ANCHOR RESOURCES LIMITED

BREAKING **GROUND**

COMMITMENT • EXPERTISE • RESULTS

ANNUAL REPORT 2015

CONTENTS

Anchor Resources Limited (the "Company") was listed on Catalist of the Singapore Exchange Securities Trading Limited (the "SGX-ST") on 18 March 2016. The initial public offering of the Company was sponsored by UOB Kay Hian Private Limited (the "Sponsor").

This annual report has been prepared by the Company and its contents have been reviewed by the Sponsor for compliance with the relevant rules of the SGX-ST. The Sponsor has not independently 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 persons for the Sponsor are Mr Alvin Soh, Head of Catalist Operations, Senior Vice President and Mr Josh Tan, Vice President, who can be contacted 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") of Anchor Resources Limited ("Anchor"), I am pleased to present the inaugural annual report and audited financial statements of Anchor together with its subsidiaries, (the "Group") for the financial year ended 31 December 2015 ("FY2015").

FY2015 has been a year full of excitement and challenges for the Group. During the year we completed the construction and the commissioning of our processing facilities, produced our first gold pour, made the first gold sale, completed our corporate exercise for share swap and conversion of RM27.33 million of Redeemable Convertible Loan ("RCL") in preparing for eventual listing on the Catalist Board of the Singapore Exchange Securities Trading Limited ("SGX-ST") on 18 March 2016.

PROCESSING FACILITIES AND PRODUCTION

In February 2015, we completed the construction of our processing facilities with capacity of handling 350,000 tonnes of hard rock and/or tailing per annum. We embarked on the commissioning phase in March 2015 and completed the initial commissioning in June 2015. We began commissioning (running 12 hours a day) since July 2015 and continue to improve the production processes and the yield. In the 2nd half of FY2015, we managed to improve our purity from 81.56% to 95.98% and produced 146.39 oz of gold of which 142.53 oz were sold. For FY2015, we achieved sale of RM0.68 million of sales with average selling price of approximately US$1,155 per oz.[1]

PRE-PLACEMENT FUND RAISING

As the construction of the production facilities have been completed and the Initial Public Offering ("IPO") exercise is underway in FY2015, we continued our efforts in pre-placement fund raising activities. The Group raised RM4.78 million of RCL and RM13.68 million of equity in FY2015 for the purpose of funding the commissioning of our processing facilities, payment of finance costs relating to the RCL, listing expenses and operating activities, as well as redemption of RCL.

Our ability to achieve desirable amount of pre-placement fund raising exhibited the confident of the investors in our Group.

INITIAL PUBLIC OFFERING ("IPO")

As mining industry is an industry which require high capital investment, the Group embarked on a corporate exercise with the aim to eventual listing on the SGX-ST since first quarter of 2014. The IPO will provide the Group with a platform to access to the capital market for further fund raising for the Group to execute our business strategies and future expansion plans.

In September 2015, we completed our share swap with Angka Alamjaya Group which owns the concession to the Lubuk Mandi Mine and Bukit Panji Property in Terrenganu, Malaysia and convert it into our 100% owned subsidiaries.

We completed the conversion of RM27.33 million of the RCL into equity and the early redemption of the remaining RM1.25 million of RCL in beginning of October 2015. Upon completion of this exercise, the Group financial position has strengthened further and have a net assets of RM2.07 million. Our net assets will be further strengthened by RM23.92 million upon completion of the issuance of adjustment shares to RCL holders and capitalisation of RM23.92 million of derivative financial instrument into share capital in 2016.

BUSINESS STRATEGIES AND FUTURE PLANS

We are mindful that for the Group to achieve a sustainable growth we need to device sound business strategies and future plans. We intend to deploy majority of the fund raised through IPO to

1 Based on exchange rate of 1 USD : 4 RM

CHAIRMAN'S STATEMENT

execute our business strategies. We shall further our exploration activities and further invest in mining-related infrastructure and equipment at Lubuk Mandi Mine and Bukit Panji Property, expand our gold processing capacity to 600,000 tonnes for hard rock and/or tailing per annum by including additional electrowinning and CIL tanks, increasing smelting capacity, installing ball mill and crusher for our hard rock processing activities.

INDUSTRY OUTLOOK

Supply of Gold
According to World Gold Council, the total world supply of gold in 2015 was 4,413.9 tonnes, a 3.6% increase from 4,258.3 tonnes in 2014.[2]

The two main sources of gold supply are mining production and recycling of gold. Mine production was the largest source of gold, accounting for 73.5% and 74.3% in 2014 and 2015 respectively. On the whole, total mine supply has been steady over the last few years despites drop in gold price for last few years.

Demand of Gold
According to World Gold Council, total world gold demand in 2015 was 4,212.2 tonnes, which is 0.3% decrease from 4,226.4 tonnes in 2014.

World gold demand comprises mainly jewellery, technology, investment and central bank and other institution purchases. The jewellery sector makes up the largest consumer of gold, taking up approximately 58.7% (2,414.9 tonnes) and 57.3% (2,480.8 tonnes) of the total world gold demand in 2014 and 2015, respectively with India and China made up of the biggest demand of gold.

As reported by the World Gold Council, in 2015, Asian markets have continued to be strong drivers of gold demand, gold bar and coin demand is more than double its pre-crisis levels, introduction of Indian government the gold monetization scheme, and mine production has begun to level off.

Drawing strengths from 2015, the outlook of gold demand in 2016 remain resilient as gold continues to be an effective commodity as a hedge against other investments, gold remains a long-term strategic asset and wealth preservation tool and the likelihood of Shanghai Gold Exchange to introduce a yuan-denominated gold pricing mechanism to facilitate regional market trading in 2016. As such, we are optimistic the gold prices will remain stable at the current level.

FINANCIAL RESULTS
In FY2015, the Group recorded a net loss of RM44.17 million mainly attributable to the one-off recognition of RM5.67 million of fair value loss on derivative financial instruments, one-off fair value loss on modification arrangement on issuance of adjustment shares to RCL lenders of RM23.92 million, recognition of net foreign exchange losses of RM3.98 million as a result of weakening Malaysian Ringgit, listing preparation expenses of RM1.45 million and a one off commissioning costs of RM1.78 million which we do not expect to recur in the future. Assuming the one-off fair value losses on derivative financial instruments and modification arrangement on issuance of adjustment shares of RM29.59 million, listing preparation expenses of RM1.45 million and commissioning costs of RM1.78 million are excluded, the net loss of the Group would have been approximately RM11.35 million.

We generated RM0.68 million of revenue in FY2015 with a sale of gold of 142.53 oz. We commenced a 12 hours production cycle since July 2015 after completed our commissioning in June 2015 and continue to improve on our processing method and are encouraged by the positive results as we managed to improve our purity from 81.56% in July to 95.98% in December.

As at end of FY2015, the Group had a total equity of RM2.07 million after completed the conversion of RM27.33 million of RCL. The Group's financial position had further strengthened after we complete the IPO on 18 March 2016. We shall further leverage on the strengthened financial position to execute our business strategies to improve the shareholders value.

CONCLUSION
Lastly, I would like to express my sincere gratitude to my fellow Directors for their valuable contribution. On behalf of the Board, I would like to express our sincere appreciation to our management and staff for their commendable efforts and contributions to the Group. We like to take this opportunity to thank our shareholders, customers and business associates for their continuous support to Anchor.

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

2 Information extracted from World Gold Council report published in February 2016

CORPORATE **INFORMATION**

BOARD OF DIRECTORS
Dr Wilson Tay Chuan Hui
Non-Executive Chairman and Lead Independent Director

Lim Chiau Woei
Managing Director

Chan Koon Mong
Executive Director

Law Phooi Wong
Non-Executive Director

Dato' Siew Boon Yeong
Independent Director

Ch'ng Li-Ling
Independent Director

AUDIT COMMITTEE
Dato' Amos Siew Boon Yeong
Chairman
Dr Wilson Tay Chuan Hui
Ch'ng Li-Ling

NOMINATING COMMITTEE
Ch'ng Li-Ling
Chairman
Dato' Amos Siew Boon Yeong
Dr Wilson Tay Chuan Hui

REMUNERATION COMMITTEE
Dr Wilson Tay Chuan Hui
Chairman
Dato' Amos Siew Boon Yeong
Ch'ng Li-Ling

COMPANY SECRETARIES
Cheam Heng Haw, LLB
Abdul Jabbar Bin Karam Din, LLB

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Singapore 048544
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Public Accountants and Chartered Accountants
21 Merchant Road #05-01
Singapore 058267
Tel: +65 6828 9118
Fax: +65 6828 9111

Partner-in-charge: Leong Hon Mun Peter
(Appointed since the financial year ended 31 December 2015)

SPONSOR
UOB Kay Hian Private Limited
8 Anthony Road
#01-01
Singapore 229957

BOARD OF **DIRECTORS**

From left to right: Ms Ch'ng Li-Ling, Dato' Amos Siew, Mr Lim Chiau Woei, Dr Wilson Tay, Mr Chan Koon Mong and Mr William Law

1. DR WILSON TAY

Non-Executive Chairman and Lead Independent Director

Dr Wilson Tay is our Non-Executive Chairman and Lead Independent Director and was appointed to our Board on 18 December 2015.

Dr Tay has a diverse and strong working experience of more than 40 years holding senior management leadership roles in various sectors such as professional, educational, government, mining, commercial companies and institutions in Australia-Asia and Malaysia. He has worked in Australia for 26 years where he spent a total of more than 10 years in the mining industry as the external auditor and management.

He is currently the CEO and Principal Consultant of Omni View Consulting (M) Sdn Bhd, a strategic human capital and talent management consulting company. In between February 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. In between 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 and prior to that he had been the Chief Executive Officer of TEC Asia Centre from 1996. 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

BOARD OF **DIRECTORS**

1979 and 1985 respectively. He also obtained a Doctor of Management (with Distinction) from IMC 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 member of the Malaysian Institute of Management and a certified professional trainer and facilitator by the Malaysian Institute of Management (MIM).

Dr Tay is currently an independent director and non-executive chairman of Versalink Holdings Limited, which is listed on the SGX-ST.

2. MR LIM CHIAU WOEI
Managing Director

Mr Lim Chiau Woei is our Managing Director and one of the Founder Shareholders of our Group and was appointed to our Board on 12 August 2015.

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 the Bukit Panji Concession Agreement. 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 9 years of experience in the mining industry. Since December 2007, he has been a director of the Gabungan Granite Terengganu Sdn Bhd ("GGT"), which is involved in mineral related products such as marble and granite. He was involved in the establishment of GGT and formulated strategies and marketing plans to expand the GGT's business globally. Currently he is the non-executive director of GGT.

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.

3. MR CHAN KOON MONG
Executive Director

Mr Chan Koon Mong was appointed to our Board on 12 August 2015. He became employed with our Group with effect from 1 October 2015.

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.

BOARD OF **DIRECTORS**

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.

4. MR WILLIAM LAW
Non-Executive Director

Mr William Law is a Non-Executive Director of our Company and one of the Founder Shareholders of our Group and was appointed to our Board on 18 December 2015 and is also a Non-Executive Director of AASB and AMSB.

Mr William Law has business interests in various industries, such as property development, trading and distribution, plastic manufacturing and mining.

Mr William Law is currently a director of Star Maestro Development Sdn Bhd, which is involved in the commodity trading business. He is also a non-executive director of GGT. Between 2002 and 2010, he was a director of Willgate Distribution Sdn Bhd, a company in the business of distributing building material.

Mr William Law graduated from the University of Hertfordshire, United Kingdom in 1998 with a Bachelor of Science with honours in Engineering (Mechanical and Manufacturing Engineering). He also obtained a diploma from the Linton Institute of Technology in 1994.

5. DATO' AMOS SIEW
Independent Director

Dato' Amos Siew is our Independent Director and was appointed to our Board on 18 December 2015.

Dato' Amos Siew is the managing partner and director of the SBY Group, a group he founded in 1988. The SBY Group is in the business of auditing and consulting, taxation, corporate secretarial and corporate advisory. He has had over 30 years of experience in the accounting profession, specialising in auditing, taxation and management consultancy services. He was involved in numerous assignments on mergers and acquisitions, debt restructuring and liquidation.

Dato' Amos Siew began his career in auditing and professional training industry at Coopers & Lybrand from 1978 to 1988. He is also a Certified Public Accountant of the Malaysian Institute of Certified Public Accountants (MICPA), an associate member of the Chartered Tax Institute of Malaysia (CTIM) and a Chartered Accountant of the Malaysian Institute of Accountants.

Dato' Amos Siew is currently sitting on the board of two companies listed on the Bursa Malaysia, namely Ecofirst Consolidated Bhd and SEG International Bhd as independent director and audit committee chairman.

6. MS CH'NG LI-LING
Independent Director

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

Ms Ch'ng is currently a partner in the Capital Markets Practice of RHTLaw Taylor Wessing LLP, a Singapore law 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.

In recent times, Ms Ch'ng has been named one of AsiaLaw Leading Lawyers in 2014 (Capital Markets), and was recognised as 'Leading Lawyers' in the 2013, 2014 and 2015 editions of IFLR1000. 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.

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, consulting 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%

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

None of our subsidiaries are listed on any stock exchange.

MILESTONES ACHIEVED

February 2015	Completion of the construction of our processing facilities with capacity of 350,000 tpa.
March 2015	Commencement of testing and commissioning of our processing facilities.
June 2015	Successfully smelted for the first gold pour of 14.86 oz during the commissioning phase.
July 2015	Began the commissioning of 12 hours a day production cycle.
September 2015	Share swap with AASB in respect of the acquisition of the 100% share capital in AASB. Conversion of RM27.33 million (S$8.76 million) of Redeemable Convertible Loan into equity. Pre-placement equity fund raising of RM6.24 million (S$2 million).
October 2015	The Group is debt free upon redemption of RM1.25 million (S$0.4 million) of Redeemable Convertible Loan.
December 2015	Lodgment of offer document for SGX-ST listing. Our gold production achieved purity of 95.98%.
March 2016	Anchor Resources Limited made its debut at SGX-ST on 18 March 2016.

MILESTONES ACHIEVED

Listing Ceremony
Anchor Resources Limited debut at SGX-ST on 18 March 2016

Speech by
Managing Director
Mr. Lim Chiau Woei

The "Gong"
ceremony

MILESTONES ACHIEVED

Listing Ceremony
Anchor Resources Limited debut at SGX-ST on 18 March 2016

Group photo with management and staff

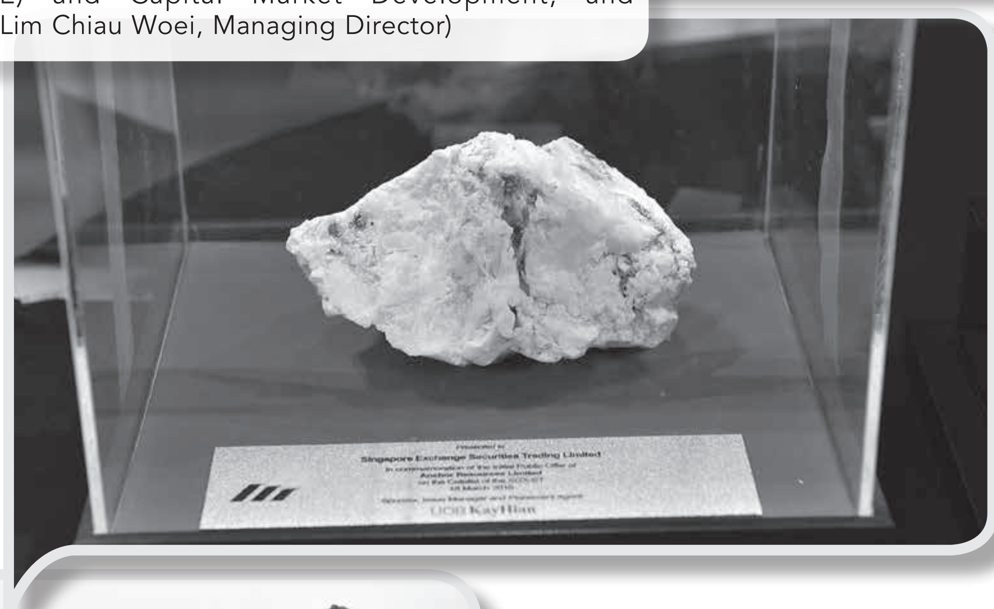
Lion Dance to signify the auspicious occasion

Group photo with staff and professionals

MILESTONES ACHIEVED

Presentation and exchange of mementos

Exchange of mementos between SGX and Anchor Resources Limited (Represented by Mr. Mohamed Nasser Ismail, Head of Equity Capital Market (SME) and Capital Market Development, and Mr. Lim Chiau Woei, Managing Director)

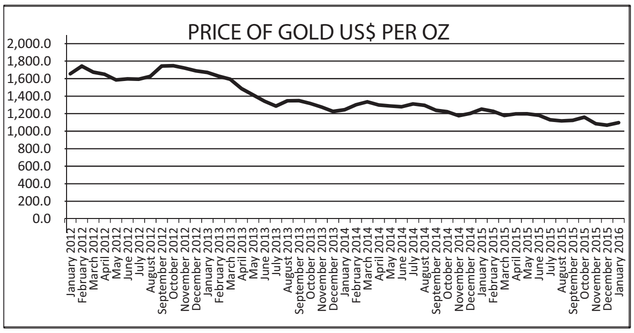


Exchange of mementos between the Sponsor UOB Kay Hian Private Limited and Anchor Resources Limited (Represented by Mr. Alvin Soh, Head of Catalist Operations and Mr. Lim Chiau Woei, Managing Director)

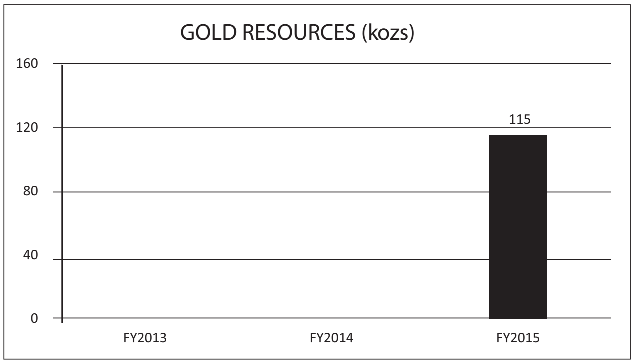
MILESTONES ACHIEVED

Mingling with professionals and guests during the IPO ceremony and appreciation luncheon

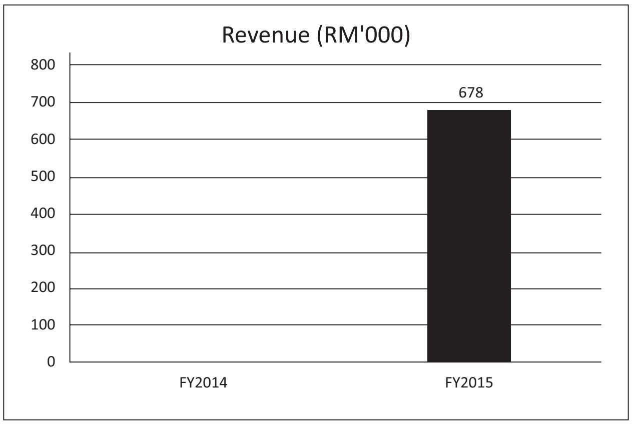
HIGHLIGHTS



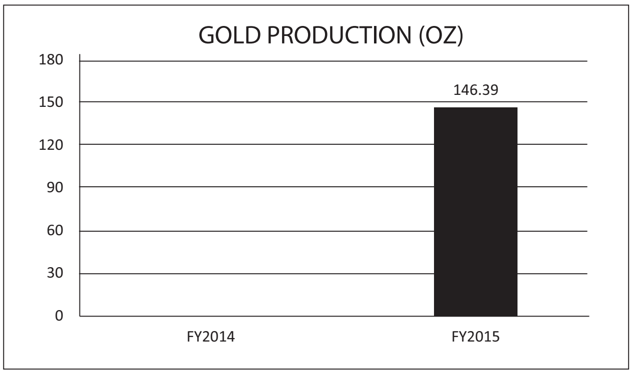
The above chart sets forth monthly average London Fix gold price for FY2012, FY2013, FY 2014, FY2015 and up to Feb 2016.



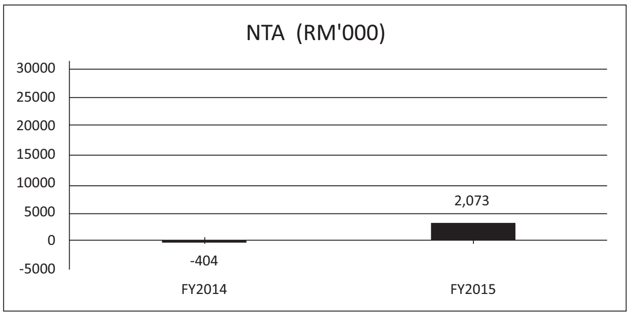
The mineral resources estimates have been reviewed by AMC Consultants Pty. Ltd., in accordance with the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves prepared by the Joint Ore Reserve Committee of the Australasian Institute of Mining and Metallurgy, Australia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



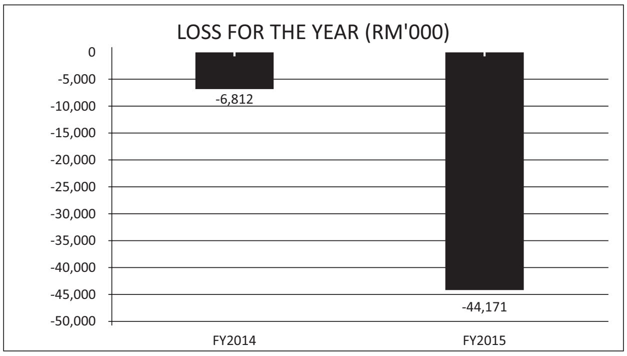
In FY2015, the Group generated RM0.68 million of revenue from the sales of gold 142.53 oz of gold.



In FY2015, a total of 146.39 oz (FY2014: NIL) of fine gold were produced.



NTA increased mainly as a result of conversion of RCL into equity approximately RM27.33 million and issue of RM51.85 million of share capital in our Company.



Losses for the Group increased by RM37.36 million from RM6.81 million in FY2014 to RM44.17 million in FY2015, mainly due to one-off expenses of RM32.82 million which comprised listing preparation expenses, fair value loss on derivative financial instruments and fair value loss on modification arrangement on issuance of adjustment shares to RCL lenders and commissioning costs. Net loss of the Group would have been RM11.35 million excluding those one-off expenses.

FINANCIAL REVIEW

REVENUE AND RESULTS

The Group's revenue recorded approximately RM0.68 million from the sales of gold in FY2015. The Group did not generate any revenue in the FY2014 as we were still at the stage of constructing our processing facilities during that time. The Group commissioned our processing facilities for the mining and processing of tailing in March 2015 and produced 146.39 oz of gold with 3.86 oz of gold in the production circuit remain unsold the end of FY2015.

In FY2015, the Group recorded a loss of RM44.17 million. Net loss of the Group would have been approximately RM11.35 million assuming the one-off fair value losses on derivative financial instruments and modification arrangement on issuance of adjustment shares of RM29.59 million, listing preparation expenses of RM1.45 million and commissioning costs of RM1.78 million are excluded.

OPERATING EXPENSES

Total operating expenses increased by RM38.04 million from RM6.82 million in FY2014 to RM44.86 million in FY2015. To increase in total operating expenses was mainly due to the following:–

- Increase in raw materials and consumables and changes in inventories of work-in-progress used by approximately RM0.88 million or 100% was due to the commissioning of the processing facilities.
- Increase in contract expenses by approximately RM0.27 million or 100% was due to excavation of tailing feed.
- Increase in depreciation and amortisation by approximately RM1.15 million from RM0.17 million in FY2014 to RM1.32 million in FY2015 was due to the commencement of processing facilities.
- Increase in employee benefits expense by approximately RM 1.41 million from RM1.43 million in FY2014 to RM2.84 million in FY2015 was due to the increase in headcount after commencement of processing facilities.
- Increase in other expenses by approximately RM4.29 million from RM3.73 million in FY2014 to RM8.02 million in FY2015 mainly due to increase in professional fee by approximately RM1.47 million, increase in net foreign exchange losses of approximately RM2.95 million and decrease in commission for fund raising RM1.37 million.
- Increase in finance costs by approximately RM0.53 million from RM1.32 million in FY2014 to RM1.85 million in FY2015 was due to increase in weighted average outstanding of Redeemable Convertible Loan ("RCL") from approximately RM12.79 million in FY2014 to RM22.30 million in FY2015.
- One-off charge of fair value loss on derivative financial instruments in FY2015 on the value of option to convert RCL to equity of approximately RM5.67 million.
- One-off charge of fair value loss on modification arrangement on issuance of adjustment shares to RCL lenders of RM23.92 million.

WORKING CAPITAL

The Group's negative working capital position increased by RM3.41 million from RM20.29 million as at 31 December 2014 to RM23.70 million as at 31 December 2015. The increase was due to decreased RM1.78 million in current assets and increased RM1.63 in current liabilities.

The decreased in current assets was mainly due to decreased RM1.06 million in non-trade receivable and prepayment and decreased RM0.91 million in cash and cash equivalents.

The increased in current liabilities was due to decreased in RCL of RM22.77 million as the results of conversion of RCL into ordinary share capital on 1 October 2015, increased of RM0.48 million in trade and other payable and increased in derivative financial instruments of RM23.92 million. The increased in derivative financial instruments was in respect of one-off accrual for the fair value loss on modification arrangement on issuance of adjustment shares to RCL lenders. Such accrual shall be derecognised to share capital account upon subsequence issuance of the adjustment shares to the RCL lenders and the working capital will be increased by RM23.92 million.

The total equity of the Group increased by RM2.47 million from a capital deficiency of RM0.40 million in FY2014 to RM2.07 million in FY2015.

CASH AND CASH EQUIVALENTS

As at end of FY2015, the Group had cash and cash equivalents of RM1.26 million.

OPERATIONS REVIEW

PRINCIPAL ACTIVITIES

Our Group is principally engaged in the business of exploration, mining and production of gold for sale in Malaysia. 2015 has been an important milestone for us as we moved from development phase to production phase.

HISTORICAL BACKGROUND

In 2014, we focused our resources in exploration and factory construction activities at the Lubuk Mandi Mine. We have drilled a total of 30 holes and 6,230 metres in 2013 and 2014. We have also constructed processing facilities with 350,000 tpa of yearly capacity. We started to hire operations staff towards the end of 2014 in preparation for our commissioning activities.

FOCUS OF 2015

In 2015, we focused our activities in commissioning our processing facilities and improving the processes. Plant utilisation for FY2015 was not at the optimum level as we were being held back by the plant downtime due to technical adjustments and plant improvements, time taken to train the operational staff in operating the processing equipment and process improvements to enhance the yield rate at each processes.

Health and safety is one of the key areas of focus for our operations in FY2015 as we would like to ensure compliance to rules and regulation and at the same time we also take cognizant of our responsibility in providing a safe and sound working environment for our staff. We have conducted trainings to our staff in relation to health and safety related issues to raise their awareness and have acquired various safety gears to adequately equip our staff at the production area. The Group also put in place various program to ensure staff and contractors working at our site comply with our safety standards. We managed to achieve zero incident at our mine for FY2015. In addition, we also have enhanced our security at the Lubuk Mandi site by putting a second layer of security system at the entrance of the plant.

The Group, also put in place the necessary measurements to ensure that all waste from the processing facilities are being discharged to waste dam and ensure that it will not create environment issues to the community and affect the day to day life of the community where we are operating from.

We commenced a 12 hours a day production cycle since July 2015 after completed our commissioning in June 2015. From July to December 2015, we processed approximately 45,000 dry metric tonnes of tailings material with an estimated average head grade of 0.64 g/t Au. A total of approximately 146.39 oz of gold with an average purity of approximately 95.4% gold has been produced for sale, with approximately 3.86 oz of gold held in circuit. We managed to improve our purity from 81.56% to 95.98% by end of December.

FUTURE PLAN

Moving forward, in FY2016, we will focus on stabilising the performance of our current processing facilities and elevate to a 24-hour operations cycle, subject to usual maintenance and upgrading. In addition, the Group plans to utilise the fund raised through IPO for further drilling and develop hard rock mining operations.

EXPLORATION AND DEVELOPMENT ACTIVITIES

During FY2015, the Group did not carry out exploration and development activities as we deployed our resources in commissioning our processing facilities.

OPERATIONS REVIEW

LUBUK MANDI MINE

Mineral Resource Estimates*

According to the AMC IQPR, the Mineral Resource estimates for the Lubuk Mandi Mine in situ mineralisation (hard rock) as at 30 September 2015 at a 0.3 g/t Au cut-off is set out below:

		Gross Attributable to Mining Lease		Net attributable to the Group		
Category[1]	**Mineral Type**	**Tonnes**[2] **(millions)**	**Gold grade**[2] **(g/t)**	**Tonnes**[2] **(millions)**	**Gold grade**[2] **(g/t)**	**Change from previous update (%)**
Measured Mineral Resources	Gold	–	–	–	–	0
Indicated Mineral Resources	Gold	1.5	1.46	1.5	1.46	-6
Inferred Mineral Resources	Gold	0.3	1.01	0.3	1.01	-6
Total Resources		**1.8**	**1.39**	**1.8**	**1.39**	**-6**

According to the AMC IQPR, the Mineral Resource estimates for the Lubuk Mandi Mine tailings as at 30 September 2015 at a 0.4 g/t Au cut-off is set out below:

		Gross Attributable to Mining Lease		Net attributable to the Group		
Category[1]	**Mineral Type**	**Tonnes**[2] **(millions)**	**Gold grade**[2] **(g/t)**	**Tonnes**[2] **(millions)**	**Gold grade**[2] **(g/t)**	**Change from previous update (%)**
Measured Mineral Resources	Gold	–	–	–	–	0
Indicated Mineral Resources	Gold	1.3	0.73	1.3	0.73	0
Inferred Mineral Resources	Gold	0.1	0.83	0.1	0.83	0
Total Resources		**1.4**	**0.74**	**1.4**	**0.74**	**0**

There are currently no Ore Reserves estimated for the in situ mineralisation (hard rock) or tailings material. As at 30 September 2015, gold resources amounted to contained gold of approximately 114,000 oz.

The Company had on 4 April 2016 announced that the Singapore Exchange Securities Trading Limited (the "SGX-ST") has no objections to the Company's waiver application for the Company's FY2015 Annual Report to make reference to the IQPR, which was prepared by AMC in connection to the Company's listing and summary of reserves resources estimates that were previously disclosed in the Offer Document, an electronic version may be downloaded on Catalodge. During the period between 1 October 2015 and 31 December 2015, there were no significant exploration or mining activities and, as a result, the Board does not expect any material change to the level of reserves or resources as at 31 December 2015.

Notes:

(1) As defined by the JORC Code.

(2) Mineral resources tonnes and grade figures have been rounded to reflect the accuracy of the estimate. Rounding might cause some computational discrepancies in totals.

* Mineral resource estimates as at 30 September 2015 according to the independent qualified person's report dated 3 December 2015 ("IQPR") prepared by AMC Consultants Pty Ltd ("AMC") set out in Appendix E of the Company's offer document dated 9 March 2016 ("Offer Document").

CORPORATE GOVERNANCE REPORT

DISCLOSURE TABLE FOR ANNUAL REPORT IN COMPLIANCE TO THE CODE OF CORPORATE GOVERNANCE 2012 AND 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 system so as to ensure greater transparency, accountability and protect and enhance shareholder's interest.

This report outline the Company's corporate governance practices for financial year ended 31 December 2015 with specific reference to principles of the Code of Corporate Governance 2012 (the "**Code**") and the disclosure guide as published by the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") in January 2015 (the "**Guide**").

<table>
<tr><th>Guideline</th><th>Code and/or Guide Description</th><th>Company's Compliance or Explanation</th></tr>
<tr><td rowspan="2">General</td><td>(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.</td><td>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.</td></tr>
<tr><td>(b) In what respect do these alternative corporate governance practices achieve the objectives of the principles and conform to the guidelines of the Code?</td><td>Not applicable. The Company did not adopt any alternative corporate governance practises in FY2015.</td></tr>
<tr><td colspan="3">BOARD MATTERS</td></tr>
<tr><td colspan="3"><u>The Board's Conduct of Affairs</u></td></tr>
<tr><td>1.1</td><td>What is the role of the Board?</td><td>As at the date of this annual report, the Board has six Directors and comprises the following:

<table>
<tr><th colspan="3">Table 1.1 – Composition of the Board</th></tr>
<tr><th>Name of Director</th><th>Designation</th><th>Date appointed</th></tr>
<tr><td>Dr. Wilson Tay Chuan Hui</td><td>Non-Executive Chairman and Lead Independent Director</td><td>18 December 2015</td></tr>
<tr><td>Mr Lim Chiau Woei</td><td>Managing Director</td><td>12 August 2015</td></tr>
<tr><td>Mr Chan Koon Moon</td><td>Executive Director</td><td>12 August 2015</td></tr>
<tr><td>Mr Law Phooi Wong</td><td>Non-Executive Director</td><td>18 December 2015</td></tr>
<tr><td>Dato' Siew Boon Yeong</td><td>Independent Director</td><td>18 December 2015</td></tr>
<tr><td>Ms. Ch'ng Li Ling</td><td>Independent Director</td><td>18 December 2015</td></tr>
</table>
</td></tr>
</table>

CORPORATE GOVERNANCE REPORT

<table>
<tr><td></td><td></td><td>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 principle functions include:

• To review and advice on the group 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;
• To monitor and ensure compliance of Interested Person Transactions.</td></tr>
<tr><td>1.2</td><td>All directors objectively discharge their duties and responsibilities at all times as fiduciaries in the interests of the Company?</td><td>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.</td></tr>
<tr><td>1.3</td><td>Has the Board delegated certain responsibilities to committees? If yes, please provide details.</td><td>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. The compositions of the Board Committees are as follows:

<table>
<tr><th colspan="4">Table 1.3 – Composition of the Board Committees</th></tr>
<tr><th></th><th>AC</th><th>NC</th><th>RC</th></tr>
<tr><td>Chairman</td><td>Dato' Siew Boon Yeong</td><td>Ms. Ch'ng Li Ling</td><td>Dr. Wilson Tay Chuan Hui</td></tr>
<tr><td>Member</td><td>Dr. Wilson Tay Chuan Hui</td><td>Dr. Wilson Tay Chuan Hui</td><td>Ms. Ch'ng Li Ling</td></tr>
<tr><td>Member</td><td>Ms. Ch'ng Li Ling</td><td>Dato' Siew Boon Yeong</td><td>Dato' Siew Boon Yeong</td></tr>
</table></td></tr>
<tr><td>1.4</td><td>Have the Board and Board Committees met in the last financial year?</td><td>The Company was established on 12 August 2015 and formally admitted to the Official List of the Catalist of the Singapore Exchange Securities Trading Limited (the "SGX-ST") on 18 March 2016 ("IPO"). There was no board meeting in FY2015.

The Company's Articles of Association (the "Articles") allow for meetings to be held through telephone and/or video-conference.</td></tr>
</table>

CORPORATE GOVERNANCE REPORT

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; • budgets, financial results announcements, annual report and audited financial statements; and • material interested person transactions.
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?	Briefings, updates and trainings for the Directors in FY2015 included: • In conjunction with the IPO of the Company, a briefing was conducted by Rajah & Tann Singapore LLP on the roles and responsibilities of a director of a public listed company in Singapore; • The external auditors BDO LLP ("**external auditor**") had briefed the AC on changes or amendments to accounting standards; and • All Directors have attended the "Listed Company Director Essentials: Understanding the Regulatory Environment in Singapore – What Every Director Ought to Know" course conducted by the Singapore Institute of Directors.
1.7	Upon appointment of each director, the Company provided a formal letter to the director, setting out the director's duties and obligations?	Formal letters of appointment are furnished to the newly-appointed directors, upon their appointments during the financial year, 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.	Guideline 2.1, 2.2 and 3.3 of the Code is met as the Independent Directors made up half of the Board, the Chairman and Managing Director are not the same person and Dr Wilson Tay is appointed as the Non-Executive Chairman and Lead Independent Director.

CORPORATE GOVERNANCE REPORT

2.3 4.3	Has the independence of the Independent Directors been reviewed in the last financial year?	There were no NC meeting in FY2015 as the Company was established on 12 August 2015 and the Independent Directors were appointed on 18 December 2015. The NC had reviewed and the Independent Directors had also confirmed their independence in accordance with the Code during the NC meeting held on 28 January 2016 subsequent to FY2015 and all Independent Directors have provided their independence declaration.
	(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.	There is no Independent Director who has served beyond nine years since the date of his first appointment.
2.5	Has the Board examine 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. Having considered the scope and nature of the Group's businesses, and the requirements of the business and the need to avoid undue disruptions from changes to the composition of the Board and Board Committees, the Board, in concurrence with the NC. The Board believes that its current board size and the existing composition of the Board Committees effectively serve the Group. It provides sufficient diversity without interfering with efficient decision-making.

CORPORATE GOVERNANCE REPORT

2.6	1. 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.
	2. 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.	The current Board composition provides a diversity of skills, experience and knowledge to the Company as follows: (see Table 2.6 below)

Table 2.6 – Balance and Diversity of the Board

	Number of Directors	Proportion of Board
Core Competencies		
– Accounting of finance	3	50%
– Business management	6	100%
– Legal or corporate governance	4	67%
– Relevant industry knowledge or experience	4	67%
– Strategic planning experience	4	67%
– Customer based experience or knowledge	5	83%

	3. What steps have the Board taken to achieve the balance and diversity necessary to maximise its effectiveness?	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.
2.7	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?	The Board, particularly the independent directors, which are non-executive directors, must be kept well informed of the Group's business and be knowledgeable about the industry the Group operates in. To ensure that the independent directors are well supported by accurate, complete and timely information, they have unrestricted access to Management, and have sufficient time and resources to discharge their oversight functions effectively.

CORPORATE GOVERNANCE REPORT

2.8 3.4	Have the Non-Executive Directors met in the absence of key management personnel in the last financial year?	The Independent Directors had met and discussed with the external and internal auditors as part of the IPO process in the absence of key management personnel in FY2015.
Chairman and Managing Director		
3.1 3.2	Are the duties between Chairman and Managing Director segregated?	The roles of the Non-Executive Chairman and Lead Independent Director and Managing Director are separated to ensure a clear division of their responsibilities, increased accountability and greater capacity of the Board for independent decision making. The Non-Executive Chairman and Lead Independent Director is not related to the Managing Director. The Non-Executive Chairman and Lead Independent Director 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 Managing Director 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 Managing Director takes a leading role in developing the business of the Group and manages the day-to-day operations with the assistance of key management personnel. He also oversees the execution of the business and corporate strategy decisions made by the Board.
Board Membership		
4.1 4.2 4.3	What are the duties of the NC?	The Board established the NC on 28 January 2015 which consists of three Independent Directors. Please refer to Table 1.3 on the names of the members and the composition of the NC. The NC is guided by the key terms of reference as follows: • To review and approve any new employment of related persons and proposed terms of their employment; • To re-nominate of our directors for re-election of directors in accordance with our Articles or Association at each annual general meeting and 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 of our Company 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.

CORPORATE GOVERNANCE REPORT

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 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. All directors have signed the undertaking letter for multiple board representation.
	(c) What are the specific considerations in deciding on the capacity of directors?	The considerations 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.
	(d) Have the Directors adequately discharged their duties?	As the Company was listed on the Catalist of the SGX-ST on 18 March 2016, there was no determination on whether the Directors had adequately discharged their duties in FY2015. The NC will review the time spent and attention given by each of the Directors to the Company's affairs, and determine whether the Directors have discharged their duties adequately for financial year ending 31 December 2016 ("**FY2016**").
4.5	Are there alternate Directors?	The Company does not have any alternate director on the Board.

CORPORATE GOVERNANCE REPORT

<table>
<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 Articles of the Constitution of the Company ("Articles"), 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 (in addition to any Director retiring pursuant to Article 118).

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.
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CORPORATE GOVERNANCE REPORT

<table>
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<td></td>
<td></td>
<td>The Company may by Ordinary Resolution appoint any person to be a Director either to fill a casual vacancy or as an additional Director. Additional Directors appointed by the Board after the AGM but during the financial year, shall only hold office until the next AGM and thereafter be eligible for re-election at the AGM, but shall not be taken into account in determining the number of Directors who are to retire by rotation at such meeting.

The Directors who are retiring at the forthcoming AGM pursuant to the respective Articles and are to be nominated for re-election are as follows:

<table>
<tr><th colspan="3">(iii) Table 4.6 (c) – Directors to be Retired Pursuant to the Article</th></tr>
<tr><th>Name of Director</th><th>Designation</th><th>Article</th></tr>
<tr><td>Dr. Wilson Tay Chuan Hui</td><td>Non-Executive Chairman and Lead Independent Director</td><td>118</td></tr>
<tr><td>Mr Lim Chiau Woei</td><td>Managing Director</td><td>118</td></tr>
<tr><td>Mr Chan Koon Moon</td><td>Executive Director</td><td>118</td></tr>
<tr><td>Mr Law Phooi Wong</td><td>Non-Executive Director</td><td>118</td></tr>
<tr><td>Dato’ Siew Boon Yeong</td><td>Independent Director</td><td>118</td></tr>
<tr><td>Ms. Ch’ng Li Ling</td><td>Independent Director</td><td>118</td></tr>
</table>
</td>
</tr>
<tr>
<td>4.7</td>
<td>Please provide Directors’ key information</td>
<td>The key information of the Directors, including their profiles and directorships, are set out on pages 4 to 6 of this Annual Report under section Board of Directors.

The shareholdings of the individual directors of the Company are set out on page 47 of this Annual Report. None of the directors hold shares in the subsidiaries of the Company.

Directors who are seeking re-appointment at the forthcoming AGM to be held on 29 April 2016 are stated in the Notice of AGM set out on pages 104 to 107 of this Annual Report.</td>
</tr>
<tr>
<td colspan="3"><u>Board Performance</u></td>
</tr>
<tr>
<td>5.1
5.2
5.3</td>
<td>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?</td>
<td>As the Company was listed on the Catalist of the SGX-ST on 18 March 2016, the NC has yet to set the performance criteria to evaluate the effectiveness of the Board as a whole and its Board Committees, and for assessing the contributions by each Director to the effectiveness of the Board in FY2015. The NC will draw up such performance criteria in FY2016.</td>
</tr>
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CORPORATE GOVERNANCE REPORT

<table>
<tr><th colspan="3"><u>Access to information</u></th></tr>
<tr>
<td>6.1
6.2</td>
<td>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?</td>
<td>
<table>
<tr><th colspan="3">Table 6 – Types of Information Provided by Key Management Personnel to Independent Directors</th></tr>
<tr><th></th><th>Information</th><th>Frequency</th></tr>
<tr><td>1.</td><td>Board papers (with background or explanatory information relating to the matters brought before the Board, where necessary)</td><td>Half-yearly</td></tr>
<tr><td>2.</td><td>Updates to the Group’s operations and the markets in which the Group operates in</td><td>Half-yearly</td></tr>
<tr><td>3.</td><td>Half-yearly and full year financial results</td><td>Half-yearly</td></tr>
<tr><td>4.</td><td>Reports on on-going or planned corporate actions</td><td>As and when, relevant</td></tr>
<tr><td>5.</td><td>Enterprise risk framework and internal auditors’ (“IA”) report(s)</td><td>As and when, available</td></tr>
<tr><td>6.</td><td>Research report(s)</td><td>As and when, requested</td></tr>
<tr><td>7.</td><td>Shareholding statistics</td><td>As and when, requested</td></tr>
</table>

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.
</td>
</tr>
<tr>
<td>6.3
6.4</td>
<td>What is the role of the Company Secretary?</td>
<td>The roles of the Company Secretary, are as follows:

Ensuring the Board procedures are observed and that the Company’s Constitution and, relevant Acts, rules and regulations are complied with;
Assisting the Chairman to ensure good information flows within the Board and its committee and key management personnel;
Assisting the Company in implementing a framework for key management personnel’s compliance with the Catalist Rules, including timely disclosure of material information;
Attending and preparing minutes for AGM and 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.

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CORPORATE GOVERNANCE REPORT

		The appointment and the removal of the Company Secretary should be a matter for the board as a whole. 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.
REMUNERATION MATTERS		
Developing Remuneration Policies		
7.1 7.2 7.4	What is the role of the RC?	The Board established the RC on 28 January 2016 which consists of three Independent Directors. Please refer to Table 1.3 on the names of the members and the composition of the RC. The RC is guided by the key terms of reference as follows: • 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 FY2015.
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 are carried out by the RC to ensure that the remuneration of the Executive Directors and management personnel are commensurate with their performance and that of the Company, 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 is determined based on the level of achievement of corporate and individual performance objectives. In addition, the Company has put in place a Performance Share Scheme to reward key management for meeting their KPI.

CORPORATE GOVERNANCE REPORT

8.2	Were long term incentive schemes given to Executive Director and key management personnel?	Currently, the Company does not have long-term incentive schemes.
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 2015 is appropriate and that the independent 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 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 implement contractual provisions to allow the Company to reclaim incentive components of their remuneration package. 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.
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 the achievement of organisational and individual performance objective, and benchmarked against relevant and comparative compensation in the market.

CORPORATE GOVERNANCE REPORT

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 FY2015 is as follows:

Table 9 – Directors' Remuneration

Name	Salary (%) [(1)]	Allowance (%) [(1)]	Director's Fees (%)	Total (%)
Below S$250,000				
Dr. Wilson Tay Chuan Hui	–	–	100	100
Mr. Lim Chiau Woei	–	100	–	100
Mr. Chan Koon Moon	70	30	–	100
Mr. Law Phooi Wong	–	70	30	100
Dato' Siew Boon Yeong	–	–	100	100
Ms. Ch'ng Li Ling	–	–	100	100

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

All director fees are on accrual and shall be paid upon AGM approval.

There were no termination, retirement and post-employment benefits that may be granted to Directors and key management personnel in FY2015.

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.

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 three key management personnel (who are not Directors or the CEO).</td>
<td>The Company has three top key management personnel as the end of FY2015.

The breakdown for the remuneration of the Company's key management personnel (who are not Directors or the Managing Director) in FY2015 is as follows:

<table>
<tr><th colspan="4">Table 9.3 – Remuneration of Key Management Personnel</th></tr>
<tr><th>Name</th><th>Salary (%) (1)</th><th>Allowance (%) (1)</th><th>Total (%)</th></tr>
<tr><td>Below S$250,000</td><td></td><td></td><td></td></tr>
<tr><td>Ooi Hooi Kiang</td><td>77</td><td>23</td><td>100</td></tr>
<tr><td>Fan Ngee Shin</td><td>75</td><td>25</td><td>100</td></tr>
<tr><td>Mohamad Radi Bin Jaafar</td><td>89</td><td>11</td><td>100</td></tr>
</table>

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

The total remuneration paid to the three key management personnel in FY2015 was RM450,240 (S$123,408).</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 is an immediate family member of a Director or the CEO in FY2015.</td>
</tr>
<tr>
<td>9.5</td>
<td>Please provide details of the employee share scheme(s).</td>
<td>Information on the Company's Employee Performance Share Plan ("PSP") are set out on pages 41 to 44 of this Annual Report.</td>
</tr>
</table>

CORPORATE GOVERNANCE REPORT

<table>
<tr><td>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 in FY2015. Their remuneration is made up of fixed compensations. The fixed compensation consists of an annual base salary and allowances. There was no variable compensation based on the level of achievement of corporate and individual performance objectives.</td></tr>
<tr><td></td><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</td></tr>
<tr><td colspan="3">Executive Directors</td></tr>
<tr><td>Qualitative</td><td>No bonus or other short-term incentives were awarded as the Group has just commenced their operations of the processing facilities in FY2015</td><td>No performance conditions had been set for Executive Directors' long term incentives as the Company was listed on the Catalist of the SGX-ST on 18 March 2016.</td></tr>
<tr><td>Quantitative</td><td>None</td><td></td></tr>
<tr><td colspan="3">Management Personnel</td></tr>
<tr><td>Qualitative</td><td>No bonus or other short-term incentives were awarded as the Group has just commenced their operations of the processing facilities in FY2015</td><td>No performance conditions had been set for Executive Directors' long term incentives as the Company was listed on the Catalist of the SGX-ST on 18 March 2016.</td></tr>
<tr><td>Quantitative</td><td>None</td><td></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>As the Company was listed on the Catalist of the SGX-ST on 18 March 2016, there was no determination of the performance for the Board and key management personnel. The RC will review the performance of the Board and key management personnel based on its performance conditions in FY2015.</td></tr>
</table>

CORPORATE GOVERNANCE REPORT

ACCOUNTABILITY AND AUDIT		
Accountability		
10.1 10.2 10.3	The Board's should present 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 believe that it should conduct itself in way that deliver maximum sustainable value to its shareholders. Timely releases of the Group's financial results and all significant information to shareholders as well as the prompt fulfillment of statutory requirement are ways to maintain shareholder's confidence and trust in the Board's capability and integrity.
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 acknowledge its responsibilities 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 requires 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. 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. On an annual basis, the internal audit function prepares the internal audit plan taking into consideration the risks identified which is approved by the AC.

CORPORATE GOVERNANCE REPORT

		During the financial year, the AC reviewed the reports submitted by the internal auditors 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 FY2015. The bases for the Board's view are as follows: • Assurance had been received from the Managing Director and 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 as disclosed in the Company's Offer Document dated 9 March 2016 pursuant to its IPO on 18 March 2016. For FY2015, the Group has outsourced its internal audit function to RSM Ethos Pte Ltd which reported on the audit findings and recommendations directly to the AC; • Discussion was held between the AC and external auditor in the absence of the key management personnel to review and address any potential concerns on 1 April 2016. The Company is gradually placing emphasis on sustainability and would implement appropriate policies and programmes when the opportunities arise.
	(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 Managing Director and CFO in respect of FY2015. In addition, as part of the IPO process, the outsourced IA RSM Ethos Ptd. Ltd. has met up with the designated members of the AC on 28 October 2015 to brief on the internal controls matters and highlighted to the AC on the issues identified and management responses.

CORPORATE GOVERNANCE REPORT

Audit Committee		
12.1 12.2 12.3 12.4	What is the role of the AC?	The Board established the AC on 28 January 2016 which consists of three Independent Directors. Please refer to Table 1.3 on the names of the members and the composition of the AC. The AC is guided by the following key terms of reference: • 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 our internal controls and procedures including accounting and financial controls and procedures and ensure coordination between our internal and external auditors, and our management, reviewing the assistance given by our 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

<table>
<tr><td></td><td></td><td>

- 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 Dato' Amos Siew, 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.
</td></tr>
<tr><td>12.5</td><td>Has the AC met with the auditors in the absence of key management personnel?</td><td>The AC had met and discussed with the external and internal auditors as part of the IPO process in the absence of key management personnel in FY2015. The AC had also met with the external auditor in the absence of key management personnel on 1 April 2016.</td></tr>
<tr><td>12.6</td><td>Has the AC reviewed the independence of the external auditor?</td><td>The AC had reviewed the non-audit services provided by the external auditor and is satisfied that the nature and extent of such services would not prejudice the independence of the external auditor, and has recommended the re-appointment of the external auditor at the forthcoming AGM.</td></tr>
<tr><td></td><td>(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.</td><td>
<table>
<tr><td colspan="3">Table 12.6 (a) – Fees Paid/Payable to the external auditor for FY2015</td></tr>
<tr><td></td><td>RM</td><td>% of total</td></tr>
<tr><td>Audit fees</td><td>122,159</td><td>88</td></tr>
<tr><td>Non-audit fees
– Tax Compilation Service fees</td><td>16,216</td><td>12</td></tr>
<tr><td>Total</td><td>138,375</td><td>100</td></tr>
</table>
</td></tr>
<tr><td></td><td>(b) If the external auditor have 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.</td><td>The non-audit services rendered were related to tax compilation service fees and not substantial during FY2015.</td></tr>
</table>

CORPORATE GOVERNANCE REPORT

12.7	Does the Company have a whistle-blowing policy?	The Company did not have a whistle-blowing policy in FY2015 as the Company was listed on 18 March 2016. Post listing, the Company intends to put in place a whistle-blowing policy in FY2016.
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?	In FY2015, the AC did not receive any update on changes and amendments to accounting standards. However, the AC was briefed by the external auditor on 28 January 2016 regarding future changes to financial reporting standards, Companies Act on sections relevant to listed companies and standards on auditing.
12.9	Is the former partner or director of the Company's existing auditing firm or audit corporation is a member of the AC?	No former partner or director of the Company's existing auditing firm or audit corporation is a member of the AC.
Internal Audit		
13.1 13.2 13.3 13.4 13.5	Please provide details of the Company's internal audit function, if any.	In FY2015, the Company engaged RSM Ethos Pte Ltd for pre-listing internal controls review. The internal auditor reported to the designated members of the AC on the findings and the management responses on the findings on 28 October 2015. 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 recognizes 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.

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 is committed to corporate governance and transparency by disclosing to its stakeholders, including its shareholders, in a timely, fair and transparent manner. The Company was established on 12 August 2015 and listed on 18 March 2016. The Company intends to hold briefing and roadshow post listing as part of our efforts to reach out to both institutional and retail investors. 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 on its investors relation activities.
	(c) How does the Company keep shareholders informed of corporate developments, apart from SGXNET announcements and the annual report?	When necessary and appropriate, the Managing Director will meet analysts and fund managers who like to seek a better understanding of the Group's operations. The Managing Directors also engages with local and foreign investors to solicit feedback from the investment community on a range of strategic and topical issues which should provide valuable insights to the Board on investors' views. When opportunities arise, the Managing Director conducts media interviews to give its shareholders and the investors' public a profound prospective of the Group's business prospects.
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 does not intend to declare any dividend for FY2015, as the Company has yet to generate sufficient profit.

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 Articles allow 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. Every matter requiring shareholders' approval is proposed as a separate resolution. Detailed information on each item in the AGM agenda is accompanied by explanatory notes in the notice of AGM. All resolutions put to the vote at a general meeting of the Company shall be voted by way of poll. The Company also maintains minutes of the AGM, which includes the key comments and queries raised by shareholders and the responses from the Board and the management. All minutes of general meetings will made available to shareholders upon their request after the general meetings.
COMPLIANCE WITH APPLICABLE CATALIST RULES		
712, 715 or 716	Appointment of Auditors	The Company confirms its compliance to the Catalist Rules 712 and 715.
1204(8)	Material Contracts	There were 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 FY2015 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 FY2015 base on the following: • internal controls procedures established by the Company; • works performed by the IA and external auditor in conjunction with its recent IPO; • assurance from the Managing Director and CFO; and • reviews done by the various Board Committees and key management personnel.

CORPORATE GOVERNANCE REPORT

<table>
<tr><td>1204(17)</td><td>Interested Person Transaction (“IPT”)</td><td>The Group has procedures governing all IPTs to ensure that they are properly documented and reported on 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 for IPTs. There were no IPTs with aggregate value of more than S$100,000 transacted during FY2015.</td></tr>
<tr><td>1204(19)</td><td>Dealing in Securities</td><td>The Company has adopted an internal policy which prohibits the Directors and officers from dealing in the securities of the Company while in possession of price-sensitive information.

The Company, its Directors and officers are also discouraged from dealing in the Company’s securities on short term considerations and are 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.</td></tr>
<tr><td>1204(21)</td><td>Non-sponsor Fees</td><td>In FY2015, the Company did not pay to its sponsor, UOB Kay Hian Private Limited any non-sponsor fees.</td></tr>
<tr><td>1204(22)</td><td>Use of IPO Proceeds</td><td>Utilisation of proceeds as at 5 April 2016 are as follow:–

<table>
<tr><th>Use of proceeds</th><th>IPO proceeds (S$’000)</th><th>Utilisation (S$’000)</th></tr>
<tr><td>Further exploration at the Lubuk Mandi Mine and the Bukit Panji Property</td><td>500</td><td>Nil</td></tr>
<tr><td>Development of the Lubuk Mandi Mine and the Bukit Panji Property and investment in mining-related infrastructure and equipment</td><td>500</td><td>Nil</td></tr>
<tr><td>Expansion of our gold processing capacity</td><td>2,100</td><td>Nil</td></tr>
<tr><td>Expansion of our business and operations</td><td>300</td><td>–</td></tr>
<tr><td>General working capital</td><td>1,200</td><td>Nil</td></tr>
<tr><td>Listing expenses</td><td>2,600</td><td>2,600</td></tr>
<tr><td>Total</td><td>7,200</td><td>2,600</td></tr>
</table>
</td></tr>
</table>

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 afforded 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 to all laws in places we conduct our businesses.
- Strive to protect human health and preservation of environment in each phase of our operating activity by implementing high standard of environment, health and safety policy.
- Contribute to local community by providing working opportunities, donating to the less fortunate local residents and participating in local community projects.
- Provide sufficient resources to train and develop our staff to be a better person.

2. Environment, Health and Safety Policy

The Group intends to achieve high standard 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 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 chemical are discharged in safe manner and will not bring harm to the environment.
- Conduct audit 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

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

(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.

PERFORMANCE SHARE PLAN

(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.

(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.

PERFORMANCE SHARE PLAN

(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.

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 the Company present their statement to the members together with the audited consolidated financial statements of Anchor Resources Limited (the "Company") and its subsidiaries (the "Group") for the financial year ended 31 December 2015 and the statement of financial position of the Company as at 31 December 2015.

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 2015, and of 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.

2. Directors

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

Lim Chiau Woei	(Appointed on 12 August 2015)
Chan Koon Mong	(Appointed on 12 August 2015)
Dr. Tay Chuan Hui	(Appointed on 18 December 2015)
Law Phooi Wong	(Appointed on 18 December 2015)
Dato' Siew Boon Yeong	(Appointed on 18 December 2015)
Ch'ng Li-Ling	(Appointed on 18 December 2015)

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 object was 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 Singapore Companies Act, Chapter 50 (the "Act"), none of the Directors of the Company who held office at the end of the financial period had any interests in the shares or debentures of the Company or its related corporations except as follows:

Name of Directors and companies in which interests are held	Shareholdings registered in name of Director or nominee		Shareholdings in which Director is deemed to have an interest	
	Balance at 12 August 2015 (date of incorporation) or later date of appointment	Balance at 31 December 2015	Balance at 12 August 2015 (date of incorporation) or later date of appointment	Balance at 31 December 2015
Company				
Ordinary shares with no par value				
Lim Chiau Woei	1	2,201,405	–	3,600,000
Chan Koon Mong	1	–	–	130,327
Law Phooi Wong	–	1,098,734	–	3,600,000
Subsidiary				
Angka Alamjaya Sdn. Bhd.				
Ordinary shares of RM1 each				
Lim Chiau Woei	2,167,714	–	–	15,348,358
Law Phooi Wong	1,098,734	–	–	15,348,358
Subsidiary				
Angka Mining Sdn. Bhd.				
Ordinary shares of RM1 each				
Lim Chiau Woei	100,001	–	–	100,002
Law Phooi Wong	1	–	–	100,002

By virtue of Section 7 of the Act, Mr. Lim Chiau Woei and Mr. Law Phooi Wong are deemed to have an interest in the shares of all wholly-owned subsidiaries of the Company as at end of the financial period. In addition, Mr. Lim Chiau Woei and Mr. Law Phooi Wong are deemed to have an interest in the 3,600,000 shares of the Company held by JHW Minerals & Resources Pte. Ltd. Mr. Chan Koon Mong is deemed to have an interest in the 130,327 shares of the Company held by his spouse, Ms. Wong Lee Chin.

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 2016 in the shares of the Company have not changed from those disclosed as at 31 December 2015.

DIRECTORS' STATEMENT

5. Share options

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")

The Company has implemented a performance share plan known as PSP. The PSP was approved and adopted by the shareholders at an Extraordinary General Meeting of the Company held on 22 September 2015. No share options or performance shares have been granted or awarded 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 were appointed on 18 December 2015 and at the date of this report are:

Dato' Siew Boon Yeong (Chairman)
Dr. Tay Chuan Hui
Ch'ng Li-Ling

The Audit Committee performed the functions specified in Section 201B(5) of the Singapore Companies Act, Chapter 50, 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 consolidated financial statements of the Group and the statement of financial position of the Company before their submission to the Directors of the Company and the external auditors' report on those financial statements;

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

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

DIRECTORS' STATEMENT

6. Audit committee (Continued)

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

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 Group at the forthcoming Annual General Meeting.

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
1 April 2016

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF ANCHOR RESOURCES LIMITED

Report on the financial statements

We have audited the accompanying financial statements of Anchor Resources Limited (the "Company") and its subsidiaries (the "Group") as set out on page 52 to 101, which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2015, 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 a summary of significant accounting policies and other explanatory information.

Management's responsibility 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 Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards, 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.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF ANCHOR RESOURCES LIMITED

Report on the financial statements (Continued)

Opinion

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 Act and Singapore Financial Reporting Standards so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2015 and of the financial performance, changes in equity and cash flows of the Group for the financial year ended on that date.

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, have been properly kept in accordance with the provisions of the Act.

BDO LLP
Public Accountants and
Chartered Accountants

Singapore
1 April 2016

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2015

	Note	Group 2015 RM'000	Group 2014 RM'000	Company 2015 RM'000
ASSETS				
Non-current assets				
Property, plant and equipment	6	**12,655**	7,033	**5**
Exploration and evaluation assets	7	**50**	12,849	**–**
Mine properties	9	**13,065**	–	**–**
Investments in subsidiaries	10	**–**	–	**45,599**
		25,770	19,882	**45,604**
Current assets				
Inventories	11	**474**	283	**–**
Non-trade receivables	12	**404**	5,733	**–**
Prepayments	13	**4,725**	460	**4,693**
Cash and cash equivalents	14	**1,255**	2,165	**800**
		6,858	8,641	**5,493**
Total assets		**32,628**	28,523	**51,097**
EQUITY AND LIABILITIES				
Equity				
Share capital	15	**51,853**	20,850	**51,853**
Merger reserve	16	**15,645**	–	**–**
Accumulated losses		**(65,425)**	(21,254)	**(27,519)**
Total equity		**2,073**	(404)	**24,334**
Current liabilities				
Trade and other payables	17	**6,640**	6,154	**2,848**
Redeemable convertible loans	18	**–**	22,773	**–**
Derivative financial instruments	19	**23,915**	–	**23,915**
Total liabilities		**30,555**	28,927	**26,763**
Total equity and liabilities		**32,628**	28,523	**51,097**

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

	Note	2015 RM'000	2014 RM'000
Revenue	20	**678**	–
Other income	21	**7**	9
Raw materials and consumables used		**(883)**	–
Changes in inventories of work-in-progress		**113**	–
Contractor expenses		**(274)**	–
Royalty fee expenses		**(34)**	–
Depreciation and amortisation expenses	22	**(1,318)**	(170)
Employee benefits expense	23	**(2,841)**	(1,432)
Operating lease expenses	24	**(153)**	(167)
Other expenses		**(8,023)**	(3,728)
Finance costs	25	**(1,856)**	(1,324)
Fair value loss on derivative financial instruments	19	**(29,587)**	–
Loss before income tax	26	**(44,171)**	(6,812)
Income tax expense	27	**–**	–
Loss for the financial year, representing total comprehensive income for the financial year		**(44,171)**	(6,812)
Loss attributable to owners of the parent		**(44,171)**	(6,812)
Total comprehensive income attributable to owners of the parent		**(44,171)**	(6,812)
Loss per share	28		
– Basic (in sen)		**(26.23)**	(4.39)
– Diluted (in sen)		**(26.23)**	(4.39)

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

	Note	Share capital RM'000	Merger reserve RM'000	Accumulated losses RM'000	Total equity RM'000
Balance at 1 January 2015		**20,850**	**–**	**(21,254)**	**(404)**
Loss for the financial year		**–**	**–**	**(44,171)**	**(44,171)**
Total comprehensive income for the financial year		**–**	**–**	**(44,171)**	**(44,171)**
Contributions by and distributions to owners					
Issuance of new ordinary shares before the restructuring exercise	15	**7,446**	**–**	**–**	**7,446**
Issuance of new ordinary shares pursuant to the restructuring exercise	15	**64,047**	**–**	**–**	**64,047**
Deemed distributions to owners pursuant to the restructuring exercise	15	**(39,311)**	**15,645**	**–**	**(23,666)**
Share issue expenses	15	**(1,179)**	**–**	**–**	**(1,179)**
Total transactions with owners		**31,003**	**15,645**	**–**	**46,648**
Balance at 31 December 2015		**51,853**	**15,645**	**(65,425)**	**2,073**
Balance at 1 January 2014		12,093	–	(14,442)	(2,349)
Loss for the financial year		–	–	(6,812)	(6,812)
Total comprehensive income for the financial year		–	–	(6,812)	(6,812)
Contributions by owners					
Issuance of new ordinary shares	15	9,329	–	–	9,329
Share issue expenses	15	(572)	–	–	(572)
Total transactions with owners		8,757	–	–	8,757
Balance at 31 December 2014		20,850	–	(21,254)	(404)

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

	Note	2015 RM'000	2014 RM'000
Operating activities			
Loss before income tax		**(44,171)**	(6,812)
Adjustments for:			
Amortisation of mine properties		**236**	–
Depreciation of property, plant and equipment		**1,082**	170
Interest expenses		**1,856**	1,324
Interest income		**(7)**	(9)
Fair value loss on derivative financial instruments		**29,587**	–
Currency re-alignment		**4,222**	682
Operating cash flows before working capital changes		**(7,195)**	(4,645)
Working capital changes:			
Inventories		**(191)**	(283)
Non-trade receivables		**5,329**	(5,415)
Prepayments		**(4,265)**	(460)
Trade and other payables		**834**	3,150
Net cash used in operating activities		**(5,488)**	(7,653)
Investing activities			
Additions to exploration and evaluation assets		**(332)**	(7,274)
Additions to development assets		**(80)**	–
Additions to mine properties		**(90)**	–
Interest received		**7**	9
Purchase of property, plant and equipment		**(6,704)**	(6,847)
Net cash used in investing activities		**(7,199)**	(14,112)
Financing activities			
Decrease/(Increase) in fixed deposits pledged		**100**	(200)
Interest paid		**(1,060)**	(755)
Proceeds from issuance of new ordinary shares		**13,683**	5,768
Share issue expenses		**(1,179)**	(572)
Proceeds from issuance of redeemable convertible loans		**4,782**	14,667
Redemption of redeemable convertible loans		**(4,449)**	(257)
Net cash from financing activities		**11,877**	18,651
Net change in cash and cash equivalents		**(810)**	(3,114)
Cash and cash equivalents at beginning of financial year		**1,965**	5,079
Cash and cash equivalents at end of financial year	14	**1,155**	1,965

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

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

1. General corporate information

Anchor Resources Limited ("the Company") was incorporated in Singapore on 12 August 2015 under the Singapore Companies Act, Chapter 50 (the "Act") as a private limited liability company in the name of Anchor Resources Pte. Ltd. In connection with its conversion into a public company limited by shares, the Company changed its name to Anchor Resources Limited on 30 September 2015. The Company was listed on the Catalist Board of the Singapore Exchange Securities Trading Limited ("SGX-ST") on 18 March 2016. The registration number of the Company is 201531549N.

The Company is domiciled in Singapore and its registered office and principal place of business are 9 Battery Road #15-01 Straits Trading Building Singapore 049910 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 principal activity of the Company is that of an investment holding company.

The principal activities of the subsidiaries are set out in Note 10 to the financial statements.

The statement of financial position of the Company as at 31 December 2015 and the consolidated financial statements of the Company and its subsidiaries (the "Group") for the financial year ended 31 December 2015 were authorised for issue in accordance with a Directors' resolution dated 1 April 2016.

2. Group restructuring

A restructuring exercise (the "Restructuring Exercise") was carried out as part of group restructuring prior to the listing on the Catalist Board of SGX-ST which resulted in the Company becoming the holding company of the Group. The following steps were taken in the Restructuring Exercise:

(i) Acquisition of Angka Mining Sdn. Bhd. ("AMSB")

On 5 March 2015, Angka Alamjaya Sdn. Bhd. ("AASB") entered into a share sale agreement with Lim Chiau Woei and Law Phooi Wong to acquire all the issued and paid-up share capital of AMSB for a consideration price of RM11,571,426, which was satisfied by the issue of an aggregate of 2,571,428 ordinary shares in AASB of RM1 each. The purchase consideration was arrived at on a willing-buyer-willing-seller basis. The acquisition was completed on 12 March 2015, and Lim Chiau Woei and Law Phooi Wong were issued 1,800,000 and 771,428 ordinary shares in AASB, respectively.

The above transaction was carried out on normal commercial terms and on an arm's length basis, and not prejudicial to the interests of the Company. The purchase consideration was determined based on a willing-buyer-willing-seller basis between the Group and third party investors.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

2. Group restructuring (Continued)

(ii) Incorporation of the Company

At the date of incorporation of the Company, it issued 2 subscribers shares at a consideration of S$2 held by Lim Chiau Woei and Chan Koon Mong each.

(iii) Acquisition of AASB

The Company entered into a sale and purchase agreement dated 15 September 2015 with the shareholders of AASB to acquire the entire issued and paid-up share capital of AASB at the aggregate purchase consideration of RM12,095,569 (approximately S$3,877,282). The purchase consideration was based on the net tangible assets of AASB as at 30 June 2015. The transaction was carried out on normal commercial terms and on an arm's length basis, and was not prejudicial to the interests of the Company.

Pursuant to the share swap agreement, the purchase considerations were satisfied by the allotment and issuance of 12,948,415 ordinary shares by the Company to the vendors.

(iv) Conversion and redemption of the Redeemable Convertible Loans ("RCL")

As part of the Group's fundraising, AASB had between September 2013 and July 2015 obtained the RCL for an aggregate principal sum of S$10.27 million, from the RCL lenders as follows:

(a) Between August 2013 and September 2013, AASB obtained the RCL for an aggregate principal amount of S$2.85 million ("Tranche 1").

(b) Between March 2014 and October 2014, AASB obtained the RCL for an aggregate principal amount of S$4.31 million ("Tranche 2").

(c) On 10 April 2014, AASB entered into an investment agreement Francis Loh Kim Choon ("Escrow Agent") acting as escrow agent for the said investors ("Escrow Agreement"), pursuant to which AASB obtained the RCL for an aggregate principal amount of S$1.40 million from the Escrow Agent ("Tranche 3").

(d) Between April 2015 and July 2015, AASB obtained the RCL for an aggregate principal amount of S$1.51 million ("Tranche 4").

(e) In September 2015, the Company obtained the RCL for an aggregate principal amount of S$0.20 million ("Tranche 5").

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

2. Group restructuring (Continued)

(iv) Conversion and redemption of the Redeemable Convertible Loans ("RCL") (Continued)

In September 2015, in respect of Tranche 3, AASB and the Escrow Agent entered into a supplemental letter in respect of the Escrow agreement, pursuant to which the Escrow Agent (acting as agent on behalf of the investors under the Escrow Agreement) as a RCL lender, was entitled to convert the RCL granted by it into new ordinary shares in the Company. In addition, in respect of Tranches 1, 2, 4 and 5, each of the remaining RCL lenders entered into supplemental letters with AASB, pursuant to which each RCL lender was entitled to convert their respective proportion of RCL into new ordinary shares in the Company.

On 1 October 2015, all conversions in respect of the RCL amounting to an aggregate principal amount of approximately S$8.76 million (approximately RM27,328,000), accrued incentive interests of approximately S$255,000 (approximately RM796,000) and derivative financial instruments for the embedded conversion options of approximately RM5,672,000 were completed and 3,293,311 new ordinary shares in the Company were issued to such RCL lenders at their respective conversion prices, pursuant to which, each of such RCL lenders became shareholders of the Company. Redemptions of the remaining RCL were completed on 7 October 2015, and none of the RCL remains outstanding, except for the derivative financial instruments recorded in respect of adjustment shares issued upon the IPO in 2016 as discussed in Note 19 to the financial statements.

(v) Issuance of ordinary shares in the Company

On 1 October 2015, the Company issued a total of 1,075,162 new ordinary shares comprising 537,581 ordinary shares each to Ms. Koh Ah Luan and Metal-Like Surface Treatment Sdn Bhd for an aggregate consideration of S$2,000,000 (approximately RM6,237,000) in equal proportions.

(vi) Capitalisation of amounts owing to Lim Chiau Woei

On 30 November 2015, the amount owing by the Group to Lim Chiau Woei of RM346,997 (approximately S$115,839) was capitalised into 33,689 ordinary shares of the Company, the consideration price of RM10.30 (approximately S$3.44) per share, being the conversion price of the shares issued to the RCL lenders.

(vii) Issuance of adjustment shares to RCL lenders pursuant to the RCL

As the placement price is lower than the conversion price used in the conversion of the RCL to new ordinary shares (which was at a discount to an indicative placement price), the Company had on 8 March 2016 issued an aggregate of 2,630,466 fully paid-up new ordinary shares in the capital of the Company to the RCL lenders as an adjustment.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

2. Group restructuring (Continued)

(viii) Issuance of adjustment shares to the anti-dilution shareholders pursuant to the anti-dilution undertaking

Pursuant to the adjustment mechanisms under the anti-dilution undertaking, and due to the additional issue of ordinary shares between 15 September 2015 and 30 November 2015, the Company had on 8 March 2016 issued an aggregate of 43,975 fully paid-up new ordinary shares of the Company to the anti-dilution equity holders as an adjustment.

(ix) Sub-Division of ordinary shares

On 8 March 2016, the 20,025,020 ordinary shares in the Company was sub-divided into 240,000,000 ordinary shares.

Following the completion of the Restructuring Exercise, the Company has a total of 240,000,000 ordinary shares in its share capital.

3. Summary of significant accounting policies

3.1 Basis of preparation of financial statements

The consolidated financial statements of the Group are a combination or aggregation of the financial statements of the Company and its subsidiaries after the Restructuring Exercise as set out in Note 2 to the financial statements. The Restructuring Exercise involved companies which are under common control. The consolidated financial statements of the Group for the financial year ended 31 December 2015 have been prepared in a manner similar to the “pooling-of-interest” method. Such manner of presentation reflects the economic substance of the combining companies as a single economic enterprise, although the legal parent-subsidiary relationship was not established until after the end of the reporting period.

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards (“FRS”) and prepared under the historical cost convention, except as disclosed in the accounting policies below and on a going concern basis as referred to in Note 5 to the financial statements. The financial statements are presented in Ringgit Malaysia and all values are recorded to the nearest thousand (RM’000) except where otherwise indicated.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

3. Summary of significant accounting policies (Continued)

3.1 Basis of preparation of financial statements (Continued)

The preparation of financial statements in conformity with FRS requires the management to exercise judgement in the process of applying accounting policies and requires the use of accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the end of the reporting period, and the reported amounts of revenue and expenses throughout the financial year. Although these estimates are based on management's best knowledge of historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances, actual results may ultimately differ from those estimates. The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the financial year in which the estimate is revised if the revision affects only that financial year or in the financial year of the revision and future financial years if the revision affects both current and future financial years.

Critical accounting judgements and key sources of estimation uncertainty used that are significant to the financial statements are disclosed in Note 4 to the financial statements.

During the financial year, the Group and the Company adopted the new or revised FRS that are relevant to their operations and effective for the current financial year. The adoption of the new or revised FRS did not result in any substantial changes to the Group's and the Company's accounting policies and has no material effect on the amounts reported the current and prior financial years.

<u>FRS issued but not yet effective</u>

As at the date of the authorisation of these financial statements, the following FRS were issued but not yet effective and have not been early adopted in these financial statements:

		Effective date (annual periods beginning on or after)
FRS 1	: Amendments to FRS 1 – Disclosure Initiative	1 January 2016
FRS 7	: Amendments to FRS 7 – Disclosure Initiative	1 January 2017
FRS 12	: Amendments to FRS 12 – Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017
FRS 16 and FRS 38	: Amendments to FRS 16 and FRS 38 – Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
FRS 16 and FRS 41	: Amendments to FRS 16 and FRS 41 – Agriculture: Bearer Plants	1 January 2016
FRS 27	: Amendments to FRS 27 – Equity Method in Separate Financial Statements	1 January 2016
FRS 109	: Financial Instruments	1 January 2018

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

3. Summary of significant accounting policies (Continued)

3.1 Basis of preparation of financial statements (Continued)

FRS issued but not yet effective (Continued)

		Effective date (annual periods beginning on or after)
FRS 110 and FRS 28	: Amendments to FRS 110 and FRS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined
FRS 110, FRS 112 and FRS 28	: Amendments to FRS 110, FRS 112 and FRS 28 – Investment Entities: Applying the Consolidation Exception	1 January 2016
FRS 111	: Amendments to FRS 111 – Accounting for Acquisitions of Interest in Joint Operations	1 January 2016
FRS 114	: Regulatory Deferral Accounts	1 January 2016
FRS 115	: Revenue from Contracts with Customers	1 January 2018
Improvements to FRSs (November 2014)		1 January 2016

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

The Group and the Company expect that the adoption of the above FRS, if applicable, will have no material impact on the financial statements in the period of initial adoption except as discussed below.

FRS 109 Financial Instruments

FRS 109 supersedes FRS 39 Financial Instruments: Recognition and Measurement with new requirements for the classification and measurement of financial assets and liabilities, impairment of financial assets and hedge accounting.

Under FRS 109, financial assets are classified into financial assets measured at fair value or at amortised cost depending on the Group's and the Company's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. Fair value gains or losses will be recognised in profit or loss except for certain equity investments, for which the Group and the Company will have a choice to recognise the gains and losses in other comprehensive income. A third measurement category has been added for debt instruments – fair value through other comprehensive income. This measurement category applies to debt instruments that meet the Solely Payments of Principal and Interest contractual cash flow characteristics test and where the Group and the Company are holding the debt instrument to both collect the contractual cash flows and to sell the financial assets.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

3. Summary of significant accounting policies (Continued)

3.1 Basis of preparation of financial statements (Continued)

FRS issued but not yet effective (Continued)

FRS 109 Financial Instruments (Continued)

FRS 109 carries forward the recognition, classification and measurement requirements for financial liabilities from FRS 39, except for financial liabilities that are designated at fair value through profit or loss, where the amount of change in fair value attributable to change in credit risk of that liability is recognised in other comprehensive income unless that would create or enlarge an accounting mismatch. In addition, FRS 109 retains the requirements in FRS 39 for de-recognition of financial assets and financial liabilities.

FRS 109 introduces a new forward-looking impairment model based on expected credit losses to replace the incurred loss model in FRS 39. This determines the recognition of impairment provisions as well as interest revenue. For financial assets at amortised cost or fair value through other comprehensive income, the Group and the Company will now always recognise (at a minimum) 12 months of expected losses in profit or loss. Lifetime expected losses will be recognised on these assets when there is a significant increase in credit risk after initial recognition.

FRS 109 also introduces a new hedge accounting model designed to allow entities to better reflect their risk management activities in their financial statements.

The Group and the Company plan to adopt FRS 109 in the financial year beginning on 1 January 2018 with retrospective effect in accordance with the transitional provisions. There may be a potentially significant impact on the accounting for financial instruments on initial adoption. The Group and the Company are in the process of carrying out a detailed assessment of the impact of this standard and is required to reassess the classification and measurement of financial assets, and the new impairment requirements are expected to result in changes for impairment provisions on trade receivables and other financial assets not measured at fair value through profit or loss.

FRS 115 Revenue from Contracts with Customers

FRS 115 introduces a comprehensive model that applies to revenue from contracts with customers and supersedes all existing revenue recognition requirements under FRS. The model features a five-step analysis to determine whether, how much and when revenue is recognised, and two approaches for recognising revenue: at a point in time or over time. The core principle is that an entity recognises revenue when control over promised goods or services is transferred to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. FRS 115 also introduces extensive qualitative and quantitative disclosure requirements which aim to enable users of the financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers.

3. Summary of significant accounting policies (Continued)

3.1 Basis of preparation of financial statements (Continued)

FRS issued but not yet effective (Continued)

FRS 115 Revenue from Contracts with Customers (Continued)

On initial adoption of this standard there may be a potentially significant impact on the timing and profile of revenue recognition of the Group and the Company. The Group and the Company are in the process of carrying out a detailed assessment of the impact of this standard. The Group and the Company plan to adopt the standard in the financial year beginning on 1 January 2018 with either full or modified retrospective effect in accordance with the transitional provisions, and will include the required additional disclosures in its financial statements for that financial year.

3.2 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. The financial statements of the subsidiaries are prepared for the same reporting date as that of the parent company.

Accounting policies of the subsidiaries have been changed where necessary to align them with the policies adopted by the Group and the Company to ensure consistency.

Subsidiaries are consolidated from the date on which control is transferred to the Group up to the effective date on which that control ceases. In preparing the consolidated financial statements, inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment loss of the asset transferred.

Changes in the Group's interest in subsidiaries that do not result in a loss of control are accounted for as equity transactions. 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 subsidiaries. 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 subsidiaries, 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 FRS 39 Financial Instruments: Recognition and Measurement or, when applicable, the cost on initial recognition of an investment in an associate or jointly controlled entity.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

3. Summary of significant accounting policies (Continued)

3.2 Basis of consolidation (Continued)

Acquisition 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 purposes, 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.

3.3 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.

In the separate financial statements of the Company, investments in subsidiaries are carried at cost, less any impairment loss that has been recognised in profit or loss.

3.4 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.

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.

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.

3. Summary of significant accounting policies (Continued)

3.4 Property, plant and equipment (Continued)

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

Construction-in-progress represents items of property, plant and equipment under construction, which is stated at cost less accumulated impairment losses, if any, and is not depreciated. Cost comprises the direct costs of construction during the period of construction. Construction-in-progress is reclassified to the appropriate category of property, plant and equipment when the assets are ready for their intended use.

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.

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

<u>Exploration and evaluation assets</u>

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 2015

3. Summary of significant accounting policies (Continued)

3.5 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 2015

3. Summary of significant accounting policies (Continued)

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

3.7 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

3. Summary of significant accounting policies (Continued)

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

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.

3.8 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.

3.9 Financial assets

The Group and the Company classify their financial assets as loans and receivables. The classification depends on the purpose of which the assets were acquired. The management determines the classification of the financial assets at initial recognition and re-evaluates this designation at the end of the reporting period, where allowed and appropriate.

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are classified within "non-trade receivables" and "cash and cash equivalents" on the statements of financial position.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

3. Summary of significant accounting policies (Continued)

3.9 Financial assets (Continued)

Recognition and derecognition

Financial assets are recognised on the statements of financial position when, and only when, the Group and the Company become parties to contractual provisions of the financial instruments.

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group and the Company commit to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group and the Company have transferred substantially all risks and rewards of ownership.

On derecognition of a financial asset, the difference between the carrying amount and the net sale proceeds is recognised in profit or loss.

Initial and subsequent measurement

Financial assets are initially recognised at fair value plus in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

After initial recognition, loans and receivables are carried at amortised cost using the effective interest method, less impairment loss, if any.

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction cost and other premiums or discounts) through the expected life of the financial instrument, or where appropriate, a shorter period, to the net carrying amount of the financial instrument. Income and expense are recognised on an effective interest basis for debt instruments.

Impairment

The Group and the Company assess at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

3. Summary of significant accounting policies (Continued)

3.9 Financial assets (Continued)

Impairment (Continued)

(i) Loans and receivables

An allowance for impairment loss of loans and receivables is recognised when there is objective evidence that the Group and the Company will not be able to collect all amounts due according to the original terms of the receivables. The amount of allowance 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 amount of the asset is reduced through the use of an allowance account. The amount of the loss is recognised in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed either directly or by adjusting an allowance account. Any subsequent reversal of an impairment loss is recognised in profit or loss, to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date.

3.10 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, cash and deposits with banks. 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 and bank balances and fixed deposits net of fixed deposits pledged.

3.11 Equity instruments

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

Ordinary shares are classified as equity and recognised at the fair value of the consideration received. Incremental costs directly attributable to the issuance of new equity instruments are shown in equity as a deduction from the proceeds.

3.12 Financial liabilities

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

Financial liabilities are classified as at fair value through profit or loss if the financial liability is either held for trading or it is designated as such upon initial recognition.

3. Summary of significant accounting policies (Continued)

3.12 Financial liabilities (Continued)

The accounting policies adopted are set out below:

(i) 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.

(ii) 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.

Recognition and derecognition

Financial liabilities are recognised on the statements of financial position when, and only when, the Group and the Company become parties to the contractual provisions of the financial instruments.

Financial liabilities are derecognised when the contractual obligation has been discharged or cancelled or expired. On derecognition of a financial liability, the difference between the carrying amount and the consideration paid is recognised in profit or loss.

When an existing liability is replaced by another form from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such exchange or modification is treated as derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

3. Summary of significant accounting policies (Continued)

3.13 Revenue recognition

Revenue is measured at fair value of the consideration received or receivable for the sale of goods and services rendered in the ordinary course of business. Revenue is recognised to the extent that it is probable that the economic benefits will flow to the entity and the revenue can be reliably measured. Revenue is presented, net of rebates, discounts and sales related taxes.

Revenue from sale of gold is recognised when goods are delivered to the customer and the significant risks and rewards of ownership has been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably.

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

3.14 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.

3.15 Leases

When the Group and the Company are the lessee of operating leases

Leases of assets in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are recognised in profit or loss on a straight-line basis over the period of the lease.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the financial year in which termination takes place.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

3. Summary of significant accounting policies (Continued)

3.16 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised as an expense in profit or loss in the financial year in which they are incurred and on a time-proportion basis in profit or loss using the effective interest method.

3.17 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 year. 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 2015

3. Summary of significant accounting policies (Continued)

3.17 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.

3.18 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.

3.19 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.

4. Critical accounting judgements and key sources of estimation uncertainty

4.1 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) Recoverability of mine properties

The Group and the Company assess each asset or cash-generating unit 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 (considering current and historical prices, price trends and related factors), discount rates, operating costs, future capital requirements, decommissioning costs, exploration potential, reserves and operating performance (which includes production and sales volumes). 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 assets and/or cash-generating units.

(ii) Impairment of investments in subsidiaries and financial assets

The Group and the Company follow the guidance of FRS 36 and FRS 39 on determining whether investments in subsidiaries or financial assets are impaired. This determination requires significant judgement. The Group and the Company evaluate, among other factors, the duration and extent to which the recoverable amounts of investments in subsidiaries or fair value of financial assets are less than their carrying amounts and the financial health of and near-term business outlook for the investments in subsidiaries or financial assets, including factors such as industry and sector performance, changes in technology and operational and financing cash flows.

4.2 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) Depreciation of property, plant and equipment

Property, plant and equipment are depreciated on a straight-line method over their estimated useful lives. The management estimates the useful lives of property, plant and equipment to be within 5 to 20 years. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation could be revised. The carrying amounts of the Group's and the Company's property, plant and equipment as at 31 December 2015 were approximately RM12,655,000 (2014: RM7,033,000) and RM5,000 respectively.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

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

4.2 Key sources of estimation uncertainty (Continued)

(ii) Amortisation of mine properties

Mine properties are amortised based on units-of-production basis over the economically recoverable reserves of the mine concerned. Management reviews and revises the estimates of the recoverable reserve of the mine 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 2015 was approximately RM13,065,000 (2014: RMNil).

5. Going concern

As at 31 December 2015, the Group's and the Company's current liabilities exceeded their current assets by approximately RM23,697,000 and RM21,270,000 respectively. In addition, the Group incurred net loss of approximately RM44,171,000 (2014: RM6,812,000) and had negative cash flows from operating activities of approximately RM6,548,000 (2014: RM7,653,000) for the financial year ended 31 December 2015.

Notwithstanding the above, the Directors of the Company are of the opinion that it is appropriate for the financial statements to be prepared on a going concern basis and the Group and the Company are able to meet their obligations as and when they fall due having regard to the following:

(i) the Directors of the Company have carried out a detailed review of the cash flow forecast of the Group for the financial year ending 31 December 2016. Based on such forecast, the Directors of the Company have estimated that adequate liquidity exists to finance the working capital requirements of the Group for the next twelve months. In preparing the cash flow forecasts, the Directors of the Company have considered the operating cash requirements of the Group as well as other key factors, including the use of the net proceeds from the placement of initial public offering of approximately S$4,600,000 (RM13,982,000) to satisfy the Group's future working capital requirements, which may impact the operations of the Group during the next twelve months. The Directors of the Company are of the opinion that the assumptions which are included in the cash flow forecast are reasonable; and

(ii) as disclosed in the Note 35 to the financial statements, the Group and the Company issued adjustment shares to RCL lenders and the carrying amounts of the Group's and the Company's derivative financial instruments as at 31 December 2015 of approximately RM23,915,000 and RM23,915,000 respectively were derecognised with a corresponding recognition of share capital on 8 March 2016 upon issuance of an aggregate of 2,630,466 fully paid-up new ordinary shares in the capital of the Company to the RCL lenders.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

5. Going concern (Continued)

The financial statements of the Group and the Company do not include any adjustments relating to the recoverability of reported asset amount or the amounts and classifications of liabilities that might result if the going concern basis was found to be inappropriate.

6. 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	Construction-in-progress RM'000	Total RM'000
Group									
2015									
Cost									
Balance at 1 January 2015	**–**	**48**	**226**	**293**	**266**	**90**	**–**	**6,289**	**7,212**
Additions	**877**	**2**	**149**	**12**	**4**	**5,433**	**7**	**220**	**6,704**
Reclassification	**4,606**	**–**	**–**	**–**	**–**	**1,150**	**753**	**(6,509)**	**–**
Balance at 31 December 2015	**5,483**	**50**	**375**	**305**	**270**	**6,673**	**760**	**–**	**13,916**
Accumulated depreciation									
Balance at 1 January 2015	**–**	**29**	**49**	**63**	**31**	**7**	**–**	**–**	**179**
Depreciation for the financial year	**255**	**6**	**75**	**60**	**53**	**598**	**35**	**–**	**1,082**
Balance at 31 December 2015	**255**	**35**	**124**	**123**	**84**	**605**	**35**	**–**	**1,261**
Carrying amount									
Balance at 31 December 2015	**5,228**	**15**	**251**	**182**	**186**	**6,068**	**725**	**–**	**12,655**
Group									
2014									
Cost									
Balance at 1 January 2014	–	19	6	131	10	–	–	306	472
Additions	–	29	220	162	256	90	–	6,090	6,847
Transferred to exploration and evaluation assets	–	–	–	–	–	–	–	(107)	(107)
Balance at 31 December 2014	–	48	226	293	266	90	–	6,289	7,212
Accumulated depreciation									
Balance at 1 January 2014	–	1	*	7	1	–	–	–	9
Depreciation for the financial year	–	28	49	56	30	7	–	–	170
Balance at 31 December 2014	–	29	49	63	31	7	–	–	179
Carrying amount									
Balance at 31 December 2014	–	19	177	230	235	83	–	6,289	7,033

* amount less than RM1,000

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

6. Property, plant and equipment (Continued)

	Office and equipment RM'000
Company	
2015	
Cost	
Balance at date of incorporation	–
Additions	5
Balance at 31 December 2015	5
Accumulated depreciation	
Balance at date of incorporation	–
Depreciation for the financial period	*
Balance at 31 December 2015	*
Carrying amount	
Balance at 31 December 2015	5

* amount less than RM1,000

7. Exploration and evaluation assets

	Group	
	2015 RM'000	2014 RM'000
Balance at beginning of the financial year	**12,849**	5,468
Additions	**332**	7,274
Transferred from property, plant and equipment	**–**	107
Transferred to development assets	**(13,131)**	–
Balance at end of the financial year	**50**	12,849

Included in exploration and evaluation assets is a concession asset representing concession rights to mine with carrying amount of RM50,000 (2014: RM1,480,000) as at 31 December 2015.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

8. Development assets

	Group	
	2015	**2014**
	RM'000	**RM'000**
Balance at beginning of the financial year	**–**	–
Additions	**80**	–
Transferred from exploration and evaluation assets	**13,131**	–
Transferred to mine properties	**(13,211)**	–
Balance at end of the financial year	**–**	–

During the financial year, the Group reclassified the exploration and evaluation assets to development assets upon completion of plant commissioning on its mine, when the technical feasibility and commercial viability of extracting the resource are demonstrable and sanctioned by management.

9. Mine properties

	Group	
	2015	**2014**
	RM'000	**RM'000**
Cost		
Balance at beginning of the financial year	**–**	–
Additions	**90**	–
Transferred from development assets	**13,211**	–
Balance at end of the financial year	**13,301**	–
Accumulated amortisation		
Balance at beginning of the financial year	**–**	–
Amortisation for the financial year	**236**	–
Balance at end of the financial year	**236**	–
Carrying amount		
Balance at end of the financial year	**13,065**	–

During the financial year, the Group reclassified the development assets to mine properties upon commencement of production.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

10. Investments in subsidiaries

	Company 2015 RM'000
Unquoted equity shares, at cost	**45,599**

During the financial year, the Company carried out a review of the investment in subsidiaries, having regards for indications of impairment on investments in subsidiaries based on existing performance of the relevant subsidiaries. No impairment loss resulted from the review.

The particulars of the subsidiaries are as follows:

Name of company (Principal place of business)	Proportion of ownership interest held 2015 %	Principal activities
Held by the Company		
Angka Alamjaya Sdn. Bhd.[1] (Malaysia)	**100**	Gold and related mineral mining, consulting and contractor of natural resources
Held by Angka Alamjaya Sdn. Bhd.		
Angka Mining Sdn. Bhd.[1] (Malaysia)	**100**	Gold and related mineral mining consultancy

[1] Audited by BDO, Malaysia, a member of BDO International Limited

11. Inventories

	Group 2015 RM'000	Group 2014 RM'000
Raw materials	**337**	243
Consumables	**24**	40
Work-in-progress	**113**	–
	474	283

The cost of inventories recognised as an expense and included in "Raw material and consumables used" and "Changes in inventories of work-in-progress" line items in the Group's profit or loss for the financial year ended 31 December 2015 amounted to approximately RM883,000 (2014: RMNil) and RM113,000 (2014: RMNil) respectively.

12. Non-trade receivables

	Group	
	2015	**2014**
	RM'000	**RM'000**
Non-trade receivables		
– third parties	**11**	530
– related parties	**–**	53
	11	583
Advances to suppliers		
– third parties	**97**	3,800
– a non-controlling shareholder	**–**	980
	97	4,780
Deposits	**296**	370
	404	5,733

Advances to suppliers represent advance payments for the purchase of property, plant and equipment.

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

The currency profile of non-trade receivables as at the end of the reporting period is Ringgit Malaysia.

13. Prepayments

Prepayments mainly relate to the payments of professional fees related to listing matters.

14. Cash and cash equivalents

	Group		Company
	2015	**2014**	**2015**
	RM'000	**RM'000**	**RM'000**
Fixed deposits	**100**	1,550	**–**
Cash and bank balances	**1,155**	615	**800**
Cash and cash equivalents as per statements of financial position	**1,255**	2,165	**800**
Fixed deposits pledged	**(100)**	(200)	
Cash and cash equivalents as per consolidated statement of cash flows	**1,155**	1,965	

Fixed deposits bear effective interest rates of 3.15% (2014: 2.5% to 3.8%) per annum during the financial year and with maturity from 1 to 6 (2014: 1 to 6) months from the end of the financial year ended 31 December 2015. The Group's fixed deposits are readily convertible to cash at minimal cost.

As at 31 December 2015, fixed deposits of the Group amounting to RM100,000 (2014: RM200,000) were pledged to a bank to secure banker's guarantee facility amounting to RM100,000 (2014: RM200,000).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

14. Cash and cash equivalents (Continued)

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

	Group	
	2015	**2014**
	RM'000	**RM'000**
Banking facilities granted	**5,000**	5,000
Banking facilities utilised	**100**	200

The currency profiles of cash and cash equivalents included in the statements of financial position as at the end of the reporting period are as follows:

	Group		Company
	2015	**2014**	**2015**
	RM'000	**RM'000**	**RM'000**
Ringgit Malaysia	**444**	1,905	**–**
Singapore dollar	**811**	260	**800**
	1,255	2,165	**800**

15. Share capital

	Group		Company
	2015	**2014**	**2015**
	RM'000	**RM'000**	**RM'000**
Issued and fully-paid:			
8,255,103# (2014: 6,538,775#) ordinary shares at beginning of the financial year/period	**20,850**	12,093	**–**
Before the restructuring exercise			
Issuance of 1,369,040 (2014: 1,716,328) ordinary shares of AASB	**7,446**	9,329	**–**
Share issue expenses	**(557)**	(572)	**–**
Pursuant to the restructuring exercise			
Issuance of 2,571,428 (2014: Nil) ordinary shares of AASB (Note 2(i))	**11,572**	–	**–**
Issuance of 2 subscriber's shares at date of incorporation of the Company (Note 2(ii))	*****	–	*****
Issuance of 12,948,415 (2014: Nil) ordinary shares of the Company (Note 2(iii))	**12,095**	–	**12,095**
Issuance of 3,293,311 (2014: Nil) ordinary shares of the Company (Note 2(iv))	**33,796**	–	**33,796**
Issuance of 1,075,162 (2014: Nil) ordinary shares of the Company (Note 2(v))	**6,237**	–	**6,237**
Issuance of 33,689 (2014: Nil) ordinary shares of the Company (Note 2(vi))	**347**	–	**347**
Deemed distributions of 12,195,571 (2014: Nil) ordinary shares to owners	**(39,311)**	–	**–**
Share issue expenses	**(622)**	–	**(622)**
17,350,579 (2014: 8,255,103#) ordinary shares at end of the financial year/period	**51,853**	20,850	**51,853**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

15. Share capital (Continued)

For the Group's comparative figures for financial year ended 31 December 2014 and the beginning balance of the share capital of the Group for the financial year ended 31 December 2015 represent the aggregated value of the issued and fully paid-up share capital of the Company's subsidiaries as the Company was only incorporated on 12 August 2015 with issued and paid -up share capital of S$2.00.

* amount less than RM1,000

Before the restructuring exercise

On 30 May 2014, Angka Mining Sdn. Bhd. ("AMSB") issued 2 subscribers' shares at RM1 per ordinary share for cash consideration of RM2. On 3 July 2014, AMSB increased its issued and paid-up share capital by way of allotment and issuance of 100,000 new ordinary shares at RM1 per ordinary share for cash consideration of RM100,000.

On 9 October 2014, Angka Alamjaya Sdn. Bhd. ("AASB") increased its issued and paid-up share capital by way of allotment and issuance of 808,163 new ordinary shares at RM4.40 per ordinary share as settlement of consultancy fees payable to certain directors of the Company of approximately RM3,561,000.

On 20 November 2014, AASB increased its issued and paid-up share capital by way of allotment and issuance of 808,163 new ordinary shares at RM7.02 per ordinary share for cash consideration of approximately RM5,668,000.

On 22 January 2015, AASB increased its issued and paid-up share capital by way of allotment and issuance of 110,204 new ordinary shares at RM7.27 per ordinary share for cash consideration of approximately RM802,000.

On 26 March 2015, AASB increased its issued and paid-up share capital by way of allotment and issuance of 183,674 new ordinary shares at RM7.20 per ordinary share for cash consideration of approximately RM1,322,000.

On 27 May 2015, AASB increased its issued and paid-up share capital by way of allotment and issuance of 1,075,162 new ordinary shares at RM4.95 per ordinary share for cash consideration of approximately RM5,322,000.

Pursuant to the restructuring exercise

A restructuring exercise was carried out in preparation of the Company's initial public offering of its shares which resulted the Company becoming the holding company of the Group as disclosed in Note 2 to the financial statements.

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.

During the financial year ended 31 December 2015, included in the share issue expenses were professional fees paid to a third party amounting to approximately RM1,179,000 (2014: RM572,000) in respect of the professional services rendered in connection issuance of ordinary share capital.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

16. Merger reserve

Merger reserve represents the difference between the consideration paid and the share capital of subsidiary acquired.

17. Trade and other payables

	Group		Company
	2015	2014	2015
	RM'000	RM'000	RM'000
Trade payables			
– third parties	**1,553**	1,229	**–**
– a non-controlling shareholder	**–**	2,578	**–**
	1,553	3,807	**–**
Non-trade payables			
– third parties	**1,599**	1,240	**142**
– a related party	**–**	30	**–**
– a subsidiary	**–**	–	**1,520**
	1,599	1,270	**1,662**
Accrued expenses	**3,488**	1,077	**1,186**
	6,640	6,154	**2,848**

Trade payables are unsecured, non-interest bearing and are normally settled between 30 to 60 days' (2014: 30 to 60 days') terms.

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

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

	Group		Company
	2015	2014	2015
	RM'000	RM'000	RM'000
Ringgit Malaysia	**3,884**	1,235	**–**
Australian dollar	**229**	2,578	**141**
Singapore dollar	**1,050**	1,112	**2,570**
United States dollar	**1,477**	1,229	**137**
	6,640	6,154	**2,848**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

18. Redeemable convertible loans

	Group	
	2015	**2014**
	RM'000	**RM'000**
Balance at beginning of financial year	**22,773**	7,681
Additions	**4,782**	14,667
Redemption	**(4,449)**	(257)
Currency re-alignment	**4,222**	682
Converted to ordinary shares	**(27,328)**	–
Balance at end of financial year	**–**	22,773

The currency profile of Redeemable convertible loans ("RCL") as at the end of the reporting period is Singapore dollar ("SGD").

The salient features of the RCL are as follows:–

(i) the RCL are redeemable at the option of RCL lenders on:

(a) issue date plus 12 months (the ''First Issue Date'') with the option to extend to First Issue Date plus 6 months in the event the initial public offering (''IPO'') or reverse take-over (''RTO'') is delayed due to regulatory approval (the ''Final Maturity Date''); or

(b) the IPO or RTO date of the issuer's entire issued and paid up capital on the Catalist Market Singapore Stock Exchange (''SGX'') or such other internationally recognised stock exchange.

(ii) the RCL constitute unsecured, direct, unconditional and subordinated obligations of the issuer and will rank pari passu and without preference or priority among themselves but will rank above all shareholders' and intercompany loan in the issuer in terms of prepayment or repayment of principal, payment of interest and/or other unpaid expenses;

(iii) no interest shall be paid on the RCL if the IPO or RTO is completed before the final maturity date;

(iv) in the event that the IPO or RTO is not completed, interest shall be payable upon final maturity date or on the occurrence of events of defaults at the rate of 10% per annum, calculated on the basis of the actual number of days elapsed and a 365-day year and commencing from the date of payment is received;

(v) the RCL lenders shall have the rights to convert RCL at the conversion price into new issuer's shares issued as fully paid up at the conversion price no later than 10 days from the date of listing and quotation notice in respect of the IPO or RTO issued by SGX;

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

18. Redeemable convertible loans (Continued)

The salient features of the RCL are as follows (Continued):–

(vi) the conversion price shall be set at 40% to 50% discount to the estimated IPO or RTO price;

(vii) the RCL shall unless converted into fully paid up shares of the issuer be redeemed in cash denominated in SGD to the investors on the final maturity date;

(viii) certain events including non-payment, breach of other obligations, breach of material contract, change of control and shareholding, enforcement proceedings, security enforced, winding-up or disposal and expropriation will permit acceleration of principal of the RCL; and

(ix) all payments to be free and clear of any present and future taxes, withholdings or other deductions.

On 1 October 2015, all conversions in respect of the RCL amounting to an aggregate principal amount of approximately S$8.76 million (approximately RM27,328,000), accrued incentive interests of approximately S$255,000 (approximately RM796,000) and derivative financial instruments for the embedded conversion option of approximately RM5,672,000 were completed and 3,293,311 new ordinary shares in the Company were issued to such RCL lenders at their respective conversion prices, pursuant to which, each of such RCL lenders became shareholders of the Company as set out in the Note 2 to the financial statements. Redemptions of the remaining RCL were completed on 7 October 2015, and none of the RCL remains outstanding, except for the derivative financial instruments recorded in respect of adjustment shares issued upon the IPO in 2016 as discussed in Note 19 to the financial statements.

19. Derivative financial instruments

Derivative financial instruments arise from the fair value change on conversion option of RCL as at 30 June 2015. Subsequently, the derivative financial instruments were derecognised upon conversion of RCL and redemption of the remaining RCL as part of the restructuring exercise of the Group. In conjunction with the early conversion of RCL, the Company modified the original term of the RCL to issue adjustment shares to RCL lenders if the IPO placement price is lower than the conversion price used in the conversion of the RCL to new ordinary shares (which was at a discount to an indicative placement price). The fair value change on the modification arrangement of RCL represents the change in the indicative placement price from the conversion date to the end of the reporting period.

The fair values of derivative financial instruments as at end of the reporting period have been determined using the indicative placement price of the IPO as at end of the reporting period and are considered as level 3 recurring fair value measurements. Significant inputs to the valuations include adjustments to the valuation of the mineral assets held by the Group. The estimated fair value varies inversely against the valuation of the mineral assets.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

19. Derivative financial instruments (Continued)

The following table represents the reconciliation for derivative financial instruments measured at fair value based on significant unobservable inputs (Level 3):

	Group		Company
	2015	**2014**	**2015**
	RM'000	**RM'000**	**RM'000**
Balance at beginning of financial year/period	**–**	–	**–**
Included in profit or loss			
– fair value loss on conversion option of RCL	**6,402**	–	**–**
– fair value gain upon redemption of RCL	**(730)**	–	**–**
– fair value loss on modification arrangement on issuance of adjustment shares to RCL lenders	**23,915**	–	**23,915**
Derecognition of derivative financial instruments upon conversion of RCL	**(5,672)**	–	**–**
Balance at end of financial year/period	**23,915**	–	**23,915**

20. Revenue

Revenue represents the invoiced value of gold sold, net of discount and goods and services tax.

21. Other income

	Group	
	2015	**2014**
	RM'000	**RM'000**
Interest income	**7**	9

22. Depreciation and amortisation expenses

	Group	
	2015	**2014**
	RM'000	**RM'000**
Depreciation of property, plant and equipment	**1,082**	170
Amortisation of mine properties	**236**	–
	1,318	170

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

23. Employee benefits expense

	Group	
	2015	**2014**
	RM'000	**RM'000**
Salaries, wages, bonuses and other benefits	**2,586**	1,287
Contributions to defined contribution plans	**255**	145
	2,841	1,432

Included in the employee benefits expense were the remuneration of Directors of the Company and a subsidiary and key management personnel of the Group as set out in Note 29 to the financial statements.

24. Operating lease expense

	Group	
	2015	**2014**
	RM'000	**RM'000**
Rental of office	**160**	149
Rental of equipment	**(7)**	18
	153	167

25. Finance costs

	Group	
	2015	**2014**
	RM'000	**RM'000**
Interest expense		
– redeemable convertible loans	**1,856**	1,324

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

26. 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:

	Group	
	2015	**2014**
	RM'000	**RM'000**
Other expenses		
Audit fees paid/payable to:		
– auditors of the Company	**102**	–
– other auditors	**20**	17
Non-audit fees paid/payable to:		
– auditors of the Company	**10**	–
– other auditor	**6**	6
Commission fee	**76**	1,448
Foreign exchange loss, net	**3,978**	1,031
Professional fees	**1,606**	140
Repair and maintenance	**311**	105
Security charges	**184**	148
Travelling and accommodation	**396**	246
Utilities	**529**	25
Withholding tax	**129**	203

27. Income tax expense

There is no income tax expense as the Group does not have any taxable profits.

Reconciliation of effective income tax rate

	Group	
	2015	**2014**
	RM'000	**RM'000**
Loss before income tax	**(44,171)**	(6,812)
Income tax calculated at Singapore's statutory income tax rate of 17% (2014: 17%)	**(7,509)**	(1,158)
Effect of different tax rate in other country	**(1,332)**	(545)
Tax effect of non-deductible expenses for income tax purposes	**6,126**	1,703
Deferred tax assets not recognised	**2,715**	–
	–	–

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

27. Income tax expense (Continued)

Unrecognised deferred tax assets

	Group	
	2015	**2014**
	RM'000	**RM'000**
Balance at beginning of financial year	**–**	–
Amount not recognised during the financial year	**2,715**	–
Balance at end of financial year	**2,715**	–

Unrecognised deferred tax assets are attribute to the following temporary differences:

	Group	
	2015	**2014**
	RM'000	**RM'000**
Property, plant and equipment and mine properties	**(293)**	–
Unutilised tax losses	**2,461**	–
Unabsorbed capital allowances	**547**	–
	2,715	–

As at 31 December 2015, the Group has unutilised tax losses and unabsorbed capital allowances of approximately RM9,845,000 (2014: RMNil) and RM2,186,000 (2014: RMNil) 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.

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 3.17 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

28. Loss per share

The calculation for loss per share is based on:

	Group	
	2015	**2014**
Loss for the financial year attributable to owners of the Company (RM'000)	**(44,171)**	(6,812)
Weighted average number of ordinary shares in issue during the financial year applicable to loss per share	**168,418,875**	155,186,841
Loss per share (in sen)		
– Basic	**(26.23)**	(4.39)
– Diluted	**(26.23)**	(4.39)

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 2015 and 31 December 2014 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 as disclosed in Note 35.3 to the financial statements, that has changed the number of ordinary shares outstanding without a corresponding change in resources.

29. 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 are subject to common control or common significant influence. Related parties may be individuals or other entities.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

29. Significant related party transactions (Continued)

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
	2015 RM'000	2014 RM'000	2015 RM'000
With directors of the Company			
Rental expenses	**140**	104	**–**
With a non-controlling shareholder			
Payment on behalf from	**–**	1,325	**–**
Project management, tailings, drilling and metallurgical test work	**–**	1,250	**–**
Repayment to	**1,598**	–	**–**
With a subsidiary			
Payment on behalf of	**–**	–	**1,520**
Novation of indebtedness from	**–**	–	**33,504**

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 of the Company and a subsidiary and key management personnel of the Group during the financial year ended 31 December 2015 were as follows:

	Group	
	2015 RM'000	2014 RM'000
Directors of the Company		
– short-term employee benefits	**377**	156
– post-employment benefits	**26**	19
– directors' fees	**140**	120
	543	295
Directors of a subsidiary		
– directors' fees	**–**	120
Key management personnel		
– short-term employee benefits	**402**	280
– post-employment benefits	**48**	34
	450	314

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

30. 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 5 (2014: 1 to 5) years and rentals are fixed during the lease term.

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	
	2015	**2014**
	RM'000	**RM'000**
Within one financial year	**143**	161
After one financial year but within five financial years	**35**	178
	178	339

31. Capital commitments

As at the end of the reporting period, the Group had commitments in respect of capital expenditure are as follows:

	Group	
	2015	**2014**
	RM'000	**RM'000**
Capital expenditure contracted but not provided for		
– commitments for the acquisition of property, plant and equipment	**6,440**	–

32. Segment information

Business segment

The Group primarily operates in one business segment, which is the mining segment. Accordingly, no segmental information is prepared based on business segment as it is not meaningful.

Geographical information

During the financial year ended 31 December 2015, 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 2015

32. Segment information (Continued)

Major customers

The revenue from one (2014: Nil) customer of the Group's mining segment amounting to approximately RM678,000 (2014: RMNil) and represent 100% (2014: Nil%) of the Group's total revenue.

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.

33.1 Credit risks

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.

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.

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 non-trade receivables and cash and cash equivalents.

Bank deposits are mainly deposits with reputable banks with minimum risk of default.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

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 Australian dollar, Singapore dollar and United States dollar transactions.

As at 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	
	2015	**2014**
	RM'000	**RM'000**
Assets		
Singapore dollar	**811**	260
Liabilities		
Australian dollar	**229**	2,578
Singapore dollar	**1,050**	23,885
United States dollar	**1,477**	1,229

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 10% change in Australian dollar, a 15% change in Singapore dollar and a 23% change in United States dollar (2014: a 2% change in Australian dollar, a 2% change in Singapore dollar and a 6% 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 at end of the reporting period for 10%, 15% and 23% (2014: 2%, 2% and 6%) respectively, change in foreign currency rates.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

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 Australian dollar, 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	
	2015	**2014**
	RM'000	**RM'000**
Group		
Australian dollar		
Strengthens against Malaysian Ringgit	**(23)**	(51)
Weakens against Malaysian Ringgit	**23**	51
Singapore dollar		
Strengthens against Malaysian Ringgit	**(36)**	(473)
Weakens against Malaysian Ringgit	**36**	473
United States dollar		
Strengthens against Malaysian Ringgit	**(340)**	(74)
Weakens against Malaysian Ringgit	**340**	74

33.3 Liquidity risks

Liquidity risks refer to the risks in which the Group and the Company encounter difficulties in meeting its 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 its 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 its working capital requirements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

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 its 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 receive or pay.

	Within one financial year	
	2015	**2014**
	RM'000	**RM'000**
Group		
Financial assets		
Non-trade receivables	**307**	953
Cash and cash equivalents	**1,255**	2,165
	1,562	3,118
Financial liabilities		
Trade and other payables	**6,640**	6,154
Redeemable convertible loans	**–**	25,050
Derivative financial instruments	**23,915**	–
	30,555	31,204

	Within one financial year
	2015
	RM'000
Company	
Financial assets	
Cash and cash equivalents	**800**
Financial liabilities	
Non-trade payables	**2,848**
Derivative financial instruments	**23,915**
	26,763

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

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 are not subject to any externally imposed capital requirements for the financial years ended 31 December 2015 and 31 December 2014.

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 2014.

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 and redeemable convertible loans less cash and cash equivalents. Total equity comprises of share capital plus reserves.

	Group		Company
	2015	**2014**	**2015**
	RM'000	**RM'000**	**RM'000**
Trade and other payables	**6,640**	6,154	**2,848**
Redeemable convertible loans	**–**	22,773	**–**
Derivative financial instruments	**23,915**	–	**23,915**
Less: Cash and cash equivalents	**(1,255)**	(2,165)	**(800)**
Net debt	**29,300**	26,762	**25,963**
Total equity	**2,073**	(404)	**24,334**
Total capital	**31,373**	26,358	**50,297**
Gearing ratio	**93.39%**	101.53%	**51.62%**

33.5 Fair values of financial assets and financial liabilities

The fair values of financial assets and liabilities are determined as follows:

- the fair values of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices; and

- the fair values of other financial assets and financial liabilities (excluding derivative instruments) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

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

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

Fair value hierarchy

The Group and the Company classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Fair values of financial instruments that are not carried at fair value

The carrying amounts of the current financial assets and current financial liabilities that are not carried at fair value approximate their respective fair values as at end of the reporting period due to the relatively short-term maturity of these financial instruments.

Fair values of financial instruments carried at fair value

The table below classified financial instruments carried at fair value by level of fair value hierarchy as at the end of the reporting period:

	Fair value measurements using			
	Level 1 RM'000	**Level 2 RM'000**	**Level 3 RM'000**	**Total RM'000**
Group				
2015				
Financial liabilities				
Derivative financial instruments	**–**	**–**	**23,915**	**23,915**
2014				
Financial liabilities				
Derivative financial instruments	–	–	–	–
Company				
2015				
Financial liabilities				
Derivative financial instruments	**–**	**–**	**23,915**	**23,915**

There were no transfer between levels during the financial year/period and no changes in the valuation techniques of the various classes of assets and financial liabilities during the financial year/period.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

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

33.6 Categories of financial instruments

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

	Group		Company
	2015	2014	2015
	RM'000	RM'000	RM'000
Financial assets			
Loans and receivables	**1,562**	3,118	**800**
Financial liabilities			
Financial liabilities designated at fair value through profit or loss	**23,915**	–	**23,915**
Other financial liabilities, at amortised cost	**6,640**	28,927	**2,848**
	30,555	28,927	**26,763**

34. Comparative figures

As described in Note 3 to the financial statements, the comparative figures of the Group for the preceding financial year have been presented under pooling-of-interest method. The effective date of the pooling-of-interest for accounting purposes predates 1 January 2014, the beginning of the financial year for which the comparative figures are being presented, as if the Group has been under common control prior to 1 January 2014.

There are no comparative figures for the statement of financial position of the Company as this is the first set of audited financial statements prepared since its incorporation on 12 August 2015.

35. Events after the reporting period

Subsequent to 31 December 2015, the following events have taken place:

35.1 On 8 March 2016, the Company issued an aggregate of 2,630,466 new ordinary shares at an issue price of S$0.25 per share to the RCL lenders as an adjustment pursuant to the RCL, and the resultant issued and paid-up share capital of the Company increase to S$24,850,278 (RM73,755,625) comprising 19,981,045 ordinary shares.

35.2 On 8 March 2016, the Company issued an aggregate of 43,975 new ordinary shares at an issue price of S$0.25 per share to the anti-dilution shareholders as an adjustment pursuant to the anti-dilution undertaking, and the resultant issued and paid-up share capital of the Company increase to S$24,982,038 (RM74,146,689) comprising 20,025,020 ordinary shares.

35.3 On 8 March 2016, the 20,025,020 ordinary shares in the Company was sub-divided into 240,000,000 ordinary shares.

35.4 The Company was listed on the Catalist Board of SGX-ST on 18 March 2016 and the Company issued 28,800,000 new ordinary shares at an issue price of S$0.25 per share on 17 March 2016 and the resultant issued and paid-up share capital of the Company increased to S$31,536,038 (RM94,321,136) comprising 268,800,000 ordinary shares.

35. Events after the reporting period (Continued)

Subsequent to 31 December 2015, the following events have taken place (Continued):

35.5 On 17 March 2016, the Company issued 10,490,000 new ordinary shares at an issue price of S$0.25 per share to Alvito Capital Holding Inc as partial payment of commission fee payable pursuant to the corporate consultancy services agreement dated 15 August 2013 and supplemental agreement to the corporate consultancy services agreement dated 27 October 2015, and the resultant issued and paid-up share capital of the Company increased to S$34,158,538 (RM102,164,771) comprising 279,290,000 ordinary shares.

35.6 On 17 March 2016, the Company issued 440,000 new ordinary shares at an issue price of S$0.25 per share to 14 employees of the Group as rewards for their contributions to the Group prior to the listing pursuant to the general share issue mandate of the Company, and the resultant issued and paid-up share capital of the Company increased to S$34,268,538 (RM102,493,770) comprising 279,730,000 ordinary shares.

STATISTICS OF SHAREHOLDINGS
AS AT 23 MARCH 2016

Number of shares issued	:	279,730,000
Class of Equity Security	:	Ordinary shares
Voting Rights of Ordinary Shareholders	:	1 vote for each ordinary share
Number of treasury shares	:	Nil

DISTRIBUTION OF SHAREHOLDINGS

Size of shareholdings	No. of shareholders	%	No. of Shares	%
1–99	2	0.45	175	0.00
100–1,000	61	13.71	60,000	0.02
1,001–10,000	50	11.24	362,600	0.13
10,001–1,000,000	300	67.41	35,025,992	12.52
1,000,001 and above	32	7.19	244,281,233	87.33
Total	**445**	**100.00**	**279,730,000**	**100.00**

SHAREHOLDING HELD IN HANDS OF PUBLIC

As at 23 March 2016, approximately 17.38% 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	JHW Minerals & Resources Pte. Ltd.	43,146,023	15.42
2	GBM Resources Limited	35,221,236	12.59
3	Lim Chiau Woei	26,383,856	9.43
4	Koh Ah Luan	21,337,644	7.63
5	Chan Soo Chee	14,556,665	5.20
6	Law Phooi Wong	13,168,334	4.71
7	Loh Kim Choon	11,445,104	4.09
8	Alvito Capital Holdings Inc	10,490,000	3.75
9	Fong Peg Hong	7,200,000	2.57
10	Vincent Gan	6,467,381	2.31
11	Metal-Like Surface Treatment Sdn. Bhd.	4,842,912	1.73
12	Tan Lip Zee	4,407,815	1.58
13	Chan Lye Wan (Chen Liyun)	4,389,797	1.57
14	Chin Tyng Lei	4,122,315	1.47
15	Maybank Kim Eng Securities Pte Ltd	3,974,000	1.42
16	Tan Meng Seng	3,606,043	1.29
17	Tan Beng Kiat	3,286,195	1.18
18	UOB Kay Hian Pte Ltd	3,020,000	1.08
19	Teh Kiu Cheong @ Teong Cheng @ Cheng Chiu Chang	2,404,125	0.86
20	Universal Pte. Ltd.	2,088,555	0.75
	Total:	**225,558,000**	**80.63**

STATISTICS OF SHAREHOLDINGS

AS AT 23 MARCH 2016

LIST OF SUBSTANTIAL SHAREHOLDERS AS AT 23 MARCH 2016

	Direct Interest		Deemed Interest	
	Number of Shares	%	Number of Shares	%
JHW Minerals & Resources Pte. Ltd.	43,146,023	15.42	–	–
GBM Resources Limited	35,221,236	12.59	–	–
Lim Chiau Woei[(1)]	26,383,856	9.43	43,146,023	15.42
Koh Ah Luan	21,337,644	7.63	–	–
Chan Soo Chee	14,556,665	5.20	–	–
Law Phooi Wong[(1)]	13,168,334	4.71	43,146,023	15.42

(1) JHW Minerals & Resources Pte. Ltd. is a private investment holding company incorporated in Singapore whose shareholders are Mr. Lim Chiau Woei (45.5%), Mr. Law Phooi Wong (40.5%) and Mr. Henry Sim (14%). As such, Mr. Lim Chiau Woei and Mr. Law Phooi Wong are deemed interested in all the shares held by JHW Minerals & Resources Pte. Ltd. by virtue of their respective interests in JHW Minerals & Resources Pte. Ltd.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Company will be held at Sheraton Tower Hotel Level 3, Amethyst Room, on Friday, 29 April 2016 at 10.00 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 (the "Group") for the financial year ended 31 December 2015 and the Statement of Financial Position of the Company as at 31 December 2015 together with the Independent Auditors' Report thereon. **(Resolution 1)**

2. To re-elect Dr Wilson Tay Chuan Hui, a Director retiring pursuant to Article 118 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 118 of the Company's Constitution. **(Resolution 3)**

4. To re-elect Mr Chan Koon Moon, a Director retiring pursuant to Article 118 of the Company's Constitution. **(Resolution 4)**

5. To re-elect Mr Law Phooi Wong, a Director retiring pursuant to Article 118 of the Company's Constitution. **(Resolution 5)**

6. To re-elect Dato' Siew Boon Yeong, a Director retiring pursuant to Article 118 of the Company's Constitution. **(Resolution 6)**
   [See Explanatory Note (ii)]

7. To re-elect Ms Ch'ng Li Ling, a Director retiring pursuant to Article 118 of the Company's Constitution. **(Resolution 7)**
   [See Explanatory Note (iii)]

8. To approve the payment of Directors' Fees of S$41,250 for the financial year ended 31 December 2015. **(Resolution 8)**

9. To approve the payment of Directors' Fees of S$165,000 for the financial year ending 31 December 2016, to be paid quarterly in arrears. **(Resolution 9)**

10. To re-appoint Messrs BDO LLP as the Company's Auditors and to authorise the Directors to fix their remuneration. **(Resolution 10)**

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

NOTICE OF ANNUAL GENERAL MEETING

AS SPECIAL BUSINESS:

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

12. **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**") ("**Rules of Catalist**") 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:

(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

(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 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 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 of the Company shall be calculated based on the total number of issued shares excluding treasury shares of the Company at the time of the passing of this Resolution, after adjusting for:

NOTICE OF ANNUAL GENERAL MEETING

(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 Rules of Catalist of the SGX-ST; 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 Rules of Catalist of the SGX-ST 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." **(Resolution 11)**
[See Explanatory Note (iv)]

13. **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 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 of the Company from time to time. **(Resolution 12)**
[See Explanatory Note (v)]

By Order of the Board

Abdul Jabbar Bin Karam Din
Cheam Heng Haw
Joint Company Secretaries

Date: 14 April 2016
Singapore

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes:

(i) Dr Wilson Tay Chuan Hui, upon re-election as a Director of the Company, will remain as the Chairman of the Remuneration Committee and members of the Audit and Nominating Committees. Dr Wilson Tay Chuan Hui is the Non-Executive Chairman and Lead Independent Director. Dr Wilson Tay Chuan Hui will be considered independent for the purposes of Rule 704(7) of the Listing Manual (Section B: Rules of Catalist) of the Singapore Exchange Securities Trading Limited.

(ii) Dato' Siew Boon Yeong, upon re-election as a Director of the Company, will remain as the Chairman of the Audit Committee and members of the Nominating and Remuneration Committees. Dato' Siew Boon Yeong is an Independent Director. Dato' Siew Boon Yeong will be considered independent for the purposes of Rule 704(7) of the Listing Manual (Section B: Rules of Catalist) of the Singapore Exchange Securities Trading Limited.

(iii) Ms Ch'ng Li Ling, upon re-election as a Director of the Company, will remain as the Chairman of the Nominating Committee and members of the Audit and Remuneration Committees. Ms. Ch'ng Li Ling is an Independent Director. Ms Ch'ng Li Ling will be considered independent for the purposes of Rule 704(7) of the Listing Manual (Section B: Rules of Catalist) of the Singapore Exchange Securities Trading Limited.

(iv) The Ordinary Resolution 11 proposed in item 12. 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 11 (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 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 of the Company at the time of the passing of Resolution 11, 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 11, provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Rules of Catalist of the SGX-ST; and (iii) any subsequent bonus issue, consolidation or subdivision of shares.

(v) The Ordinary Resolution 12 proposed in item 13. above, is to authorise the Directors to allot and issue shares on 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. 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 9 Battery Road, #15-01 Straits Trading Building, Singapore 049910 not less than 48 hours before the time appointed for holding the Annual General Meeting 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; or

NOTICE OF ANNUAL GENERAL MEETING

(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 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 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.

ANCHOR RESOURCES LIMITED
(Incorporated in Singapore)
(Registration No. 201531549N)

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

IMPORTANT:
1. *An investor who holds shares under the Central Provident Fund Investment Scheme ("CPF Investor") and/or the Supplementary Retirement Scheme ("SRS Investors") (as may be applicable) may attend and cast his vote(s) at the Meeting in person. CPF and SRS Investors who are unable to attend the Meeting but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the Meeting to act as their proxy, in which case, the CPF and SRS Investors shall be precluded from attending the Meeting.*
2. *This Proxy Form is not valid for use by CPF and SRS investors 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 the Chairman of the Annual General Meeting of the Company ("**AGM**") as my/our proxy/proxies to attend and vote for me/us on my/our behalf and, if necessary, to demand a poll, at the AGM to be held at Sheraton Tower Hotel, Level 3, Amethyst Room, on Friday, 29 April 2016 at 10.00 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.

No.	Resolutions	For	Against
	ORDINARY BUSINESS		
1.	Adoption of the Directors' Statement and the Audited Consolidated Financial Statements of the Company and its subsidiaries (the "Group") for the financial year ended 31 December 2015 and the Statement of Financial Position of the Company as at 31 December 2015 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.	Re-election of Mr Chan Koon Moon as a Director of the Company **(Resolution 4)**		
5.	Re-election of Mr Law Phooi Wong as a Director of the Company **(Resolution 5)**		
6.	Re-election of Dato' Siew Boon Yeong as a Director of the Company **(Resolution 6)**		
7.	Re-election of Ms Ch'ng Li Ling as a Director of the Company **(Resolution 7)**		
8.	Payment of Directors' Fees of S$41,250 for the financial year ended 31 December 2015 **(Resolution 8)**		
9.	Payment of Directors' Fees of S$165,000 for the financial year ending 31 December 2016, to be paid quarterly in arrears **(Resolution 9)**		
10	Re-appointment of Messrs BDO LLB as Auditors of the Company **(Resolution 10)**		
11.	Any other ordinary business		
	SPECIAL BUSINESS		
12.	Authority for Directors to allot and issue new shares **(Resolution 11)**		
13.	Authority for Directors to allot and issue shares on the vesting of awards under the Plan **(Resolution 12)**		

* Please indicate your vote "For" or "Against" with a tick (√) within the box provided.

Dated this __________ day of ______________ 2016

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. 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 9 Battery Road, #15-01 Straits Trading Building, Singapore 049910 not less than 48 hours before the time set for the meeting.

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. Subject to note 9, completion and return of this instrument appointing a proxy shall not preclude a member from attending and voting at the Meeting. 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 Meeting.

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 meeting, 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.

9. An investor who holds shares under the Central Provident Fund Investment Scheme ("CPF Investor") and/or the Supplementary Retirement Scheme ("SRS Investors") (as may be applicable) may attend and cast his vote(s) at the Meeting in person. CPF and SRS Investors who are unable to attend the Meeting but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the Meeting to act as their proxy, in which case, the CPF and SRS Investors shall be precluded from attending the Meeting.

* 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 Annual General Meeting dated 14 April 2016.

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ANCHOR RESOURCES LIMITED
(Company Registration Number 201531549N)
(Incorporated in the Republic of Singapore on 12 August 2015)