below), of which the aggregate number of shares to be granted other than on a pro-rata basis to shareholders of the Company with registered addresses in Singapore (including shares to be issued in pursuance of instruments made or granted pursuant to this Resolution) does not exceed fifty per cent (50%) of the total number of issued shares excluding treasury shares and subsidiary holdings of the Company (as calculated in accordance with sub-paragraph (ii) below);

(ii) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (i) above, the percentage of the total number of issued shares excluding treasury shares and subsidiary holdings of the Company shall be calculated based on the total number of issued shares excluding treasury shares and subsidiary holdings of the Company at the time of the passing of this Resolution, after adjusting for:

(1) new shares arising from the conversion or exercise of any convertible securities;

(2) new shares arising from exercise of share options or vesting of share awards outstanding or subsisting at the time of the passing of this Resolution, provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Catalist Rules; and

(3) any subsequent bonus issue, consolidation or subdivision of shares;

(iii) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Catalist Rules for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution for the time being of the Company; and

(iv) unless revoked or varied by the Company in general meeting, the authority conferred by this Resolution shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier.
(See Explanatory Note (iii))

NOTICE OF
ANNUAL GENERAL MEETING

8. **AUTHORITY TO ALLOT AND ISSUE SHARES PURSUANT TO THE ANCHOR RESOURCES EMPLOYEE PERFORMANCE SHARE PLAN**

That approval be and is hereby given to the Directors of the Company to allot and issue from time to time such number of ordinary shares in the capital of the Company as may be required to be issued pursuant to the vesting of awards granted or to be granted under the Anchor Resources Employee Performance Share Plan (the "**Plan**"), provided that the aggregate number of ordinary shares to be issued pursuant to the Plan and any other share-based incentive schemes of the Company shall not exceed fifteen per cent (15%) of the total number of issued shares excluding treasury shares and subsidiary holdings of the Company from time to time. *(See Explanatory Note (iv))* **(Resolution 7)**

By Order of the Board

Low Wee Siong
Tan Swee Gek
Joint Company Secretaries

Date: 15 April 2019
Singapore

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes:

(i) Dr. Wilson Tay Chuan Hui, upon re-election as Director of the Company, will remain as the Non-Executive Chairman and Lead Independent Director of the Company, Chairman of the Remuneration Committee, and a member of the Audit Committee and Nominating Committee. The Board considers Dr. Wilson Tay Chuan Hui to be independent for the purposes of Rule 704(7) of the Catalist Rules.

(ii) Mr. Lim Chiau Woei, upon re-election as Director of the Company, will remain as the Managing Director of the Company.

(iii) The Ordinary Resolution 6 proposed in item 7 above, if passed, is to empower the Directors to issue shares in the capital of the Company and/or instruments (as defined above). The aggregate number of shares to be issued pursuant to Resolution 6 (including shares to be issued in pursuance of instruments made or granted) shall not exceed one hundred per cent. (100%) of the total number of issued shares excluding treasury shares and subsidiary holdings of the Company, with a sub-limit of fifty per cent. (50%) for shares issued other than on a pro-rata basis (including shares to be issued in pursuance of instruments made or granted pursuant to this Resolution) to shareholders with registered addresses in Singapore. For the purpose of determining the aggregate number of shares that may be issued, the percentage of the total number of issued shares excluding treasury shares of the Company will be calculated based on the total number of issued shares excluding treasury shares and subsidiary holdings of the Company at the time of the passing of Resolution 6, after adjusting for (i) new shares arising from the conversion or exercise of any convertible securities; (ii) new shares arising from exercise of share options or vesting of share awards outstanding or subsisting at the time of the passing of Resolution 6, provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Catalist Rules; and (iii) any subsequent bonus issue, consolidation or subdivision of shares.

(iv) The Ordinary Resolution 7 proposed in item 8 above, is to authorise the Directors to allot and issue shares upon the vesting of awards under the Plan.

NOTES:

1. Save as provided in the Constitution, a member (other than a Relevant Intermediary*) entitled to attend and vote at the Annual General Meeting is entitled to appoint not more than two proxies to attend and vote on his/her behalf. Where a member appoints more than one proxy, he/she shall specify the proportion of his/her shares to be represented by each such proxy, failing which the nomination shall be deemed to be alternative. A proxy need not be a member of the Company.

2. A Relevant Intermediary may appoint more than two proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by him (which number and class of shares shall be specified).

3. A member of the Company which is a corporation is entitled to appoint its authorised representatives or proxies to vote on its behalf.

4. The instrument appointing the proxy must be deposited at the registered office of the Company at 80 Robinson Road #17-02, Singapore 068898 not less than 48 hours before the time appointed for holding the AGM or any adjournment thereof.

* A Relevant Intermediary is:

(a) a banking corporation licensed under the Banking Act (Cap. 19) or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;

(b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act (Cap. 289) and who holds shares in that capacity; or

(c) the Central Provident Fund Board established by the Central Provident Fund Act (Cap. 36), in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

PERSONAL DATA PRIVACY:

By attending the Annual General Meeting and/or any adjournment thereof or submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof, and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof and the publication of the names and the comments of the members of the AGM), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

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ANCHOR RESOURCES LIMITED

(Incorporated in Singapore)
(Registration No. 201531549N)

PROXY FORM – FOURTH ANNUAL GENERAL MEETING
(Please see notes overleaf before completing this Form)

IMPORTANT:

1. *A relevant intermediary may appoint more than two proxies to attend the AGM (please refer to the notes below for the definition of "relevant intermediary").*
2. *This Proxy Form is not valid for use by investors who hold shares under the Central Provident Fund Investment Scheme and/or the Supplementary Retirement Scheme and shall be ineffective for all intents and purposes if used or purported to be used by them.*

I/We, _____ (Name)

of _____ (Address)

being a member/members of ANCHOR RESOURCES LIMITED (the "**Company**"), hereby appoint:

Name	Address	NRIC or Passport No.	Percentage of Shareholdings (%)

and/or failing him/her (delete as appropriate)

Name	Address	NRIC or Passport No.	Percentage of Shareholdings (%)

or failing him/her/them the Chairman of the Fourth Annual General Meeting of the Company ("**AGM**") as my/our proxy/proxies to attend and vote for me/us on my/our behalf at the AGM to be held at Sheraton Tower Hotel, Level 3, Turquoise Room and Onyx Room, on Tuesday, 30 April 2019 at 10.30 a.m., and at any adjournment thereof.

I/We direct my/our proxy/proxies to vote for or against the Resolutions to be proposed at the AGM as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting at his/their discretion, as he/they will on any other matter arising at the AGM.

All resolutions put to vote at the AGM shall be decided by poll.

No.	Resolutions	For	Against
	ORDINARY BUSINESS		
1.	Adoption of the Directors' Statement and the Audited Consolidated Financial Statements of the Company and its subsidiaries for the financial year ended 31 December 2018 and the Statement of Financial Position of the Company as at 31 December 2018 together with the Independent Auditors' Report thereon. **(Resolution 1)**		
2.	Re-election of Dr. Wilson Tay Chuan Hui as a Director of the Company **(Resolution 2)**		
3.	Re-election of Mr. Lim Chiau Woei as a Director of the Company **(Resolution 3)**		
4.	Payment of Directors' Fees of S$160,000 for the financial year ending 31 December 2019, to be paid quarterly in arrears **(Resolution 4)**		
5.	Re-appointment of Messrs BDO LLB as Auditors of the Company **(Resolution 5)**		
	SPECIAL BUSINESS		
6.	Authority for Directors to allot and issue new shares **(Resolution 6)**		
7.	Authority for Directors to allot and issue shares on the vesting of awards under the Anchor Resources Employee Performance Share Plan **(Resolution 7)**		

* *If you wish to exercise all your votes, please indicate your vote "For" or "Against" with a tick (v) within the box provided. Alternatively, please indicate the number of votes as appropriate*

Dated this _____ day of _____ 2019

Total Number of Shares held	

_____

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

* *If no person is named in the space above, the Chairman of the AGM shall be my/our proxy to vote, for or against the Resolutions to be proposed at the AGM as indicated below, for me/us and on my/our behalf at the AGM and at any adjournment thereof.*

IMPORTANT (PLEASE READ THE NOTES)

Notes:

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289 of Singapore), you should insert that number of shares. If you have shares registered in your name in the Register of Members of the Company, you should insert that number of shares. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number of shares. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by you.

2. A member of the Company (other than a Relevant Intermediary*), entitled to attend and vote at a meeting of the Company is entitled to appoint up to two proxies to attend and vote in his stead. Where a member appoints more than one proxy, he/she shall specify the proportion of his/her shares to be represented by each such proxy, failing which the nomination shall be deemed to be alternative. A proxy need not be a member of the Company.

3. The instrument appointing a proxy or proxies must be deposited at the Company's Registered Office at 80 Robinson Road #17-02, Singapore 068898 not less than 48 hours before the time set for the AGM.

4. Where a member (other than a Relevant Intermediary*) appoints two proxies, the appointments shall be invalid unless he specifies the proportion of his shareholding (expressed as a percentage of the whole) to be represented by each proxy.

5. A Relevant Intermediary may appoint more than two proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by him (which number or class of shares shall be specified).

6. Completion and return of this instrument appointing a proxy shall not preclude a member from attending and voting at the AGM. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the AGM.

7. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed under its common seal or under the hand of its officer or attorney duly authorised. Where an instrument appointing a proxy or proxies is signed on behalf of the appointor by an attorney, the power of attorney (or other authority) or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.

8. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the AGM, in accordance with Section 179 of the Companies Act, Cap. 50 and the person so authorised shall upon production of a copy of such resolution certified by a director of the corporation to be a true copy, be entitled to exercise the powers on behalf of the corporation so represented as the corporation could exercise in person if it were an individual.

* A Relevant Intermediary is:

(a) a banking corporation licensed under the Banking Act (Cap. 19) or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity; or

(b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act (Cap. 289) and who holds shares in that capacity; or

(c) the Central Provident Fund Board established by the Central Provident Fund Act (Cap. 36), in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

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

Personal data privacy
By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 15 April 2019.

ANCHOR RESOURCES LIMITED

(Company Registration Number 201531549N)
(Incorporated in the Republic of Singapore on 12 August 2015)