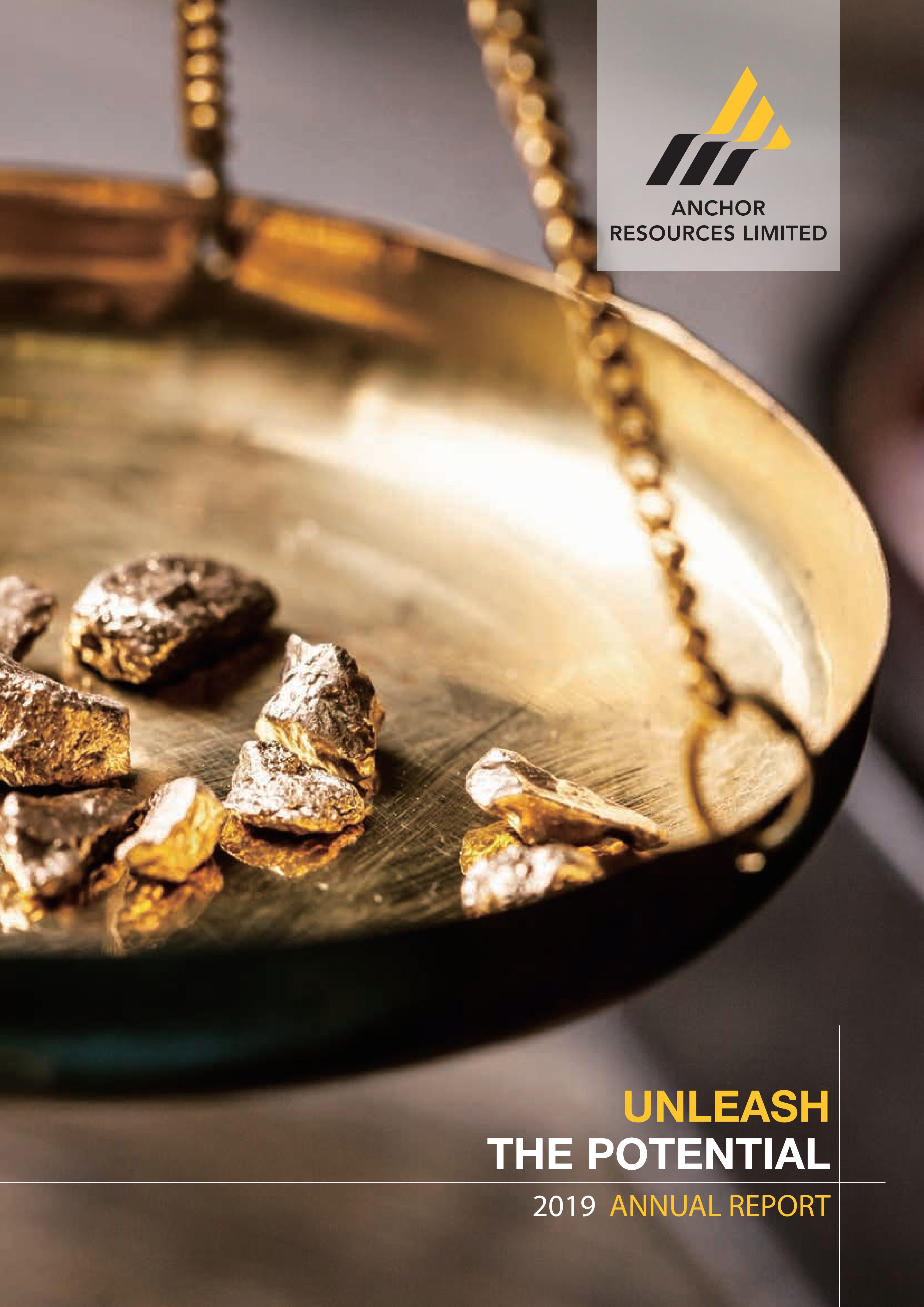

ANCHOR RESOURCES LIMITED

UNLEASH THE POTENTIAL

2019 ANNUAL REPORT

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

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

The contact person for the Sponsor is Mr. Lance Tan, Senior Vice President, at 8 Anthony Road, #01-01, Singapore 229957, telephone (65) 6590 6881.

CHAIRMAN'S STATEMENT

DEAR SHAREHOLDERS

On behalf of the Board of Directors (the "**Board**"), I am pleased to present the 5th Annual Report of Anchor Resources Limited ("**Company**") and together with its subsidiaries, (the "**Group**") for the financial year ended 31 December 2019 ("**FY2019**").

FINANCIAL PERFORMANCE

We are pleased to announce that our strategy to focus on re-treatment of tailings of our gold business has performed better in FY2019, recording a revenue of RM4.45 million. Our granite dimension stone business recorded a revenue of RM0.25 million in FY2019. Overall, the Group recorded an increase in the net loss by 2.22% in FY2019 to RM15.82 million as compared to a net loss of RM15.48 million in financial year ended 31 December 2018 ("**FY2018**"). While there was an increase in revenue of gold semi-processed concentrated ores from the re-treatment of tailings business, sold to Beijing Fuhaihua Import & Export Corporation Limited ("**Fuhaihua**") this was offset by an increase of impairment of trade receivables of RM1.24 million. The Group's revenue increased by 150.03% from RM1.88 million in FY2018 to RM4.70 million in FY2019, largely due to increase in sales of semi processed gold concentrate ore to China and sales of granite dimension stone to new customer in Indonesia.

KEY DEVELOPMENTS

Gold Mining

During the year, we have focused on executing our gold mining business strategies, especially in increasing the re-treatment of tailings during the whole of FY2019. This has yielded better revenue results from tailing recovery of semi-processed concentrate of gold ore.

With the reconfigured and upgraded tailings plant capacity, the Group is able to process approximately 22,000 tonnes of tailings materials per month, which is not the peak production yet. Our average monthly shipment of gold concentrate ore to Fuhaihua is 8 containers, and our highest shipment was 12 containers in October 2019. With a dedicated site management team, headed by an Operations Manager, a good working relationship with contractor, Great Aims Resources Sdn. Bhd. ("**GAR**") was established to ensure the safety aspect and productivity of workers are well taken care of.

The underground mining of hard rock has not yet commenced production. The contractor, GAR continue to carry out the excavation and repair works towards the targeted lode of UG1. A comprehensive viable mining plan is being drawn up at UG1 and hiring of a specialised team of underground miners are under way to commence operation under the ground. The Technical Services Contract with GAR was continued in FY2019 where further core drillings were carried out in third quarter of 2019, in order to estimate additional gold reserves and resources at the Lubuk Mandi Mine.

The extraction and operations of open pit hard rock with Motivac Enterprises Sdn. Bhd. ("**Motivac**") is pending Motivac to obtain the environmental impact assessment report and mining leases from the local Authorities. The tie up between Angka Alamjaya Sdn. Bhd. ("**AASB**") and Motivac is to set out its intention to appoint AASB as its exclusive operator to carry out mining operations and processing of hard rock gold in 3 concession areas in Terengganu, Malaysia which are located in close proximity to and within 200 metres of the Group's Lubuk Mandi Mine.

FY2019, the Group has successfully exported about 1,169 tonnes of semi-processed gold concentrated ore to Fuhaihua with an average 37.00 gram of gold per tonne of gold concentrated ore, an increase of 107% as compared to FY2018 whereby the Group exported 564 tonnes of semi-processed gold concentrated ore with average of 37.11 gram of gold per tonne.

CHAIRMAN'S STATEMENT

Granite Quarrying

The Bukit Chetai granite dimension stones site produced 94 cubic metres of blocks in FY2019. These blocks were cut and processed according to customers' requirement by the contractor, Jianning County Huasheng Stone Co., Ltd. ("**Huasheng**").

For FY2019, a total of 94 cubic metres of blocks were produced, comprising 15 cubic metres of Terengganu Green ("**TG**") and 79 cubic metres of Sekayu White ("**SW**"). Total production of tiles was 3,216 square metres, comprising 512 square metres of TG and 2,704 square metres of SW. Total production of joggle pavers was 4,200 pieces comprising 3,000 pieces of TG and 1,200 pieces of SW. Most of these tiles, mainly of SW were shipped to Indonesia, where there is a demand for GGTM Sdn. Bhd. ("**GGTM**")'s tiles.

Huasheng has brought in some bigger and efficient block cutting machineries, such as two block cutters and one bridge cutter machines. With the expected demand for GGTM's tiles, Huasheng will be putting in more effort to improvise their work process for a higher productivity system.

INDUSTRY OUTLOOK

Gold mining

The Group has plans to transfer AASB's shares to a group of bondholders as settlement of the amount outstanding under the respective bonds. In addition, the Company has also decided to dispose of its balance shareholding in AASB for a consideration of S$645,000, and hence exiting the gold mining business. However, the Company will continue to manage AASB gold mining business and charge a service fee of 4.5% on AASB's revenue for one (1) year commencing on the date of completion of the bonds settlement. Please refer to the announcement dated 29 April 2020 for further details.

The Board is of the view that the plan of transfer the gold mining business to bondholders to redeem the Group's bonds is in the best interests of the Company. This allows the Company to conserve cash for its remaining business activities in current uncertain global economic outlook as result of ongoing COVID-19 crisis.

Despite being disposed at a loss, the Board is of the view that it is beneficial to the Group to undertake as it will lower the Group's total borrowings and provide further resources for the working capital of the Group. In addition, the Board has also considered that the estimated loss arising from the disposal arises mainly from the capitalisation of the inter-company loan of RM14,560,227 owing from AASB to the Company, which the Company is of the view that based on its current financial standing, AASB is unable to repay the outstanding amounts owed to the Company.

Granite Quarrying

We are optimistic that the Southeast Asian engineering groups will continue and explore for investment opportunities, including the Bukit Chetai site. GGTM will continue to aggressively market the TG and SW products to local and overseas markets. With the ongoing tariff war between China and United States, the demand for granite dimension stones in Southeast Asia for long-lasting building materials such as granite dimension stones and granite aggregates are promising.

With the Malaysian Government announcing the revived East Coast Rail Link on 24 July 2019 and the Bandar Malaysia projects on 17 December 2019, GGTM has positioned itself to participate in these 2 mega projects. The timeline to supply the quarry aggregates to Brunei's Pulau Muara Besar Refinery project as per contractual agreement for four (4) years will be mutually agreed upon after SIVLI Sdn. Bhd. resume discussion with GGTM. In 2020, the requirement of granite aggregates and granite dimension stones are huge for these projects and we believe we are in a strong strategic position.

BUSINESS STRATEGIES AND FUTURE PLANS

The granite dimension stones and granite aggregates quarrying businesses will capitalise on the infrastructure projects that are targeted to materialise in year 2020. However, from 18 March 2020 to 12 May 2020, the Group has stopped all mining and quarrying activities in Lubuk Mandi gold mine and Bukit Chetai granite dimension stone mine in light of the Malaysian federal government's directive, to temporarily restrict nationwide movement as part of its efforts to contain the COVID-19 outbreak in Malaysia. The mining activities in Lubuk Mandi has restarted from 13 May 2020 after approval given from authority. However, with regards to underground mining operations and granite operations, some of the workers from China are not able to return to Malaysia due to travel restrictions. At this junction, the Group is still assessing the financial impact of the COVID-19 pandemic and will continue to monitor the situation closely.

CHAIRMAN'S STATEMENT

Gold Mining

The Company will continue to manage the AASB's gold mining business for one (1) year commencing on the date of the completion of bonds settlement.

Granite Stone Quarrying

GGTM plans to outsource the Bukit Chetai quarrying operations, production and marketing to a contractor with extensive experience in granite quarrying and overseas marketing. This will improve the sales of dimension stones and greatly reduce the risk of the business. GGTM also targets to penetrate into China market which possesses huge demands for dimension stones where many quarries have shut down because of new environmental laws as well as penetrating into other Southeast Asian countries.

Bandar Malaysia project with a Gross Development Value of RM140 billion, can significantly change the landscape of Malaysian granite dimension stones industry. An estimated RM140 million requirement for Malaysian produced tiles, GGTM is positioned to take a share of this Bandar Malaysia project.

Aggregates Quarrying

GGTM expects to tender aggregates supply together with Mohd Sukri Bin Ismail ("**Sukri**") for the East Coast Rail Line ("**ECRL**") project to the station at Pengkalan Berangan, Terengganu, which is in "Package A" segment of the ECRL. The quarry site of Sukri is located in the "Package A" segment of the ECRL, as named by the Malaysian rail authority which runs from Kota Bharu to Dungun. The "Package A" is scheduled to start operations in the second half of 2020 after approval to start construction works granted by Land Public Transport Agency on 14 May 2020.

Conclusion

On behalf of the Board of Directors, I wish everyone good health and can resume our normal lives living in a safe and healthy environment when going about in our daily activities, in view of the impact of COVID-19 that has affected a lot of people, industries and have disrupted the economy.

I would like to acknowledge and thank Mr Lim Chiau Woei as the Group Managing Director, and the strong supportive Management team, who have contributed much to build the Group businesses, and strive hard to overcome the challenging and tough 2019 business environment.

In addition, I would like to thank our shareholders, customers, suppliers, bankers and business associates for their unwavering support. Last but not least, I would like to extend my gratitude to our dedicated Board of Directors for their guidance and advice.

DR. WILSON TAY CHUAN HUI

Non-Executive Chairman and Lead Independent Director

CORPORATE INFORMATION

BOARD OF DIRECTORS

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

MR. LIM CHIAU WOEI – *Managing Director*

MR. CHAN KOON MONG – *Executive Director*

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

MR. GAVIN MARK MCINTYRE – *Independent Director*

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

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

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

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

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

REGISTERED OFFICE
80 Robinson Road
#17-02
Singapore 068898
Tel: + 65 6222 8008
Fax: + 65 6222 8001
Company Registration No.
201531549N

PRINCIPAL PLACE OF BUSINESS
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
Tel: +603 9224 6760
Fax: +603 9221 5997

SHARE REGISTRAR
B.A.C.S. Private Limited
8 Robinson Road
#03-00 ASO Building
Singapore 048544
Tel: +65 6593 4848
Fax: +65 6593 4847
http:/www.bacs.com.sg/

COMPANY SECRETARIES
MR. LOW WEE SIONG, LLB
MS. TAN SWEE GEK, LLB

INDEPENDENT AUDITORS
BDO LLP
Public Accountants and Chartered Accountants
600 North Bridge Road
#23-01 Parkview Square
Singapore 188778
Tel: +65 6828 9118
Fax: +65 6828 9111

Partner-in-charge:
Mr. 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**

DR. WILSON TAY

Non-Executive Chairman and Lead Independent Director

Dr. Wilson Tay Chuan Hui is our Non-Executive Chairman and Lead Independent Director. He was appointed to our Board on 18 December 2015 and was re-elected as Director on 30 April 2019.

Dr. Tay has a diverse and strong working experience of more than 47 years holding senior management leadership roles in various sectors including the education, government, mining, commercial companies and institutions in Australia and Asia. He has worked in Australia for 27 years where he worked 9 years as senior corporate manager in CRA Limited and Dampier Salt Ltd and also as an external auditor to clients in the mining industry.

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

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

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

BOARD OF DIRECTORS

MR. LIM CHIAU WOEI
Managing Director

Mr. Lim Chiau Woei is our Managing Director and one of the Founder Shareholders of our Group. He was appointed to our Board on 12 August 2015 and was re-elected as Director on 30 April 2019.

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

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

After his graduation in 1997, Mr. Lim has spent his career being involved in various businesses, including property development, project management as well as manufacturing and trading of construction material. Mr. Lim has more than 13 years of experience in the mining industry. Since December 2007, he has been a director of the Gabungan Granite Terangganu Sdn Bhd. He was involved in the establishment of Gabungan Granite Terengganu Sdn Bhd and formulated strategies and marketing plans to expand the business globally. Currently he is the non-executive director of Gabungan Granite Terengganu Sdn Bhd.

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

MR. CHAN KOON MONG
Executive Director

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

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

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

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

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

BOARD OF **DIRECTORS**

MS. CH'NG LI-LING
Independent Director

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

Ms. Ch'ng is one of the founding members of RHTLaw Asia LLP. She had headed the firm's Capital Markets Practice. She is currently Acting Head of its Financial Services (Regulatory) Practice, where advises financial institutions, FinTech firms and investors on acquisitions and capital-raising, on MAS licensing and regulatory requirements for capital markets services providers, operators of organised markets and payment services providers on digital token issuances and the establishment of digital assets exchanges and e-payments platforms.

Ms. Ch'ng is co-author of "Law and Practice of Corporate Finance in Singapore", published by Lexis-Nexis in 2016, and is a regular speaker at seminars on capital markets issues, and the implications of Fintech developments on corporate finance and securities regulations. She also conducts training and briefing sessions on the Singapore listing regulatory regime to directors and executive officers of listed corporations in Singapore. In the 2020 edition of IFLR1000, Li-Ling has been named "Leading Lawyer – Highly Regarded for Capital Markets".

Ms. Ch'ng holds a Bachelor of Arts (Honours) from the National University of Singapore, and obtained her Bachelor of Laws (Honours) and Master of Laws (Merit) from the University of London. She is a member of the Singapore Academy of Law, a Legal Practitioner of New South Wales, Australia, and is also qualified as a solicitor of England and Wales.

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

MR. GAVIN MARK MCINTYRE
Independent Director

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

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

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

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

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

BOARD OF DIRECTORS

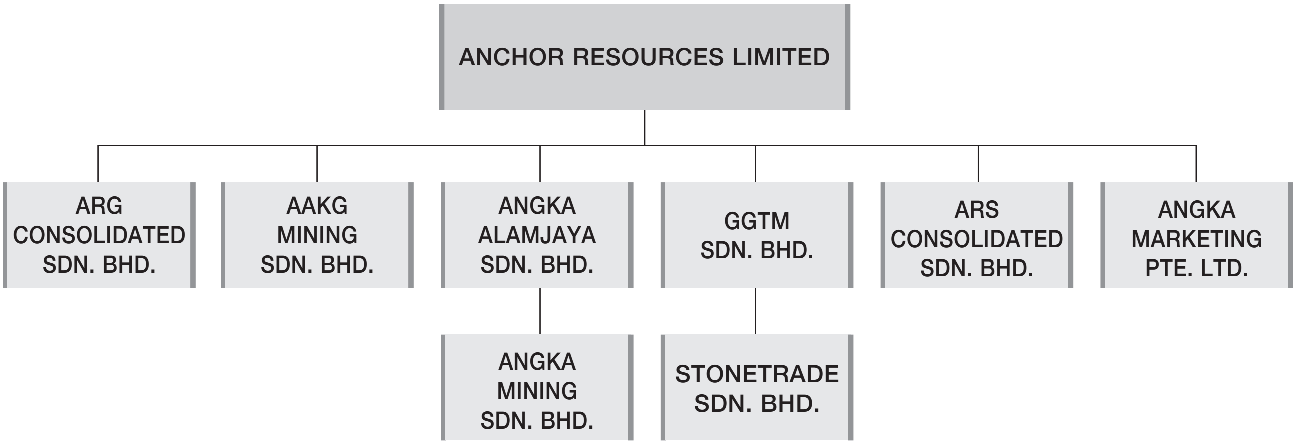
DR. FOO FATT KAH
Non-Independent
Non-Executive Director

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

Dr. Foo is the co-founder and Managing Director of Luminor Capital Pte Ltd, a private equity fund management company based in Singapore. He has over 31 years of experience in investment banking, venture capital, private equity investments, financial advisory and consulting. He started his career as an equity analyst specialising in the pharmaceutical and biotechnology sector in Europe, working at Robert Fleming & Co, Barings Securities and Paribas Capital Markets in London, UK. In Asia, he has lived and worked both in Hong Kong and Singapore with Deutsche Morgan Grenfell (now Deutsche Bank) and Société General (SG). He was latterly Head of Asian Equities and Co-Head of the Investment Bank for SG Securities Asia covering 10 Asian countries. He was the Asian Venture Partner for Aravis Ventures, a global venture capital firm specialising in Biotechnology and Energy investments between 2004~2012. Dr. Foo is qualified in Medicine (M.B., B. Ch., B.A.O.) and Business Administration (MBA) from Queen's University, UK.

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

GROUP **STRUCTURE**



Details of our subsidiaries as of the date of this annual report 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")	09-Sep-11 Malaysia	Gold and related mineral mining, consultant and contractor of natural resources	Malaysia	100.00%
Angka Mining Sdn. Bhd. ("AMSB")	30-May-14 Malaysia	Gold and related mineral mining consultancy	Malaysia	100.00%
Angka Marketing Pte. Ltd. ("AMPL")	27-Jul-17 Singapore	Business and management consultancy services	Singapore	100.00%
GGTM Sdn. Bhd. ("GGTM")	04-Apr-10 Malaysia	Exploration, mining and production of granite dimension stone for sales as well as architectural stone and interior fit-out	Malaysia	100.00%
Stonetrade Sdn. Bhd. ("STSB")	08-May-18 Malaysia	Exploration, quarrying activities, construction, manufacturing, processing, cutting and polishing of dimension stone, granite stone, marble, aggregates and related products	Malaysia	100.00%
ARG Consolidated Sdn. Bhd. ("ARGSB")	27-Feb-20 Malaysia	General trading, gold producer & sales of gold products etc	Malaysia	100.00%
ARS Consolidated Sdn. Bhd. ("ARSSB")	27-Feb-20 Malaysia	General trading, granite producer & sales of granite and related products etc	Malaysia	100.00%
AAKG Mining Sdn. Bhd. ("AKSB")	27-Feb-20 Malaysia	Gold and related mineral mining, consultant and contractor of natural resources	Malaysia	100.00%

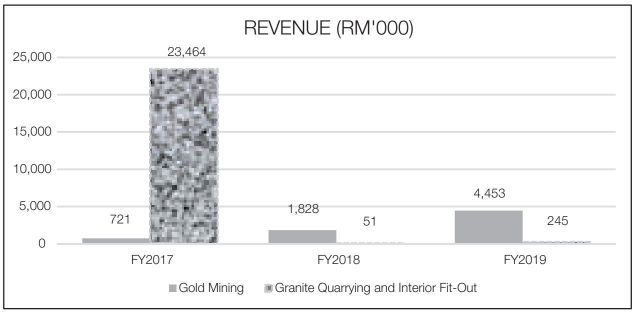
Save as disclosed above, there are no other subsidiaries and associated entities of our Group.

None of our subsidiaries are listed on any stock exchange.

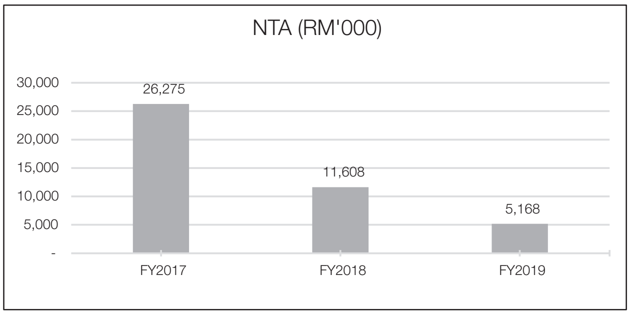
MILESTONES ACHIEVED

April 2019	Extension of memorandum of understanding ("**MOU**") on 9 April 2019 with Mohd Sukri Bin Ismail, which sets out the intension to combine their respective resources to tender for the East Coast Rail Line project for a period of one year until 8 April 2020. Receipt of temporary occupation license for jetty by wholly-owned subsidiary, GGTM Sdn. Bhd. ("**GGTM**") from Pejabat Tanah, Terengganu (the Terengganu Director of Lands and Mines Office) on 29 April 2019. The jetty is located at Lot PT228, Kampung Pak Abu, Mukim Pulau-Pulau, Daerah Kuala Terengganu, Terengganu, Malaysia. The license will allow GGTM to operate the jetty for the purpose of exporting quarry aggregates and related quarry products to overseas customers in Brunei, Singapore and other neighbouring countries.
February 2020	Received an approval in-principle from the Kelantan State Land Authority, the Land and Mineral Director Office ("**PTG**") on the joint venture proposal between the Company and PTG for Retreatment of tailings/rock materials/waste or mine residue to produce gold concentrate ore by using flotation cell method without using any dangerous chemicals in Kelantan, Malaysia.
April 2020	Extension of MOU with Mohd Sukri Bin Ismail on 8 April 2020, to continue the MOU indefinitely, unless there is a mutual understanding to terminate, which sets out the intension to combine their respective resources to tender for the East Coast Rail Line project. Entered into deed of settlements ("Proposed Settlement") with a group of bondholders for settlement of Company's Non-Guaranteed Bond I, Non-Guaranteed Bond II and Exchangeable Bond. The effect of the Proposed Settlement is effectively disposing 100% of the Company's equity interest in AASB and hence exit of gold mining business.

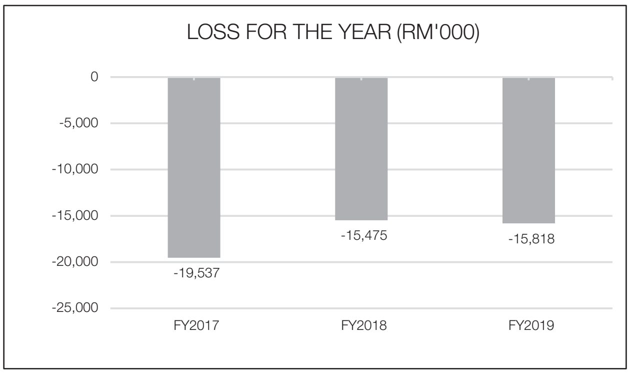
HIGHLIGHTS



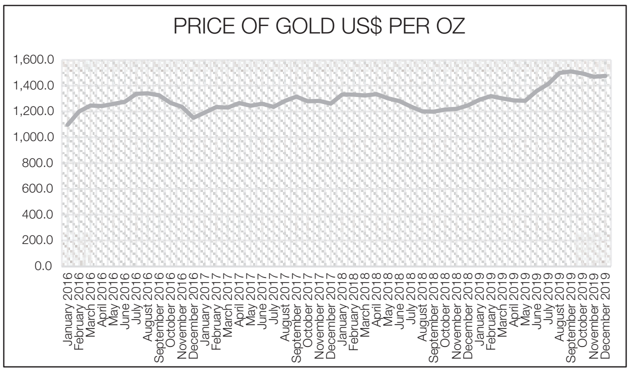
The Group generated RM1.88 million and RM4.70 million revenues in FY2018 and FY2019, respectively. RM1.83 million and RM4.45 million are generated from the sales of 564 tonnes and 1,169 tonnes of semi-processed gold concentrated ore for FY2018 and FY2019, respectively. An average 37.11 gram and 37.00 gram of gold per tonne are generated from the sales of semi-processed gold concentrated ore in FY2018 and FY2019, respectively. RM0.05 million and RM0.25 million are generated from the granite quarrying in FY2018 and FY2019, respectively.



NTA decreased by RM6.44 million mainly due to losses in FY2019 of RM15.82 million, offset by an increase of RM9.39 million in share capital due to issuance of new ordinary shares.

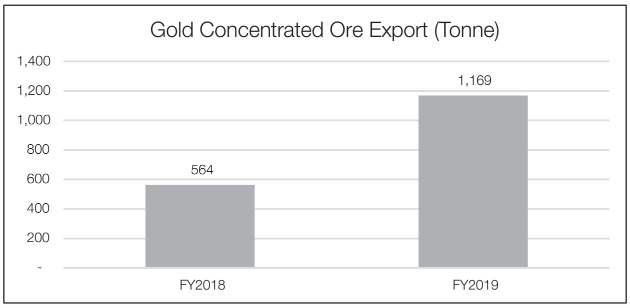


Losses for the Group increased by RM0.34 million from RM15.48 million in FY2018 to RM15.82 million in FY2019. Despite an increase in revenue, the Group recorded a slight increase in losses in FY2019 was mainly due to impairment in trade receivables of RM1.24 million due to the provision for amount due by customers owing more than one year and higher contractors expenses of RM1.12 million in line with the increase in revenue.

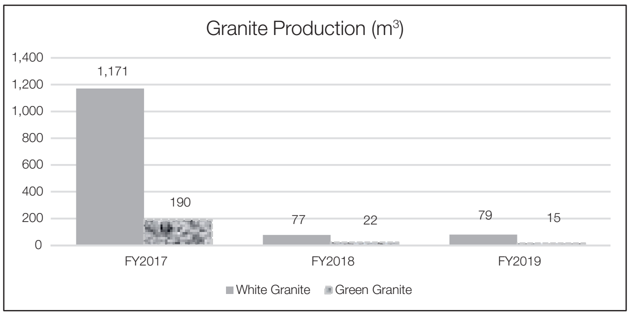


The above chart sets forth monthly average London Fix gold price for FY2016, FY2017, FY2018 and FY2019.

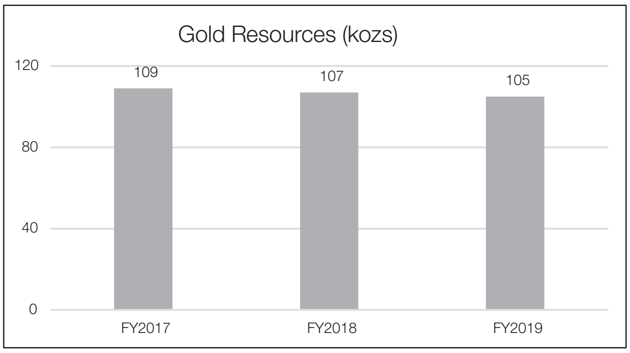
HIGHLIGHTS



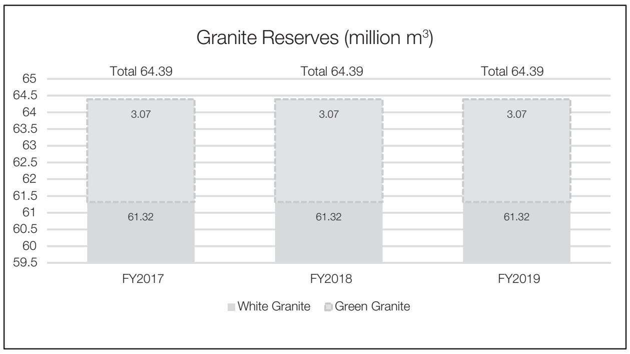
564 tonnes and 1,169 tonnes of semi-processed gold concentrated ore were exported during FY2018 and FY2019, respectively. The exported semi-processed gold concentrated ore in FY2018 and FY2019 recorded average 37.11 gram and 37.00 gram of gold per tonne of semi-processed gold concentrated ore.



In FY2019, 15 m^3 and 79 m^3 (FY2018: 22 m^3 and 77 m^3) of green granite and white granite were produced, respectively.



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



The granite reserves estimates have been reviewed by Wrightech Engineering, in accordance with the JORC Code.

FINANCIAL REVIEW

REVENUE AND RESULTS

The Group's revenue increased by RM2.82 million to RM4.70 million in FY2019 as compared to RM1.88 million in FY2018. The increase of group revenue was mainly due to increase in sales of semi processed gold concentrated ore to China with approximately 1,169 tonnes in FY2019 as compared to 564 tonnes in FY2018 and sales of granite dimension stone to new customer in Indonesia.

OPERATING EXPENSES

Total operating expenses increased by RM2.91 million to RM21.49 million in FY2019 from RM18.58 million in FY2018. The changes in total operating expenses were mainly due to the following:

- Increase in raw materials and consumables used by RM0.04 million in FY2019 as compared to FY2018.

  The higher costs incurred was due to increase in activities for gold mine.

- The Group recorded negative changes in inventories in FY2019 amounted to RM0.30 million. The negative changes arise from lower closing balance as compared to the opening balance during the year.

  The negative changes in inventories of RM0.30 million for FY2019 is due to the inventories of gold concentrated ore for FY2018, were all delivered to customer in January 2019.

- Contractor expenses increased by RM0.73 million in FY2019 as compared to FY2018.

  Total contractor expenses incurred in FY2019 amounted to RM1.12 million as compared to RM0.39 million in FY2018. The higher costs incurred in FY2019 was mainly due to increase in the tailing process by GAR and processing of granite dimension stone by Huasheng.

- Royalty fee expenses decreased by RM0.19 million in FY2019 as compared to FY2018.

  The lower royalty fees incurred is mainly due to reversal of overprovision of royalty expenses during the year.

- Depreciation and amortisation expenses increased by RM0.13 million in FY2019 as compared to FY2018. The higher depreciation expenses were due to additional fixed assets acquired and adoption of SFRS(I)16 Leases which offset with lower amortisation expenses of mine properties.

- Decrease in employee benefits expenses by RM0.87 million in FY2019 as compared to FY2018. The decrease in employee benefit expenses mainly due to lower headcount arising from the outsourcing of mining operations at Lubuk Mandi Mine to GAR and processing of granite dimension stone to Huasheng.

- Decrease in operating lease expenses by RM0.19 million due to reclassification of office rental expenses to depreciation and finance cost in accordance with SFRS(I)16 Leases which is effective from 1 January 2019.

- Increase in other expenses by RM1.60 million for FY2019 as compared to FY2018.

  Total others expenses incurred in FY2019 amounted to RM5.53 million as compared to RM3.93 million in FY2018. The increase in other expenses in FY2019 as compared to FY2018 were mainly due to the (i) increase of utilities usage of RM0.58 million which result from increase in production activities, (ii) increase in freight and transportation expenses of RM0.11 million for granite dimension stone sales, (iii) increase in professional fee of RM0.25 million due to new issuance of shares and (iv) interior fit-out project expenses of RM0.98 million.

- Increase in loss allowance on third party trade receivables by RM1.18 million for FY2019 as compared to FY2018.

  The increase in loss allowance on third party trade receivables due to the provision of impairment loss for the amount due by customers which owing more than one year.

- Decrease in finance costs by RM0.08 million in FY2019 as compared to FY2018.

  The decrease in finance costs was due to partial redemption of bonds in FY2019.

As a result of the above, the Group's net loss increased from RM15.48 million in FY2018 to RM15.82 million in FY2019.

FINANCIAL REVIEW

SEGMENTAL REVIEW

Gold Mining Segment

The gold mining division registered a revenue of RM4.45 million in FY2019 as compared to RM1.83 million in FY2018 and loss after tax of RM3.54 million in FY2019 as compared to RM3.83 million in FY2018. The export sales of semi processed gold concentrated ore has increased to 1,169 tonnes in FY2019 as compared to 564 tonnes in FY2018. No production from underground hardrock while GAR is engaging with some underground specialist.

Granite Quarrying Segment

The granite quarrying division registered a revenue of RM0.25 million in FY2019 as compared to RM0.05 million in FY2018 and loss after tax of RM4.84 million in FY2019 as compared to RM3.89 million in FY2018. The increase in revenue was mainly due to the export of granite dimension stones to China and Indonesia customers. The loss in granite quarrying segment increased due to impairment loss on trade receivables and expenses being charge out from deposits.

WORKING CAPITAL

The Group has a negative working capital of RM20.30 million as at 31 December 2019. This was mainly due to two guaranteed non-convertible bonds, a non-guaranteed non-convertible bond and an exchangeable bond, all of which will due in FY2020.

EQUITY

The total shareholders' fund of the Group decreased by RM6.44 million from RM11.61 million as at 31 December 2018 to RM5.17 million as at 31 December 2019. The decrease was mainly due to an increase in accumulated losses of RM15.82 million and offset by an increase of RM9.39 million in share capital due to issuance of new ordinary shares.

CASH AND CASH EQUIVALENTS

As at end of FY2019, the Group had cash and cash equivalents of RM1.74 million.

OPERATIONS REVIEW
GOLD MINING SEGMENT

FOCUS OF 2019

The Company, through its wholly-owned subsidiary, AASB is principally engaged in the business of exploration, mining and production of gold for sale in Malaysia and overseas. To ensure well-execution of our business strategy, the exploration, underground mining, and retreatment of tailing at the Lubuk Mandi Mine are outsourced to our contractor, GAR.

The process of building the underground tunnel at the Lubuk Mandi Mine to extract gold ore is still ongoing. As to date, 230 metres length of inclined shaft and approximately 220 metres horizontal shafts were constructed. Due to the weak veins, the tunnelling progress to targeted lode UG1 was delayed and reinforcement works were carried out to strengthen the tunnel. In fourth quarter of 2019, the tunnelling work arrived at UG1 section. Thin quartz veins were encountered and investigation is being carried out to explore mineable ore for production.

Gold concentrate production from tailing materials has increased in financial year 2019. As at 31 December 2019, the Group has successfully exported approximately 1,169 tonnes of gold concentrated ore with an average of 37.00 gram of gold per tonnes of gold concentrated ore, an increase of 107% as compared to FY2018 production of 564 tonnes with average of 37.11 gram of gold per tonne.

FUTURE PLANS

The Group has plans to transfer its AASB's shares to a group of bondholders and hence exiting the gold mining business. However, the Company will continue to manage AASB gold mining business and charge a service fee of 4.5% on AASB's revenue for one (1) year commencing on the date of the completion of bonds settlement.

OPERATIONS REVIEW
GRANITE MINING SEGMENT

FOCUS OF 2019

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

GGTM has engaged Huasheng on a non-exclusive basis to carry out granite dimension stone processing at the Bukit Chetai Mine by leveraging on their technical know-how and capabilities in the granite dimension stone processing. Huasheng has brought in two new block cutter machines and one new bridge cutter machine to boost the capacities of dimension stone production.

In FY2019, GGTM focused on the extraction of Terengganu Green ("**TG**") and Sekayu White ("**SW**") granite boulders from the Bukit Chetai Mine. The boulders were processed into slabs, tiles and jogger pavers for sales. GGTM has produced a total of 94 cubic metres of blocks, comprises 15 cubic metres of TG and 79 cubic metres of SW. The total tiles production was 3,215.90 square metres, comprises 512.40 square metres of TG and 2,703.50 square metres of SW. The total joggle pavers production was 4,200 pieces, comprises 3,000 pieces of TG and 1,200 pieces of SW.

FUTURE PLANS

GGTM plans to outsource the Bukit Chetai quarrying operations, production and marketing to a contractor, who has extensive experience in quarrying and marketing of granite dimension stone to overseas market. This will improve the sales of dimension stones and greatly reduce the risk of the business. GGTM also targets to penetrate into China market for dimension stones where many quarries have shut down because of new environmental laws as well as penetrating into other Southeast Asian countries.

On 17 December 2019, the Malaysian Government announced to revive Bandar Malaysia project with an estimated GDV of RM140 billion. The project will generate tremendous value to the economy and it presents a huge demand for granite dimension stones products. GGTM intends to participate to bid for the granite dimension stone products supplies to this project.

GGTM expects to tender aggregates supply together with Mohd Sukri Bin Ismail ("**Sukri**") for the East Coast Rail Line ("**ECRL**") project to the station at Pengkalan Berangan, Terengganu, which is in "Package A" segment of ECRL. The quarry site of Sukri is located in the "Package A" segment of the ECRL, as named by the Malaysian Rail Authority, which runs from Kota Bharu to Dungun. This will increase the chances of supplying aggregate products to the station with the collaboration between GGTM and Sukri.

CORPORATE GOVERNANCE REPORT

DISCLOSURE TABLE FOR ANNUAL REPORT IN COMPLIANCE TO THE CODE OF CORPORATE GOVERNANCE 2018 AND THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED (“SGX-ST”) LISTING MANUAL SECTION B: RULES OF CATALIST

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

This report outlines the Company’s corporate governance practices for financial year ended 31 December 2019 (“**FY2019**”) with specific reference to principles of the Code of Corporate Governance 2018 (the “**Code**”).

<table>
<tr><th>Principle/ Provision</th><th>Code Description</th><th>Company’s compliance or explanation</th></tr>
<tr><td colspan="3">BOARD MATTERS</td></tr>
<tr><td colspan="3">The Board’s Conduct of Affairs</td></tr>
<tr><td>Principle 1
Provision 1.4</td><td>The company is headed by an effective Board which is collectively responsible and works with Management for the long-term success of the company.</td><td>During the financial year under review, the Board comprised six Directors, namely Dr. Wilson Tay Chuan Hui, Mr. Lim Chiau Woei, Mr. Chan Koon Mong, Ms. Ch’ng Li-Ling, Mr. Gavin Mark McIntyre and Dr. Foo Fatt Kah, as seen in the table below.
<table>
<tr><th colspan="4">Composition of the Board</th></tr>
<tr><th>Name of Director</th><th>Designation</th><th>Date of Initial Appointment</th><th>Date of Last Re-Election/ Re-appointment</th></tr>
<tr><td>Dr. Wilson Tay Chuan Hui</td><td>Non-Executive Chairman and Lead Independent Director</td><td>18 December 2015</td><td>30 April 2019</td></tr>
<tr><td>Mr. Lim Chiau Woei</td><td>Managing Director</td><td>12 August 2015</td><td>30 April 2019</td></tr>
<tr><td>Mr. Chan Koon Mong</td><td>Executive Director</td><td>12 August 2015</td><td>30 April 2018</td></tr>
<tr><td>Ms. Ch’ng Li-Ling</td><td>Independent Non-Executive Director</td><td>18 December 2015</td><td>30 April 2018</td></tr>
<tr><td>Mr. Gavin Mark McIntyre</td><td>Independent Non-Executive Director</td><td>21 February 2017</td><td>28 April 2017</td></tr>
<tr><td>Dr. Foo Fatt Kah</td><td>Non-Executive Non-Independent Director</td><td>28 February 2018</td><td>30 April 2018</td></tr>
</table>
</td></tr>
<tr><td>Provision 1.1</td><td></td><td>All Directors are fiduciaries who exercise due diligence and independent judgment in dealing with the business affairs of the Group, hold Management accountable for performance and are obliged to act in good faith and to take objective decisions in the interest of the Group.

The Board puts in place a code of conduct and ethics, sets appropriate tone-from-the-top and desired organisational culture, and ensures proper accountability within the company. Directors facing conflicts of interest recuse themselves from discussions and decisions involving the issues of conflict.</td></tr>
</table>

CORPORATE GOVERNANCE REPORT

		The Board is entrusted to lead and oversee the Company, with the fundamental principle to act in the best interests of the Company. In addition to its statutory duties, the Board's principal functions include: • providing entrepreneurial leadership, and set strategic objectives, which should include appropriate focus on value creation, innovation and sustainability; • ensuring that the necessary resources are in place for the company to meet its strategic objectives; • establishing and maintaining a sound risk management framework to effectively monitor and manage risks, and to achieve an appropriate balance between risks and company performance; • constructively challenging Management and reviewing its performance; • instilling an ethical corporate culture and ensuring that the company's values, standards, policies and practices are consistent with the culture; and • ensuring transparency and accountability to key stakeholder groups.
Provision 1.2		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. The Directors are updated, from time to time, when new laws or regulations affecting the Group are introduced. New releases issued by the SGX-ST which are applicable to the Directors are circulated to the Board. The Directors are encouraged to attend seminars, conferences and training courses, at the Company's expense, that will assist them in executing their obligations and responsibilities as directors of the Company. Examples of some training attend by our Directors are listed in the table below. In addition, the members of Audit Committee were briefed by the external auditors on changes or amendments to accounting standards. **Director** — **Training attended** Ms. Ch'ng Li-Ling — ACRA SGX SID Audit Committee Seminar 2019 Mr. Gavin Mark McIntyre — Board and Director Fundamentals Formal letters of appointment will be furnished to the newly-appointed Directors, upon their appointments stating among other matters, the roles, obligations, duties and responsibilities as a member of the Board.
Provision 1.3		The Board decides on matters that require its approval and clearly communicates this to Management in writing. Matters that require the Board's approval include, amongst others, the following: • significant acquisitions and disposals of assets; • material borrowings and fund-raising exercises; • share issuance and proposal of dividends; • financial results announcements, annual report and audited financial statements; and • material interested person transactions.

CORPORATE GOVERNANCE REPORT

Provision 1.4		The Board has delegated certain responsibilities to the Audit Committee (the "**AC**"), the Remuneration Committee (the "**RC**") and the Nominating Committee (the "**NC**") (collectively, the "**Board Committees**") with clearly defined terms of reference. As at the date of this Annual Report, the respective compositions of the Board Committees are follows:

Composition of the Board Committees			
	AC	**NC**	**RC**
Chairman	Mr. Gavin Mark McIntyre	Ms. Ch'ng Li-Ling	Dr. Wilson Tay Chuan Hui
Member	Ms. Ch'ng Li-Ling	Dr. Wilson Tay Chuan Hui	Ms. Ch'ng Li-Ling
Member	Dr. Wilson Tay Chuan Hui	Mr. Gavin Mark McIntyre	Mr. Gavin Mark McIntyre

Provision 1.5		The Board meets at least twice a year and ad-hoc Board meetings and meetings of the Board Committees are convened as and when necessary. The Company's constitution (the "**Constitution**") allows for meetings to be held through telephone and/or video-conference. During the financial year under review, the number of meetings held and attended by each Director is as follows:

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

Note:

(1) Attendance by invitation

Provision 1.6		Management provides the Board with complete, adequate and timely information prior to meetings and on an on-going basis to enable them to make informed decisions and discharge their duties and responsibilities:

Types of Information Provided by Key Management Personnel to Directors		
	Information	**Frequency**
1.	Board papers (with background or explanatory information relating to the matters brought before the Board, where necessary)	Half-yearly
2.	Updates to the Group's operations and the markets in which the Group operates in	Half-yearly
3.	Half-yearly and full year financial results	Half-yearly
4.	Reports on on-going or planned corporate actions	As and when, relevant
5.	Enterprise risk framework and internal auditors' ("**IA**") report(s)	Yearly
6.	Research report(s)	As and when, requested
7.	Shareholding statistics	As and when, requested

Key management personnel will also provide any additional material or information that is requested by Directors or that is necessary to enable the Board to make a balanced and informed assessment of the Group's performance, position and prospects.

CORPORATE GOVERNANCE REPORT

Provision 1.7		Directors have separate and independent access to Management, the Company Secretary, and external advisers (where necessary) at the company's expense. The role of the Company Secretary is as follows: • ensuring the Board procedures are observed and that the Company's Constitution, relevant rules and regulations, including requirements of the Securities and Futures Act (Chapter 289) of Singapore, the Companies Act (Chapter 50) of Singapore and the SGX-ST Listing Manual Section B: Rules of Catalist ("**Catalist Rules**"), are complied with; • assisting the Chairman and the Board to implement and strengthen corporate governance practices, with a view to enhancing long-term shareholder value; • assisting the Chairman to ensure good information flows within the Board and its committees and key management personnel; • designing and implementing a framework for key management personnel's compliance with the Catalist Rules, including timely disclosure of material information; • attending and preparing minutes for all Board meetings; • coordination and liaison between the Board, the Board Committees and key management personnel; and • assisting the Chairman, the Chairman of each Board Committee and key management personnel in the development of the agendas for the various Board and Board Committee meetings. The appointment and the removal of the Company Secretary are subject to the approval of the Board. 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.
Board Composition and Guidance		
Principle 2 Provision 2.1 Provision 2.2; 2.3; 2.4	The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the company.	An "independent" director is one who is independent in conduct, character and judgement, and has no relationship with the company, its related corporations, its substantial shareholders, or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent business judgement in the best interests of the company. As at the date of this Annual Report, the Board comprises of six directors, of whom three are Independent Directors. The three Independent Directors of the Company are Dr. Wilson Tay Chuan Hui, Ms. Ch'ng Li-Ling and Mr. Gavin Mark McIntyre.There are four non-executive directors in the Board which make up a majority of the Board. As at the date of this Annual Report, Dr. Wilson Tay Chuan Hui is the Non-Executive Chairman and Lead Independent Director. He is available to shareholders at drwilsontay@gmail.com, where they have concerns and for which contact through the normal channels of communication with the Management are inappropriate or inadequate.

CORPORATE GOVERNANCE REPORT

Provision 2.4		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. The current Board composition provides a diversity of skills, experience and knowledge to the Company as follows:

Balance and Diversity of the Board

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

Accordingly, the NC and Board are of the view that the Board has the appropriate mix of expertise and experience, and collectively possesses the necessary core competencies for effective functioning and informed decision-making.

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.

The Non-Executive Directors are kept well informed of the Group's business and are knowledgeable about the industry the Group operates in. To ensure that the Non-Executive Directors are well supported by accurate, complete and timely information, they have unrestricted access to the Management, and have sufficient time and resources to discharge their oversight functions effectively.

During Board meetings, the Management also updates the Non-Executive Directors on the latest developments of the Group and its future plans. Forecast financials against budget are also presented to enable the Non-Executive Directors to assess the performance of the Group.

Provision 2.5		The Non-Executive Directors had met and discussed in the absence of key management personnel in FY2019 as required.

CORPORATE GOVERNANCE REPORT

Chairman and Chief Executive Officer		
Principle 3 Provision 3.1; 3.3 Provision 3.2	There is a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision-making.	As at the date of this Annual Report, Dr. Wilson Tay Chuan Hui is the Non-Executive Chairman of the Board while Mr. Lim Chiau Woei is the Managing Director ("**MD**"). The roles of the Non-Executive Chairman and MD are separate to ensure a clear division of their responsibilities, increased accountability and greater capacity of the Board for independent decision-making. The Non-Executive Chairman is not related to the MD.
Provision 3.1; 3.3		The Non-Executive Chairman oversees the business and ensures the effectiveness of the Board. He leads the Board discussions and ensures that Board meetings are convened when necessary. He sets the Board's meeting agenda in consultation with the MD and the Company Secretary and ensures the quality, quantity and timeliness of the flow of information between the Board and key management personnel to facilitate efficient decision-making. The MD takes a leading role in developing the business of the Group and manages the day-to-day operations with the assistance of the key management personnel. He also oversees the execution of the business and corporate strategy decisions made by the Board. In view of the above, the Board is of the view that power is not unduly concentrated in the hands of any one individual nor is there any compromised accountability and independent decision-making as all major decisions and policy changes are conducted through the respective Board Committees, all of which are chaired by the Independent Directors. As mentioned in Principle 2, Dr. Wilson Tay Chuan Hui is the Lead Independent Director, who is available to shareholders at drwilsontay@gmail.com, where they have concerns and for which contact through the normal channels of communication with the Management are inappropriate or inadequate.
Board Membership		
Principle 4 Provision 4.2	The Board has a formal and transparent process for the appointment and reappointment of directors, taking into account the need for progressive renewal of the Board.	Please refer to the table in Principle 1 on the names of the members and the composition of the NC. The NC comprises three directors, all of whom are independent, and also includes the Lead Independent Director.
Provision 4.4		The NC is responsible for examining the size and composition of the Board and Board Committees. The composition of the Board and Board Committees is also reviewed on an annual basis by the NC and the Board. Having considered the scope and nature of the Group's businesses and the requirements of the business, the Board, in concurrence with the NC, the Board believes that its current board size and the existing composition of the Board Committees effectively serves the Group. It provides sufficient diversity without interfering with efficient decision-making.

CORPORATE GOVERNANCE REPORT

Provision 4.1		The terms of reference of the NC include, *inter alia*, the following: • to review the succession plans for directors, in particular the appointment and/or replacement of the Chairman, the MD, and key management personnel; • to review the training and professional development programmes for the Board and its directors; • to review and approve the appointment and re-appointment of directors (including alternate directors, if any); • to review and approve any new employment of related persons and proposed terms of their employment; • to re-nominate directors for re-election in accordance with the Company's Constitution at each annual general meeting having regard to the Director's contribution and performance; • to determine on an annual basis whether a Director is independent; • to decide whether or not a director is able to and has been adequately carrying out his duties as a Director; and • to decide how the Board's performance may be evaluated and propose objective performance criteria, as approved by the Board, that allows comparison with its industry peers, and address how the Board has enhanced long-term shareholders' value.
Provision 4.5		The Board has not capped the maximum number of listed company board representations each Director may hold. 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 competencies, commitment, contributions and performance, after taking into account his or her other listed company board directorships and other principal commitments. The NC also believes that it is for each Director to assess his or her own capacity and ability to undertake other obligations or commitments together with serving on the Board effectively. The NC does not wish to omit from consideration outstanding individuals who, despite the demands on their time, have the capacity to participate and contribute as members of the Board. The factors considered in assessing the capacity of Directors include the following: • expected and/or competing time commitments of Directors; • geographical location of Directors; • size and composition of the Board; and • nature and scope of the Group's operations and size. The NC reviews the performance of the Directors as well as their contributions to the Board on an annual basis. After conducting reviews, the NC is satisfied that the Directors have been able to devote adequate time and attention to the affairs of the Company and they were able to fulfil their duties as directors of the Company in FY2019. As at the date of the report, the Company does not have any alternate Director.

CORPORATE GOVERNANCE REPORT

Provision 4.3		The process for the selection, appointment and re-appointment of directors to the Board, including the criteria used to identify and evaluate potential new directors and channels used in searching for appropriate candidates is disclosed in the following table:

Process for the Selection and Appointment of New Directors

1.	Determination of selection criteria	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.
2.	Search for suitable candidates	The NC would consider candidates proposed by the Directors, key management personnel or substantial shareholders, and may engage external search consultants where necessary.
3.	Assessment of shortlisted candidates	The NC would meet and interview the shortlisted candidates to assess their suitability.
4.	Appointment of director	The NC would recommend the selected candidate to the Board for consideration and approval.

The Board is also advised by the Sponsor on appointment of suitable directors as required under Catalist Rule 226(2)(d).

The process for the re-election of incumbent directors is disclosed in the following table:

Process for the Re-electing Incumbent Directors

1.	Assessment of director	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.
2.	Re-appointment of director	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.

CORPORATE GOVERNANCE REPORT

Provision 4.4		The NC reviews the independence of each Independent Director annually. As part of the review process, the NC requires the Independent Directors to complete and execute declaration forms in relation to their independence. These declaration forms are drawn up based on the guidelines in the Code. The NC has reviewed the declaration form executed by each of the Independent Directors, and, pursuant to its review, the NC is of the view that Dr. Wilson Tay Chuan Hui, Ms. Ch'ng Li-Ling and Mr. Gavin Mark McIntyre are independent in accordance with the Code. Accordingly, the Board has identified each of the Independent Directors to be independent, after determining, taking into account the views of the NC, whether the Director is independent in character and judgement and whether there are any relationships or circumstances which are likely to affect, or could appear to affect, the Independent Director's judgement. 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. As at the date of this Annual Report, there is no Independent Director who has served beyond nine years since the date of his/her first appointment. Pursuant to the Constitution of the Company, at each Annual General Meeting ("**AGM**"), at least one-third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation. The Directors to retire in every year shall be those subject to retirement by rotation who have been longest in office since their last re-election or appointment and so that as between persons who became or were last re-elected Directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by lot. A retiring Director shall be eligible for re-election. The Directors who are standing for re-election at the forthcoming AGM pursuant to Article 114 of the Company's Constitution are Mr. Gavin Mark McIntyre and Ms. Ch'ng Li-Ling. After assessing each of their contributions and performance, the NC is recommending Mr. Gavin Mark Mcintyre and Ms. Ch'ng Li-Ling for re-election at the forthcoming AGM. The key information of the Directors, including their profiles and directorships held in the past 3 years, are set out on pages 5 to 8 of this Annual Report under the section entitled "Board of Directors". The shareholdings of the individual directors of the Company are set out on page 51 of this Annual Report. None of the directors hold shares in the subsidiaries of the Company. Directors who are seeking re-election at the forthcoming AGM to be held on 29 June 2020 are stated in the Notice of AGM set out on pages 132 to 136 of this Annual Report.

CORPORATE GOVERNANCE REPORT

Board Performance		
Principle 5 Provision 5.1 Provision 5.2	The Board undertakes a formal annual assessment of its effectiveness as a whole, and that of each of its board committees and individual directors.	The NC has established a process for assessing the effectiveness of the Board as a whole, each Board Committee and for assessing the contributions of each individual Director to the effectiveness of the Board. This assessment is conducted by the NC at least once a year by way of a Board evaluation where the Directors complete a questionnaire seeking their views on various aspects of Board performance, such as Board composition, information and process. Each member of the NC shall abstain from voting on any resolutions in respect of the assessment of his/her performance or re-nomination as a Director. The Board will act on the results of the performance evaluation, and in consultation with the NC, propose, where appropriate, that new members be appointed to the Board or seek the resignation of Directors. To assess the effectiveness of the Board as a whole, the factors evaluated by the NC include but are not limited to: • the size and composition of the Board; • the discussion and decision-making processes of the Board (including the conduct of meetings by the Board); • the Board's access to information; • the accountability of the Board to the shareholders; • the observation of risk management and internal control policies by the Board's access to information; and • the performance of the Board (including the Board's performance in relation to the discharge of its principal responsibilities in term of the quantitative and qualitative performance criteria). To assess the contribution of each individual Director, the factors evaluated by the NC include but are not limited to: • his/her participation at the meetings of the Board; • his/her ability to constructively challenge and contribute effectively to the discussion conducted by the Board; • his/her ability to evaluate the Company's strength and weaknesses and make informed business decisions; • his/her ability to interpret the Company's financial reports and contribute to the formulation of strategies, budgets and business plans that are compatible with the Group's vision and existing business strategy; • his/her compliance with the policies and procedures of the Group; • his/her performance of specific tasks delegated to him/her; • his/her disclosure of any related person transactions or conflicts of interest; and • for independent Directors, his/her independence from the Group and the Management. To assess the contribution of each Board Committee, the factors evaluated by the NC are adapted from and in line with the terms of reference of the various Board Committees. No external facilitator was used in the evaluation process. The Board and the NC have endeavoured to ensure that the Directors possess the experience, knowledge and expertise critical to the Group's business. The NC is of the view that the Board has met its performance objectives for FY2019.

CORPORATE GOVERNANCE REPORT

REMUNERATION MATTERS		
Procedures for Developing Remuneration Policies		
Principle 6 Provision 6.1; 6.2; 6.3 Provision 6.4	The Board has a formal and transparent procedure for developing policies on director and executive remuneration, and for fixing the remuneration packages of individual directors and key management personnel. No director is involved in deciding his or her own remuneration.	Please refer to the table in Principle 1 for the names of the members and the composition of the RC. The RC comprises three directors, all of whom are non-executive. The terms of reference of the RC include, *inter alia*, the following: • to review and recommend to the Board a general framework of remuneration and specific remuneration packages for each Director and key management personnel; • to review and approve the remuneration of the non-executive directors of our subsidiaries; • to 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 • to 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. No remuneration consultants were engaged by the Company in FY2019.
Level and Mix of Remuneration		
Principle 7 Provision 7.1 Provision 7.3	The level and structure of remuneration of the Board and key management personnel are appropriate and proportionate to the sustained performance and value creation of the company, taking into account the strategic objectives of the company.	The annual review of the compensation is carried out by the RC to ensure that the remuneration of the Executive Directors and key management personnel are commensurate with their performance, contribution, giving due regard to the financial and commercial health and business needs of the Group. The performance of the Executive Directors (together with other key management personnel) is reviewed periodically by the RC and the Board. The remuneration of the Executive Directors and the key management personnel consists of fixed salary and allowances. There was no variable compensation paid based on the level of achievement of corporate and individual performance objectives in FY2019. In addition, the Company has put in place the Anchor Resources Performance Share Plan ("**Performance Share Plan**" or "**PSP**") to reward key management for meeting their key performance indicators to promote higher performance goals and recognise exceptional achievements by individuals who have contributed to the Group's growth. The Company does not have long-term incentive schemes. The Performance Share Plan was last renewed at the AGM of the Company on 30 April 2019.

CORPORATE GOVERNANCE REPORT

Provision 7.2		The Board concurred with the RC that the proposed directors' fees for the year ended 31 December 2019 is appropriate and that the Non-Executive Directors receive directors' fees in accordance with their level of contributions, taking into account factors such as effort and time spent for serving on the Board and Board Committees, as well as the responsibilities and obligations of the directors. The Company also recognises the need to pay competitive fees to attract, motivate and retain directors without being excessive to the extent that their independence might be compromised. Directors' fees are recommended by the Board for approval by the shareholders at the AGM of the Company. Having reviewed and considered the variable components of the Executive Directors and the key management personnel, which are moderate, the RC is of the view that there is no requirement to institute contractual provisions to allow the Company to reclaim incentive components of their remuneration paid in prior years in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss. In addition, the Executive Directors owe a fiduciary duty to the Company. The Company should be able to avail itself to remedies against the Executive Directors in the event of such breach of fiduciary duties.
Disclosure on Remuneration		
Principle 8 Provision 8.1; 8.3	The company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.	The Company's remuneration policy is one that seeks to attract, retain and motivate talent to achieve the Company's business vision and create sustainable value for its stakeholders. The policy articulates to staff the link on total compensation has to achievement of organisational and individual performance objective, and benchmarked against relevant and comparative compensation in the market. The breakdown for the remuneration of the Directors in FY2019 is as follows:

Directors' Remuneration

Name	Salary (%)(1)	Allowance (%)(1)	Director's Fees (%)	Total (%)
Above S$250,000 and below S$500,000				
Mr. Lim Chiau Woei	76	3	21	100
Below S$250,000				
Dr. Wilson Tay Chuan Hui	–	–	100	100
Mr. Chan Koon Mong	75	25	–	100
Ms. Ch'ng Li-Ling	–	–	100	100
Mr. Gavin Mark McIntyre	–	–	100	100
Dr. Foo Fatt Kah	–	–	100	100

Note:

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

CORPORATE GOVERNANCE REPORT

		There were no termination, retirement and post-employment benefits that may be granted to Directors and key management personnel in FY2019. After reviewing the industry practice and analysing the advantages and disadvantages in relation to the disclosure of remuneration amount of each Director and key management personnel, the Company is of the view that such disclosure would be prejudicial to its business interest given the highly competitive environment in the Group operates in. During FY2019, the Company had five key management personnel (who are not Directors or the Managing Directors). The breakdown for the remuneration of the Company's key management personnel (who are not Directors or the Managing Director) in FY2019 is as follows:

Name	Salary (%)(1)	Allowance (%)(1)	Total (%)
Below S$250,000			
Ng Kok Hok(2)	100	–	100
Teoh Yee Kian	81	19	100
Chong Poh Leong(3)	86	14	100
Koh Kang Wee(4)	100	–	100
Chan Poh Guan(5)	100	–	100

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

(2) Mr. Ng Kok Hok was appointed to be Chief Financial Officer of the Company on 2 January 2019.

(3) Mr. Chong Poh Leong ceased to be Senior Finance Manager of the Company on 31 July 2019.

(4) Mr. Koh Kang Wee was appointed to be Operation Manager of the Company on 19 August 2019.

(5) Mr. Chan Poh Guan was appointed to be Finance Manager of the Company on 15 August 2019.

		The total remuneration paid to the five key management personnel in FY2019 was RM675,419 (equivalent to S$222,090 based on exchange rate of S$1 to MYR3.0412 as at 31 December 2019).
Provision 8.2		There was no employee of the Group who was an immediate family member of a Director or the MD whose remuneration exceeded S$100,000 in FY2019. The Company currently has in place a Performance Share Plan as a compensation scheme to promote higher performance goals and recognise exceptional achievement by individuals who have contributed to the Group's growth. The Performance Share Plan was last renewed at the AGM of the Company on 30 April 2019. Further information on the Performance Share Plan are set out on pages 45 to 48 of this Annual Report.

CORPORATE GOVERNANCE REPORT

The remuneration received by the Executive Directors and key management personnel takes into consideration his or her individual performance and contribution toward the overall performance of the Group during the financial year under review. Their remuneration is made up of fixed compensations. The fixed compensation consists of an annual base salary and allowances. Any variable compensation is determined based on the level of achievement of corporate and individual performance objectives.

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:

Performance Conditions	**Short-term Incentives** (Such as performance bonus)	**Long-term Incentives**
Executive Directors		
Qualitative	1. Leadership 2. People development 3. Commitment 4. Teamwork 5. Current market and industry practices.	1. Commitment 2. Current market and industry practices
Quantitative	1. Relative financial performance of the Group in terms of profit to its industry peers 2. Performance of the Group in terms of meeting production targets	1. Relative financial performance of the Group in terms of profit to its industry peers 2. Performance of the Group in terms of meeting production targets
Management Personnel		
Qualitative	1. Leadership 2. People development 3. Commitment 4. Teamwork 5. Current market and industry practices.	1. Commitment 2. Current market and industry practices
Quantitative	1. Relative financial performance of the Group in terms of profit to its industry peers 2. Performance of the Group in terms of meeting production targets	1. Relative financial performance of the Group in terms of profit to its industry peers 2. Performance of the Group in terms of meeting production targets

The RC has reviewed and satisfied itself that performance conditions were met for FY2019.

CORPORATE GOVERNANCE REPORT

ACCOUNTABILITY AND AUDIT		
Risk Management and Internal Controls		
Principle 9 Provision 9.1	The Board is responsible for the governance of risk and ensures that Management maintains a sound system of risk management and internal controls, to safeguard the interests of the company and its shareholders.	The Board acknowledges that it is responsible for the governance of risks and the overall internal control framework but recognises that no cost effective internal control system will preclude all errors and irregularities, as a system is designed to manage rather that eliminate the risk of failure to achieve business objective and can provide only reasonable and not absolute assurance against material misstatements or loss. Risk assessment and evaluation has become an essential part of the business planning and monitoring process. Having identified the risks to the achievement of the Group's strategic objectives, each business unit is required to document the mitigating actions in place and/or proposed in respect of each significant risk. Risk awareness and ownership of risk treatments are also continuously fostered across the organisation. The Group has formed a Risk Management Steering Committee which is led by the MD, the Chief Financial Officer ("**CFO**") and a risk manager who regularly reviews the Group's operating and business activities to identify new areas of significant business risk as well as appropriate measures to control and mitigate these risks. Similarly, they will identify any risks that may no longer be relevant and remove such risks accordingly. The management continuously reviews all the significant control policies and procedures and proposes an appropriate risk action plan for each identified risk. The Risk Management Steering Committee 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 auditor ("**IA**"), Axcelasia Columbus Sdn Bhd, prepares the internal audit plan taking into consideration the risks identified which is approved by the AC. During FY2019, the AC reviewed the reports submitted by the IA relating to the audits conducted to assess the adequacy and the effectiveness of the Group's risk management and the internal control systems put in place, including financial, operational, compliance and information technology controls. Any material non-compliance or lapses in internal controls together with recommendation for improvement are reported to the AC. A copy of the report is also issued to the relevant department for its follow-up action. The timely and proper implementation of all required corrective, preventive or improvement measures are closely monitored.
Provision 9.2		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 FY2019. The bases for the Board's view are as follows: • assurance had been received from the MD and CFO that the financial records have been properly maintained and the financial statements give a true and fair view of the company's operations and finances; • 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; • the risk management plan was deliberated in detail by the Risk Management Steering Committee, to include any new risk identified and to remove any risks that are no longer relevant, and the risk action plan in relation to each risk was also robustly discussed; and • discussion held between the AC and external auditor in the absence of the key management personnel to review and address any potential concerns.

CORPORATE GOVERNANCE REPORT

		The Board has obtained assurance from the MD and CFO that the financial records have been properly maintained and the financial statements give a true and fair view of the company's operations and finance in respect of FY2019. The Board has also obtained assurance from the MD and the CFO regarding the adequacy and effectiveness of the company's risk management and internal control systems. In addition, the IA had met up with the AC on 24 February 2020 to brief the AC on the internal controls matters and highlighted to the AC the issues identified and Management responses. The Board has additionally relied on the IA's report in respect of issues to the Company as assurances that the Company's risk management and internal control systems are effective and adequate.
Audit Committee		
Principle 10	The Board has an AC which discharges its duties objectively.	Please refer to the table in Principle 1 on the names of the members and the composition of the AC. The AC comprises three directors, all of whom are non-executive and independent.
Provision 10.2		The Board considers that Mr. Gavin Mark McIntyre, who has extensive and practical accounting and auditing knowledge and experience, is well qualified to chair the AC. The members of the AC, collectively, have expertise or experience in accounting and related financial management and are qualified to discharge the AC's responsibilities.
Provision 10.3		None of the members of the AC (i) is a former partner or director of the Company's existing auditing firm or audit corporation within the previous 2 years and (ii) holds any financial interest in the auditing firm or auditing corporation.
Provision 10.1		The terms of reference of the AC include, *inter alia*, the following: • to assist the Board in the discharge of its responsibilities on financial reporting matters; • to 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; • to 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; • to review the effectiveness, adequacy, independence, scope and results of the external audit and internal audit function, the Group's internal controls and procedures including accounting and financial controls and procedures and ensure coordination between the internal and external auditors, and the Management, reviewing the assistance given by the Management to the auditors, and discuss problems and concern, if any, arising from the interim and final audits, and any matters which the auditors may wish to discuss (in the absence of our management where necessary);

CORPORATE GOVERNANCE REPORT

		• to make recommendation to the Board on the proposals to the Shareholders on the appointment, re-appointment (taking into consideration the Audit Quality Indicators Disclosure Framework published by the Accounting and Corporate Regulatory Authority ("**ACRA**")) and removal of the external auditors, and approving the remuneration and terms of engagement of the external auditors; • to 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; • to review and report to the Board at least annually the adequacy and effectiveness of the Group's material internal controls and risk management systems 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; • to review and approve transactions falling within the scope of Chapter 9 (Interested Person Transactions) and Chapter 10 (Significant Transactions) of the Catalist Rules (if any); • to review any potential conflict of interest; • to review and approve all hedging policies and instruments (if any) to be implemented to our Group; • to 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; • to review the assurance from the MD and the CFO on the financial records and financial statements; • to 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; and • to review the policy and arrangements for concerns about possible improprieties in financial reporting or other matters to be safely raised, independently investigated and appropriately followed up on. The Company has put into place whistle-blowing framework endorsed by the AC, where employees of the Company may, in confidence, raise concerns about possible corporate improprieties in matters of financial reporting or other matters by submitting a whistle blowing report to drwilsontay@gmail.com. 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.
Provision 10.5		The AC had met and discussed with the external and internal auditors once in the absence of key management personnel in FY2019. Post FY2019, the AC had also met with the external auditor ("**EA**") and IA in the absence of key management personnel on 24 February 2020.

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<table>
<tr><td></td><td></td><td>The non-audit services rendered during FY2019 related to fees as independent reporting auditors in connection with tax compilation service fees. The tax compilation service fees were not substantial.

The AC had reviewed the non-audit services provided by the EA and is satisfied that the nature and extent of such services would not prejudice the independence of the external auditor and has recommended the re-appointment of the external auditor at the forthcoming AGM.

The fees paid/payable to the external auditor for FY2019 are as follows:

<table><tr><td colspan="3">Fees Paid/Payable to the external auditor for FY2019</td></tr><tr><td></td><td>RM</td><td>% of total</td></tr><tr><td>Audit fees</td><td>171,000</td><td>85</td></tr><tr><td>Non-Audit Fees
– Tax Compilation Service fees</td><td>30,000</td><td>15</td></tr><tr><td>Total</td><td>201,000</td><td>100</td></tr></table></td></tr>
<tr><td>Provision 10.4</td><td></td><td>During the financial year under review, the Company engaged Axcelasia Columbus Sdn. Bhd. (“Axcelasia”) to conduct an internal control review. The IA reported to the AC on the findings and the Management responses on the findings on 22 February 2019. The AC is satisfied that IA is adequately qualified (given, inter alia, its adherence to standards set by internationally recognised professional bodies) and resourced and has the appropriate standing in the Company to discharge its duties effectively.</td></tr>
<tr><td colspan="3">SHAREHOLDER RIGHTS AND ENGAGEMENT</td></tr>
<tr><td colspan="3"><u>Shareholder Rights and Conduct of General Meetings</u></td></tr>
<tr><td>Principle 11
Provision 11.1</td><td>The company treats all shareholders fairly and equitably in order to enable them to exercise shareholders’ rights and have the opportunity to communicate their views on matters affecting the company. The company gives shareholders a balanced and understandable assessment of its performance, position and prospects.</td><td>The Company is committed to providing shareholders with adequate, timely and sufficient information pertaining to changes in the Company’s business which could have a material impact on the Company’s share price. Shareholders are entitled to attend the general meetings of shareholders and given the opportunity to participate effectively in and vote at general meetings of shareholders and are informed of the rules governing general meetings of shareholders.

In compliance with Rule 730A(2) of the Catalist Rules, resolutions tabled at general meetings of shareholders will be put to vote by poll, the procedures of which will be explained by the appointed scrutineer(s) at the general meetings. The detailed voting results, including the total number of votes cast for or against each resolution tabled, will be announced immediately at the general meeting of shareholders and via SGXNET.</td></tr>
<tr><td>Provision 11.2</td><td></td><td>The Company tables separate resolutions at general meetings of shareholders on each substantially separate issue unless the issues are interdependent and linked so as to form one significant proposal. Where the resolutions are “bundled”, the Company explains the reasons and material implications in the notice of meeting.</td></tr>
</table>

CORPORATE GOVERNANCE REPORT

Provision 11.3		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. The attendance of the Directors of the Company at the Company's general meeting(s) held during FY2019 are reflected in the table below:

Name of Director	General Meeting(s)
Number of meetings held:	1
Number of meetings attended:	
Dr. Wilson Tay Chuan Hui	1
Mr. Lim Chiau Woei	1
Mr Chan Koon Mong	1
Ms. Ch'ng Li-Ling	1
Mr. Gavin Mark McIntyre	1
Dr. Foo Fatt Kah	1

Provision 11.4		The Company's Constitution allows for absentia voting. The Company does not implement absentia voting methods such as voting via mail, email or fax until security, integrity and other pertinent issues are satisfactorily resolved.
Provision 11.5		The Company publishes minutes of all general meetings of shareholders on its corporate website as soon as practicable. The minutes record substantial and relevant comments or queries from shareholders relating to the agenda of the general meeting, and responses from the Board and Management.
Provision 11.6		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. The Board has not declared or recommended any dividend for FY2019, as the Group does not have profits available for the declaration of a dividend.
Engagement with Shareholders		
Principle 12 Provision 12.1	The company communicates regularly with its shareholders and facilitates the participation of shareholders during general meetings and other dialogues to allow shareholders to communicate their views on various matters affecting the company.	The Company recognises the importance of maintaining transparency and accountability to its shareholders. The Board ensures that all the Company's shareholders are treated equitably and the rights of all investors, including non-controlling shareholders are protected. The Company is committed to providing shareholders with adequate, timely and sufficient information pertaining to changes in the Company's business which could have a material impact on the Company's share price. Shareholders are entitled to attend the general meetings of shareholders and given the opportunity to participate effectively in and vote at general meetings of shareholders and are informed of the rules governing general meetings of shareholders.

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Provision 12.2		The Company does not have an investor relation policy. However, the Company is committed to good corporate governance and transparency by disclosing to its stakeholders, including its shareholders, in a timely, fair and transparent manner. All material information on the performance and development of the Group and of the Company is disclosed in an accurate and comprehensive manner through SGXNET. The Company has engaged an investor relation firm to assist the Company in its investors relation activities. Apart from the SGXNET announcements and its annual report, the Company updates shareholders on its corporate developments through its corporate website at www.angkaalam.com.
MANAGING STAKEHOLDER RELATIONSHIPS		
Engagement with Stakeholders		
Principle 13 Provision 13.1; 13.2	The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the company are served.	The Company notes that different stakeholders are important to the Company to varying degrees. While some stakeholders can influence the actions of the Company, there are also others that have less or little influence on the Company and yet are impacted by the actions of the Company. The Company considers it to be important to actively engage all its stakeholders and to receive feedback of the impacts or potential impacts of the Company's actions. Having assessed the stakeholders in terms of their impacts on the Company as well as the impact or potential impacts upon the stakeholders by the actions of the Company, it has identified the key stakeholders, the methods of engagement and addressed their concerns accordingly. Further details can be found in the Company's sustainability report which published in SGXNet on 15 May 2020.
Provision 12.3; 13.3		As mentioned above, the Company maintains a website (www.angkaalam.com) which allows stakeholders to communicate and engage with the Company. Dr. Wilson Tay Chuan Hui is the Lead Independent Director and is available to shareholders at drwilsontay@gmail.com, where they have concerns and for which contact through the normal channels of communication with Management are inappropriate or inadequate.
COMPLIANCE WITH APPLICABLE CATALIST RULES		
Catalist Rule	**Rule Description**	**Company's Compliance or Explanation**
711A and 711B	Sustainability Reporting	Under Practice Note 7F (Sustainability Reporting Guide) issued by the SGX-ST, the Board should determine the environmental, social and governance factors ("**ESG Factors**") identified as material to the Group's business and ensure that they are monitored and managed. The Board has ultimate responsibility for the Company's sustainability reporting. The Group has continued its ESG Factors assessment during FY2019. The assessment process takes reference from Global Reporting Initiative Standards ("**GRI Standards**") reporting guidelines. Disclosure on the material ESG Factors identified and assessed during FY2019 has made with reference to the GRI Standards framework. The sustainability report has published in SGXNet on 15 May 2020.
712, 715 or 716	Appointment of Auditors	The Company confirms its compliance with the Catalist Rules 712 and 715.

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1204(8)	Material Contracts	Save as previously announced by the Company via SGXNET, there are no material contracts entered into by the Group involving the interest of any Director or controlling shareholder, which are either still subsisting at the end of FY2019 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 FY2019 based on the following: • internal controls procedures established by the Company; • works performed by the IA and EA during FY2019; • assurance from the MD and CFO; and • reviews done by the various Board Committees and key management personnel.
1204(10)(C)	AC's comment on internal audit function	The Group's internal audit function is outsourced to Axcelasia, an integrated professional services firm providing tax advisory, business consultancy, technology tool & advisory and business support services. The engagement team is led by its executive director, Dennis Mah, who has diverse professional experience in external and internal audit advisory, risk management, governance, financial management and business process enhancement. He is a Chartered Member of the Institute of Internal Auditors Malaysia, a member of the Malaysian Institute of Accountants and a Fellow Member of the Association of Chartered Certified Accountants, United Kingdom. Mr Dennis Mah is a Certified Internal Auditor (USA) and has a Certification in Risk Management Assurance (USA). Pursuant to its review, the AC is of the view that the Group's internal audit function is independent, effective and adequately resourced.
1204(17)	Interested Person Transaction ("**IPT**")	The Group has procedures governing all IPTs to ensure that they are properly documented and reported in a timely manner to the AC and they are carried out on normal commercial terms and are not prejudicial to the interests of the Company and its minority shareholders. The Company does not have a general mandate from its shareholders for IPTs. There were no IPTs with a value of more than S$100,000 transacted during FY2019.
1204(19)	Dealing in Securities	The Company has adopted an internal policy which prohibits the Company, its Directors and officers from dealing in the securities of the Company while in possession of price-sensitive information. The Company, its Directors and employees are also expected to observe insider trading laws at all times even when dealing in securities within the permitted trading period. In addition, the Company, its Directors and employees are expected not to deal in the Company's securities on short term considerations and they are also prohibited from dealing in the Company's securities during the period commencing one month before the announcement of the Company's half-year and full-year financial statements respectively and ending on the date of the announcement of the relevant results.
1204(21)	Non-sponsor Fees	The Company is currently under the SGX-ST Catalist sponsor-supervised regime. The Continuing Sponsor of the Company is UOB Kay Hian Private Limited ("**UOBKH**"). For FY2019, there are no non-sponsor fees paid to UOBKH.
1204(22)	Use of Proceeds	There were no outstanding proceeds arising from any offerings pursuant to Chapter 8 of the Catalist Rules.

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Mr. Gavin Mark McIntyre and Ms. Ch'ng Li-Ling are the Directors seeking re-election at the forthcoming annual general meeting of the Company to be convened on Monday, 29 June 2020 at 10.30 a.m., ("**AGM**") (collectively, the "**Retiring Directors**" and each a "**Retiring Director**").

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

	MR. GAVIN MARK MCINTYRE	**MS. CH'NG LI-LING**
Date of Appointment	21 February 2017	18 December 2015
Date of last re-appointment	29 April 2017	30 April 2018
Age	54	49
Country of principal residence	Singapore	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The Board of Directors of the Company has considered, among others, the recommendation of the Nominating Committee ("**NC**") and has reviewed and considered the qualification, work experience and suitability of Mr. Gavin Mark McIntyre for re-appointment as Independent Director of the Company. The Board have reviewed and concluded that Mr. Gavin Mark McIntyre possesses the experience, expertise, knowledge and skills to contribute towards the core competencies of the Board.	The Board of Directors of the Company has considered, among others, the recommendation of the Nominating Committee ("**NC**") and has reviewed and considered the qualification, work experience and suitability of Ms. Ch'ng Li-Ling for re-appointment as Independent Director of the Company. The Board have reviewed and concluded that Ms. Ch'ng Li-Ling possesses the experience, expertise, knowledge and skills to contribute towards the core competencies of the Board.
Whether appointment is executive, and if so, the area of responsibility	Non-Executive	Non-Executive
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Independent Director, Chairman of the Audit Committee, member of the Nominating Committee and Remuneration Committee	Independent Director, Chairman of the Nominating Committee, member of the Audit Committee and Remuneration Committee
Working experience and occupation(s) during the past 10 years	From April 2018 to present, Director of Aegis Interaktif Asia Pte Ltd From December 2015 to present: Executive Director of Equitasasia Group Pte. Ltd. From March 2013 to November 2015: Director of Censere Singapore Pte Ltd From July 2008 to February 2013: Chief Financial Officer of Adventus Holdings Ltd From January 2007 to February 2008: Finance Director of Modern Asia Environmental	From 2011 to present: Partner at RHTLaw Taylor Wessing LLP From 2001 to 2011: Partner at KhattarWong LLP From 2000 to 2001: Legal Assistant at Loo & Partners From 1998 to 2000: Legal Assistant at Edmond Pereira & Partners From 1997 to 1998: Legal Assistant at Wee Ramayah & Partners

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	MR. GAVIN MARK MCINTYRE	MS. CH'NG LI-LING
Shareholding interest in the listed issuer and its subsidiaries	No	No
Any relationship (including immediate family relationships with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	No	No
Conflict of Interest (including any competing business)	No	No
Undertaking (in the format set out in Appendix 7H) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes
Other Principal Commitments* Including Directorships# (for the last 5 years)	Past Director of Censere Singapore Pte Ltd (March 2013 to October 2015) Director of PT Censere Far East – Indonesia (May 2015 to October 2015) Present Director of Aegis Interaktif Asia Pte Ltd Executive Director of Equitasasia Pte Ltd Director of Equitasasia Holdings Pte Ltd Director of Equitas Financial Services Pte Ltd Director of Equitasasia Sdn Bhd Director of Equitasasia Co., Ltd Thailand Independent Director of Nico Steel Holdings Limited Alternate Director of Equitasasia Limited – Hong Kong	Past Independent Director of Declout Limited Present Director of Carrington RHT Wealth Pte. Ltd. Independent Director of LHN Limited

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

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

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	MR. GAVIN MARK MCINTYRE	MS. CH'NG LI-LING
(e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No
(f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No
(g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No
(h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No
(i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	MR. GAVIN MARK MCINTYRE	MS. CH'NG LI-LING
(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:– (i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or (ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or (iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or (iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	No	No
(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No	No

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	MR. GAVIN MARK MCINTYRE	MS. CH'NG LI-LING
Disclosure applicable to the appointment of Director only		
Any prior experience as a director of a listed company? If yes, please provide details of prior experience. If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange. Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable).	N.A.	N.A.

CORPORATE SOCIAL RESPONSIBILITY POLICY STATEMENT

1. Social Responsibility Policy

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

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

- Provide our staff with comfortable and responsible working conditions and treat them with dignity and respects.
- Strive to achieve high degree of trust with all stakeholders and would conduct our business honestly and ethically. This includes to comply with all applicable 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.

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 applicable laws related to environment, health and safety.
- Provide continuous training to all staff to elevate their alertness to issues related to environment, health and safety.
- Ensure installation of appropriate system and all 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 (PSP)

Objectives of the PSP

The objectives of the PSP are as follows:

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

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

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

Summary of PSP

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

(1) Participants

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

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

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

(2) Administration

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

(3) Size of PSP

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

PERFORMANCE SHARE PLAN (PSP)

(4) *Maximum entitlements*

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

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

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

(5) *Awards*

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

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

(6) *Details of Awards*

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

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

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

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

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

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

(7) *Timing of Awards*

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

PERFORMANCE SHARE PLAN (PSP)

(8) *Vesting of Awards*

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

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

The financial effects of the above methods are discussed below.

(9) *Termination of Awards*

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

(10) *Rights of Shares arising*

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

(11) *Duration of the PSP*

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

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

(12) *Abstention from voting*

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

PERFORMANCE SHARE PLAN (PSP)

Adjustments and Alterations to the PSP

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

1. *Adjustment Events*

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

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

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

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

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

2. *Modifications to the PSP*

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

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

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

FINANCIAL CONTENT

DIRECTORS' STATEMENT

The Directors of Anchor Resources Limited (the "Company") present their statement to the members together with the audited consolidated financial statements of the Company and its subsidiaries (the "Group") for the financial year ended 31 December 2019 and the statement of financial position of the Company as at 31 December 2019.

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 2019, and the financial performance, changes in equity and cash flows of the Group for the financial year then ended; and

(b) at the date of this statement, and with reference to Note 4 to the financial statements 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
Chan Koon Mong
Dr. Tay Chuan Hui
Ch'ng Li-Ling
Gavin Mark McIntyre
Dr. Foo Fatt Kah

3. Arrangements to enable Directors to acquire shares or debentures

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

DIRECTORS' STATEMENT

4. Directors' interests in shares or debentures

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

Name of directors	Shareholdings registered in name of Director or nominee		Shareholdings in which Director is deemed to have an interest	
	Balance at 1 January 2019	**Balance at 31 December 2019**	**Balance at 1 January 2019**	**Balance at 31 December 2019**
Company				
Ordinary shares				
Lim Chiau Woei	306,263,319	306,263,319	115,415,862	115,415,862
Chan Koon Mong	3,496,625	3,496,625	1,597,222	1,597,222

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

In accordance with the continuing listing requirements of the Singapore Exchange Securities Trading Limited ("SGX-ST"), the Directors of the Company state that, according to the register of directors' shareholdings, the Directors' interest as at 21 January 2020 in the shares of the Company have not changed from those disclosed as at 31 December 2019.

5. Share plans

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

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

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

Performance Share Plan ("PSP")

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

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

DIRECTORS' STATEMENT

5. Share plans (Continued)

Performance Share Plan ("PSP") (Continued)

The salient features of the PSP is as follows:

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

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

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

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

Participants

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

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

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

Size of PSP

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

5. Share plans (Continued)

Performance Share Plan ("PSP") (Continued)

Maximum entitlements

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

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

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

Awards

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

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

Details of Awards

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

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

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

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

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

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

DIRECTORS' STATEMENT

5. Share plans (Continued)

Performance Share Plan ("PSP") (Continued)

Timing of Awards

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

Vesting of Awards

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

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

Termination of Awards

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

Rights of shares arising

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

Duration of PSP

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

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

DIRECTORS' STATEMENT

5. **Share plans (Continued)**

Performance Share Plan ("PSP") (Continued)

Abstention from voting

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

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

6. **Audit committee**

The Audit Committee comprises the following members, who are all non-Executive and Independent Directors. The members of the Audit Committee during the financial year ended 31 December 2019 and at the date of this statement are:

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

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

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

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

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

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

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

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

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

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

DIRECTORS' STATEMENT

6. **Audit committee (Continued)**

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

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

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

7. **Independent auditors**

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

On behalf of the Board of Directors

Lim Chiau Woei
Director

Chan Koon Mong
Director

Singapore
11 June 2020

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF ANCHOR RESOURCES LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Anchor Resources Limited (the "Company") and its subsidiaries (the "Group") as set out on pages 63 to 127, which comprise:

- the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2019;
- the consolidated statement of comprehensive income, consolidated statement of changes in equity, and consolidated statement of cash flows of the Group for the financial year then ended; and
- notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)s") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2019, and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the financial year ended on that date.

Basis for Opinion

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

Material Uncertainty Related to Going Concern

We draw attention to Note 4 to the financial statements, which indicates that the Group's and Company's current liabilities exceeded their current assets by approximately RM20,298,000 and RM2,216,000 respectively as at 31 December 2019. The Group incurred a net loss of approximately RM15,818,000 and had negative cash flows from operating activities of approximately RM7,499,000 for the financial year ended 31 December 2019. As at 31 December 2019, the Group and the Company have cash and cash equivalents of approximately RM1,735,000 and RM2,000 respectively.

As at 31 December 2019, the Group and the Company have obligations due to borrowings in the form of guaranteed, non-guaranteed and exchangeable bonds ("Bonds") amounting to approximately RM23,316,000 and RM14,934,000 respectively as referred to in Note 15 to the financial statements. Of these amounts, approximately RM18,858,000 and RM10,476,000 for the Group and the Company respectively fall due and are repayable within the next 12 months from the financial year-end.

The ability of the Group and the Company to continue as a going concern is dependent on the Group's ability to generate positive cash flows from operations, obtain additional funding and receive continued financial support from its creditors.

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

Our opinion is not modified in respect of this matter.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF ANCHOR RESOURCES LIMITED

Key Audit Matters

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

Key Audit Matters	Audit Response
1 Mining Operations	
The Group operates mining and production of gold and granite respectively at Lubuk Mandi and Bukit Chetai Mines located in Terengganu, Malaysia. As at 31 December 2019, the assets related to mining operations ("Mining Assets") mainly comprise the following: 1. Mine properties 2. Property, plant and equipment 3. Investments in subsidiaries of the Company Mine properties and property, plant and equipment form a significant component of the Group's assets, i.e. 75.7% of the Group's total assets as at 31 December 2019. Mine properties represent those capitalised exploration, evaluation and development costs incurred for Lubuk Mandi and Bukit Chetai Mines. The Group applies a unit-of-production amortisation policy on its gold mine properties and straight-line method over the concession period for granite mine properties. Property, plant and equipment are mainly those on-site processing facilities and infrastructure. As the Group's gold and granite mining business segment incurred operating losses for the financial year ended 31 December 2019, management determined if there are impairment losses based on the value-in-use ("VIU") by estimating the expected present value of future cash flows from the Group's gold and granite mining operations. In addition, management also determined that there are indications of impairment on the investments in subsidiaries operating the mines as their net assets are lower than the costs of investment. Based on the respective recoverable amounts determined by management, impairment losses on the cost of investments in the subsidiaries operating the gold mine and granite mine of approximately RM17,769,000 and RM37,331,000 respectively were recognised in the Company's profit or loss.	We performed the following audit procedures, amongst others: • Read the Independent Qualified Person's Reports ("IQPR") issued by the independent external specialists to obtain an understanding of the reports. • Assessed the reasonableness of the amortisation policy which is based on a unit-of-production method by reference to the ratio of the actual production volume in the financial year to the recoverable ore reserves of the gold mine as extracted from the IQPR as well as assessed the reasonableness of the amortisation policy which is based on a straight-line method over the concession period of the granite mine. • Checked the mathematical accuracy of management's computation of the VIU of the respective CGU and discussed with management to understand the basis for the key assumptions made. • Evaluated the reasonableness of significant judgements and key assumptions used in the VIU by checking against relevant underlying data including current developments to the COVID-19 situation and performing sensitivity analysis.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF ANCHOR RESOURCES LIMITED

Key Audit Matters	Audit Response
1 Mining Operations (Continued)	
We focused on this area as a key audit matter due to the inherent subjectivity in management's judgement in: • determining the respective VIU of the gold and granite cash generating units ("CGU") which involves key assumptions on gold future prices, granite prices, future production volumes and discount rates, amongst others. • applying the unit-of-production amortisation policy on the gold mine properties which involves an estimation of the rate of depletion. • applying the straight-line amortisation policy over the concession period of the granite mine. In addition, the recoverable ore reserves of the mines are another key inputs to the VIU, for which management has engaged independent external specialists to assist in the estimations. Refer to Note 3.1 (i) to the financial statements which describes the critical judgements made in relation to impairment of the mine properties. Refer to Notes 5 and 6 to the financial statements relating to the carrying amounts of the Group's property plant and equipment and mine properties which amounted to approximately RM15,982,000 and RM14,963,000 respectively as at 31 December 2019. Refer to Note 7 to the financial statements relating to the carrying amount of the Company's investments in subsidiaries which amounted to RM116,657,000 as at 31 December 2019. Refer to Note 32 to the financial statements relating to events after the reporting period on the potential effects of COVID-19 pandemic and proposed settlement of the Group's and the Company's bonds obligations. Due to the recent COVID-19 pandemic, the Group's mining operations have been temporarily disrupted by the Movement Control Order in Malaysia where the operations are based. However, approvals have since been obtained for resumption of the mining operations.	We performed the following audit procedures, amongst others: (Continued) • Performed retrospective review by comparing the actual revenue incurred during the current financial year with those included in the prior year's forecasts so as to assess the accuracy of the Group's budgeting process. • Assessed the appropriateness of the cash flow projection periods used in the respective VIU of the gold mine and granite mine. • Engaged our internal valuation specialist to evaluate the reasonableness of the discount rate used. • Assessed and reviewed the underlying assumptions of the VIU with regards to the expected disposal of the gold mining operations subsequent to the financial year-end. • Evaluated the adequacy of the related disclosures in the financial statements.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF ANCHOR RESOURCES LIMITED

Other Information

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Directors for the Financial Statements

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF ANCHOR RESOURCES LIMITED

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF ANCHOR RESOURCES LIMITED

Report on Other Legal and Regulatory Requirements

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

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

BDO LLP
Public Accountants and
Chartered Accountants

Singapore
11 June 2020

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2019

	Note	Group		Company	
		2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	5	**15,982**	17,467	**4**	5
Mine properties	6	**14,963**	15,204	**–**	–
Investments in subsidiaries	7	**–**	–	**116,657**	171,757
Prepayments		**–**	23	**–**	–
		30,945	32,694	**116,661**	171,762
Current assets					
Inventories	8	**651**	1,314	**–**	–
Current income tax recoverable		**–**	450	**–**	–
Trade and other receivables	9	**7,400**	7,095	**15,664**	12,730
Prepayments		**152**	189	**9**	107
Cash and cash equivalents	10	**1,735**	7,153	**2**	5,038
		9,938	16,201	**15,675**	17,875
Total assets		**40,883**	48,895	**132,336**	189,637
EQUITY AND LIABILITIES					
Equity					
Share capital	11	**257,987**	248,600	**257,987**	248,600
Merger reserve	12	**(102,649)**	(102,649)	**–**	–
Currency translation reserve	13	**22**	28	**–**	–
Accumulated losses		**(150,192)**	(134,371)	**(148,000)**	(86,230)
Total equity		**5,168**	11,608	**109,987**	162,370
Non-current liabilities					
Lease liabilities(1)	14	**1,021**	964	**–**	–
Borrowings	15	**4,458**	4,444	**4,458**	4,444
		5,479	5,408	**4,458**	4,444
Current liabilities					
Trade and other payables	16	**10,893**	9,987	**7,415**	9,166
Lease liabilities(1)	14	**485**	319	**–**	–
Borrowings	15	**18,858**	21,573	**10,476**	13,657
		30,236	31,879	**17,891**	22,823
Total liabilities		**35,715**	37,287	**22,349**	27,267
Total equity and liabilities		**40,883**	48,895	**132,336**	189,637

(1) Classified as finance lease payables in the previous financial year.

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

	Note	2019 RM'000	2018 RM'000
Revenue	17	**4,698**	1,879
Other income	18	**978**	1,045
Raw materials and consumables used		**(631)**	(594)
Changes in inventories		**(296)**	271
Contractors expenses		**(1,115)**	(393)
Royalty fees		**(777)**	(969)
Depreciation and amortisation expenses	19	**(2,792)**	(2,655)
Employee benefits expense	20	**(5,103)**	(5,973)
Lease expenses	21	**(142)**	(330)
Other expenses		**(5,528)**	(3,926)
Loss allowance on third party trade receivables		**(1,239)**	(62)
Finance costs	22	**(3,871)**	(3,950)
Loss before income tax	23	**(15,818)**	(15,657)
Income tax	24	**–**	182
Loss for the financial year		**(15,818)**	(15,475)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Currency exchange differences arising on translating foreign operation		**(6)**	(12)
Income tax relating to items that may be subsequently reclassified		**–**	–
Other comprehensive income for the financial year, net of tax		**(6)**	(12)
Total comprehensive income for the financial year		**(15,824)**	(15,487)
Loss attributable to owners of the parent		**(15,818)**	(15,475)
Total comprehensive income attributable to owners of the parent		**(15,824)**	(15,487)
Loss per share	25		
– Basic (in sen)		**(1.33)**	(1.49)
– Diluted (in sen)		**(1.33)**	(1.49)

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

	Note	Share capital RM'000	Merger reserve RM'000	Currency translation reserve RM'000	Accumulated losses RM'000	Total equity RM'000
Balance at 1 January 2019		248,600	(102,649)	28	(134,371)	11,608
Adoption of SFRS(I)16	2.1	–	–	–	(3)	(3)
Balance at 1 January 2019 (as restated)		248,600	(102,649)	28	(134,374)	11,605
Loss for the financial year		–	–	–	(15,818)	(15,818)
Other comprehensive income for the financial year:						
Foreign currency translation differences		–	–	(6)	–	(6)
Total comprehensive income for the financial year		–	–	(6)	(15,818)	(15,824)
Contribution by owners of the parent:						
Issuance of new ordinary shares	11	9,387	–	–	–	9,387
Total transactions with owners		9,387	–	–	–	9,387
Balance at 31 December 2019		257,987	(102,649)	22	(150,192)	5,168
Balance at 1 January 2018		247,780	(102,649)	40	(118,896)	26,275
Loss for the financial year		–	–	–	(15,475)	(15,475)
Other comprehensive income for the financial year:						
Foreign currency translation differences		–	–	(12)	–	(12)
Total comprehensive income for the financial year		–	–	(12)	(15,475)	(15,487)
Contribution by owners of the parent:						
Issuance of new ordinary shares	11	820	–	–	–	820
Total transactions with owners		820	–	–	–	820
Balance at 31 December 2018		248,600	(102,649)	28	(134,371)	11,608

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

	2019 RM'000	2018 RM'000
Operating activities		
Loss before income tax	**(15,818)**	(15,657)
Adjustments for:		
Depreciation and amortisation expenses	**2,792**	2,655
Interest expenses	**3,871**	3,950
Interest income	**(9)**	(47)
Loss allowance on third party trade receivables	**1,239**	62
Write-down of inventories to net realisable value	**–**	30
Plant and equipment written off	**2**	2
Unrealised foreign exchange differences	**(338)**	194
Operating cash flows before working capital changes	**(8,261)**	(8,811)
Working capital changes:		
Inventories	**662**	(760)
Trade and other receivables	**(1,532)**	(1,595)
Prepayments	**59**	23
Trade and other payables	**1,123**	2,582
Cash used in operations	**(7,949)**	(8,561)
Income tax refunded/(paid)	**450**	(163)
Net cash used in operating activities	**(7,499)**	(8,724)
Investing activities		
Purchase of property, plant and equipment	**(160)**	(1,544)
Additions to mine properties	**(224)**	–
Interest received	**9**	47
Net cash used in investing activities	**(375)**	(1,497)
Financing activities		
Interest paid	**(1,807)**	(2,602)
Proceeds from issuance of new ordinary shares	**9,387**	820
Share application money pending allotment	**–**	3,036
Repayment of lease obligations (2018: Repayment of finance leases) (Note A)	**(577)**	(303)
(Repayment)/Proceeds from issuance of guaranteed bond (Note A)	**(7,345)**	4,088
Proceeds from issuance of non-guaranteed bond (Note A)	**2,668**	4,515
Net cash from financing activities	**2,326**	9,554
Net change in cash and cash equivalents	**(5,548)**	(667)
Exchange difference on cash and cash equivalents	**130**	3
Cash and cash equivalents at beginning of financial year	**7,153**	7,817
Cash and cash equivalents at end of financial year	**1,735**	7,153

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

A Reconciliation of liabilities arising from financing activities:

	1 January 2019 RM'000	SFRS(I) 16 Adoption RM'000	Proceeds received net of transaction costs RM'000	Principal and interest repayment RM'000	Non-cash changes: Additions of property, plant and equipment under finance lease RM'000	Interest expense RM'000	Foreign exchange differences RM'000	31 December 2019 RM'000
Lease liabilities	1,283	472	–	(577)	215	113	–	1,506
Guaranteed bonds	13,657	–	(61)	(8,228)	–	2,261	18	7,647
Exchangeable bond	7,916	–	–	(304)	–	755	15	8,382
Non-guaranteed bonds	4,444	–	2,729	(620)	–	742	(8)	7,287

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

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

1. General corporate information

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

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

The principal activities of the subsidiaries are set out in Note 7 to the financial statements.

The Company's ultimate controlling party is Lim Chiau Woei, who is a Director of the Company as at 31 December 2019 and 31 December 2018.

2. Summary of significant accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards (International) ("SFRS(I)"). The financial statements are 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 4 to the financial statements.

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

The preparation of financial statements in conformity with SFRS(I)s requires the management to exercise judgement in the process of applying the Group's and the Company's accounting policies and requires the use of accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the end of the reporting period, and the reported amounts of revenue and expenses during 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 differ from those estimates. The estimates and underlying assumptions are reviewed on an ongoing 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 period of revision and future 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 3 to the financial statements.

2. Summary of significant accounting policies (Continued)

2.1 Basis of preparation of financial statements (Continued)

During the financial year, the Group and the Company adopted the new or revised SFRS(I)s and SFRS(I) Interpretations ("SFRS(I) INT") that are relevant to their operations and effective for the current financial year. Changes to the Group's and the Company's accounting policies have been made as required in accordance with the relevant transitional provisions in the respective SFRS(I). The adoption of these new or revised SFRS(I)s and SFRS(I) INT did not result in any substantial changes to the Group's and the Company's accounting policies and have no material effect on the amounts reported for the current and prior financial years, except as disclosed below.

SFRS(I) 16 *Leases*

SFRS(I) 16 supersedes SFRS(I) 1-17 Leases and SFRS(I) INT 4 *Determining whether an Arrangement Contains a Lease*. SFRS(I) 16 provides a single lessee accounting model which eliminates the distinction between operating and finance leases for lessees. SFRS(I) 16 requires lessees to capitalise all leases on the consolidated statement of financial position by recognising a 'right-of-use' asset and a corresponding lease liability for the present value of the obligation to make lease payments, except for certain short-term leases and leases of low-value assets. Subsequently, the right-of-use assets will be depreciated and the lease liabilities will be measured at amortised cost. From the perspective of a lessor, the classification and accounting for operating and finance leases remains substantially unchanged under SFRS(I) 16.

The Group applied SFRS(I) 16 retrospectively with the cumulative effect of initially applying this standard as an adjustment to the opening accumulated losses as at 1 January 2019 (the "date of initial application"). The Group elected to apply the practical expedient to not reassess whether a contract is, or contains a lease at the date of initial application. Contracts entered into before the transition date that were not identified as leases under SFRS(I) 1-17 and SFRS(I) INT 4 were not reassessed. The definition of lease under SFRS(I) 16 was applied only to contracts entered into or changed on or after 1 January 2019.

In applying the modified retrospective approach, the Group has taken advantage of the following practical expedients:

- A single discount rate has been applied to portfolios of leases with reasonably similar characteristics;

- For the purpose of measuring the right-of-use asset, hindsight has been used. Therefore, it has been measured based on prevailing estimates at the date of initial application and not retrospectively by making estimates and judgements (such as lease terms) based on circumstances on or after the lease commencement date.

As a lessee, the Group previously classified leases as finance or operating lease based on its assessment of whether the lease transferred substantially all the risks and rewards of ownership. Under SFRS(I) 16, the Group recognises right-of-use assets and lease liabilities for most leases. For those low-value assets based on the value of the underlying asset when new and leases with a lease term of 12 months or less, the Group has elected not to recognise right-of-use assets and lease liabilities for these leases.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2. Summary of significant accounting policies (Continued)

2.1 Basis of preparation of financial statements (Continued)

SFRS(I) *16 Leases* (Continued)

On adoption of SFRS(I) 16, the Group recognised right-of-use assets and lease liabilities in relation to office premises which had previously been classified as operating leases.

Lease liabilities from operating leases under the principles of SFRS(I) 1-17 were measured at the present value of the remaining lease payments, discounted using lessee's incremental borrowing rate as at 1 January 2019. The weighted average incremental borrowing rate applied to lease liabilities on 1 January 2019 was 5.27% per annum.

The right-of-use assets were measured as follows:

(a) Properties: right-of-use assets are measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments.

(b) All other leases: the carrying amount is determined as if SFRS(I) 16 being applied from the commencement date of the leases, subject to the practical expedients listed above.

For leases that were classified as finance leases applying SFRS(I) 1-17, the carrying amount of the assets acquired under finance leases and finance lease liabilities at the date of initial application shall be the carrying amount of the right-of-use assets and lease liabilities as at 31 December 2018. Consequently, office premises are reclassified and presented as right-of-use assets (Note 5) included under property, plant and equipment at the date of initial application.

The effect of adopting SFRS(I) 16 as at 1 January 2019 was as follows:

	Group Increase RM'000
Assets	
Right-of-use assets	469
Liabilities	
Lease liabilities	472
Equity	
Accumulated losses	3

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2. Summary of significant accounting policies (Continued)

2.1 Basis of preparation of financial statements (Continued)

SFRS(I) 16 *Leases* (Continued)

The aggregate lease liabilities recognised in the consolidated statement of financial position as at 1 January 2019 and the Group's operating lease commitments as at 31 December 2018 can be reconciled as follows:

	RM'000
Operating lease commitments as at 31 December 2018 (Note 27)	149
Less: Effect of short-term and low value leases	(46)
Add: Effect of extension options reasonably certain to be exercised	419
	522
Effect of discounting using the incremental borrowing rate as at date of initial application	(50)
	472
Finance lease liabilities recognised at 31 December 2018	1,283
Lease liabilities as at 1 January 2019	1,755

SFRS(I)s issued but not yet effective

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

			Effective date (annual periods beginning on or after)
SFRS(I) 1-1 and SFRS(I) 1-8 (Amendments)	:	Definition of Material	1 January 2020
SFRS(I) 3 (Amendments)	:	Definition of a Business	1 January 2020
SFRS(I) 9, SFRS(I) 1-39 and SFRS(I) 7	:	Interest Rate Benchmark Reform	1 January 2020
SFRS(I) 17	:	Insurance Contracts	1 January 2021
SFRS(I) 10 and SFRS(I) 1-28 (Amendments)	:	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined
Various (Amendments)	:	References to the Conceptual Framework in SFRS(I) Standards	1 January 2020
SFRS(I) 16 (Amendments)	:	COVID-19 – Related Rent Concessions	1 June 2020
SFRS(I) 1-1 (Amendments)	:	Classification of Liabilities as Current or Non-current	1 January 2022

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2. Summary of significant accounting policies (Continued)

2.2 Basis of consolidation

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

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

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

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

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

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

Acquisitions under common control

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2. Summary of significant accounting policies (Continued)

2.3 Subsidiaries

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

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

2.4 Property, plant and equipment

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2. Summary of significant accounting policies (Continued)

2.4 Property, plant and equipment (Continued)

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

2.5 Mine properties

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

(i) Gold mine

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

(ii) Granite mine

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

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

2.6 Impairment of non-financial assets

The carrying amounts of non-financial 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.

2. Summary of significant accounting policies (Continued)

2.6 Impairment of non-financial assets (Continued)

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

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

2.7 Inventories

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

2. Summary of significant accounting policies (Continued)

2.8 Financial instruments

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

Financial assets

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

Amortised cost

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

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

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

2. Summary of significant accounting policies (Continued)

2.8 Financial instruments (Continued)

Financial assets (Continued)

Amortised cost (Continued)

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

The Group's and the Company's financial assets measured at amortised cost comprise trade and other receivables and cash and cash equivalents in the statements of financial position.

Derecognition of financial assets

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

Financial liabilities and equity instruments

Classification as debt or equity

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

Equity instruments

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

Financial liabilities

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

Trade and other payables

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2. Summary of significant accounting policies (Continued)

2.8 Financial instruments (Continued)

Financial liabilities and equity instruments (Continued)

Financial liabilities (Continued)

Guaranteed and non-guaranteed bonds

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

Exchangeable bond

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

Financial guarantee contracts

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

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

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

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

Derecognition of financial liabilities

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

2.9 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, cash and deposits with banks and financial institutions. Cash and cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

2. Summary of significant accounting policies (Continued)

2.10 Revenue recognition

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

Sale of goods

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

2.11 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.

2.12 Leases

As lessee

All leases are accounted for by recognising a right-of-use asset and a lease liability except for:

- leases of low value assets; and
- leases with a duration of twelve months or less.

The payments for leases of low value assets and short-term leases are recognised as an expense on a straight-line basis over the lease term.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2. Summary of significant accounting policies (Continued)

2.12 Leases (Continued)

As lessee (Continued)

Initial measurement

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless this is not readily determinable, in which case the Group's incremental borrowing rate on commencement of the lease is used.

On initial recognition, the carrying amount of lease liabilities also includes:

- amounts expected to be payable under any residual value guarantee;
- the exercise price of any purchase option granted in favour of the Group if it is reasonably certain to assess that option; and
- any penalties payables for terminating the lease, if the term of the lease has been estimated on the basis of termination option being exercised.

Right-of-use assets are initially measured at the amount of lease liabilities, reduced by any lease incentives received and increased for:

- lease payments made at or before commencement of the lease;
- initial direct costs incurred; and
- the amount of any provision recognised where the Group is contractually required to dismantle, remove or restore the leased asset.

The Group presents the right-of-use assets in "Property, plant and equipment" and lease liabilities separately from other liabilities in the consolidated statement of financial position.

Subsequent measurement

Right-of-use assets are subsequently measured at cost less any accumulated depreciation, any accumulated impairment loss and, if applicable, adjusted for any remeasurement of the lease liabilities. The right-of-use assets under cost model are depreciated on a straight-line basis over the shorter of either the remaining lease term or the remaining useful life of the right-of-use assets. If the lease transfers ownership of the underlying asset by the end of the lease term or if the cost of the right-of-use asset reflects that the Group will exercise the purchase option, the right-of-use assets are depreciated over the useful life of the underlying asset.

2. Summary of significant accounting policies (Continued)

2.12 Leases (Continued)

As lessee (Continued)

Subsequent measurement (Continued)

	Years
Buildings	**4**

The carrying amount of right-of-use assets are reviewed for impairment when events or changes in circumstances indicate that the right-of-use asset may be impaired. The accounting policy on impairment is as described in Note 2.6 to the financial statements.

Subsequent to initial measurement, lease liabilities are adjusted to reflect interest charged at a constant periodic rate over the remaining lease liabilities, lease payment made and if applicable, account for any remeasurement due to reassessment or lease modifications.

After the commencement date, interest on the lease liabilities are recognised in profit or loss, unless the costs are eligible for capitalisation in accordance with other applicable standards.

When the Group revises its estimate of any lease term (i.e. probability of extension or termination option being exercised), it adjusts the carrying amount of the lease liability to reflect the payments over the revised term. The carrying amount of lease liabilities is similarly revised when the variable element of the future lease payment dependent on a rate or index is revised. In both cases, an equivalent adjustment is made to the carrying amount of the right-of-use assets. If the carrying amount of the right-of-use assets is reduced to zero and there is a further reduction in the measurement of lease liabilities, the remaining amount of the remeasurement is recognised directly in profit or loss.

When the Group renegotiates the contractual terms of a lease with the lessor, the accounting treatment depends on the nature of the modification:

- If the renegotiation results in one or more additional assets being leased for an amount commensurate with the standalone price for the additional right-of-use obtained, the modification is accounted for as a separate lease in accordance with the above policy;

- In all other cases where the renegotiation increases the scope of the lease (i.e. extension to the lease term, or one or more additional assets being leased), the lease liability is remeasured using the discount rate applicable on the modification date, with the right-of-use asset being adjusted by the same amount;

- If the renegotiation results in a decrease in scope of the lease, both the carrying amount of the lease liability and right-of-use asset are reduced by the same proportion to reflect the partial or full termination of the lease with any difference being recognised in profit or loss. The lease liability is then further adjusted to ensure its carrying amount reflects the amount of the renegotiated payments over the renegotiated term, with the modified lease payments discounted at the rate applicable on the modification date. The right-of-use asset is adjusted by the same amount.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2. Summary of significant accounting policies (Continued)

2.12 Leases (Continued)

As lessee (Continued)

Subsequent measurement (Continued)

For lease contracts that convey a right to use an identified asset and require services to be provided by the lessor, the Group has elected to account for the entire contract as a lease. The Group does not allocate any amount of contractual payments to, and account separately for, any services provided by the lessor as part of the contract.

Accounting policy prior to 1 January 2019

As lessee

Finance leases

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

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

Operating leases

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2. Summary of significant accounting policies (Continued)

2.13 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. Borrowing costs on general borrowings are capitalised by applying a capitalisation rate to construction or development expenditures that are financed by general borrowings. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred using the effective interest method.

2.14 Income tax

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2. Summary of significant accounting policies (Continued)

2.14 Income tax (Continued)

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

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

2.15 Foreign currencies

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

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

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

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

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

2. Summary of significant accounting policies (Continued)

2.16 Segment reporting

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

2.17 Contingencies

A contingent liability is:

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

3. Critical accounting judgements and key sources of estimation uncertainty

3.1 Critical judgements made in applying the accounting policies

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

(i) Impairment of assets relating to mining operations

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

3.2 Key sources of estimation uncertainty

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

(i) Amortisation of mine properties

Gold mine properties are amortised based on units-of-production basis over the economically recoverable reserves and granite mine properties are amortised based on straight-line method over the concession period of the granite mine. Management reviews and revises the estimates of the recoverable reserves of the mines and remaining useful life and residual values of mine properties at the end of each financial year. Any changes in estimates of the recoverable reserve of the mine and, the useful life and residual values of the mine properties would impact the amortisation charges and consequently affect the Group's financial performance. The carrying amount of the Group's mine properties as at 31 December 2019 was approximately RM14,963,000 (2018: RM15,204,000) (Note 6).

(ii) Non-trade receivable due from a subsidiary

Management determines whether there is significant increase in credit risk of the subsidiary since initial recognition. Management considers various operating performance ratios and projected cash flows of the subsidiary. There is no significant increase in credit risk as at 31 December 2019. Therefore, no expected credit loss allowance is recognised. The carrying amounts of other receivables due from subsidiary are disclosed in Note 9 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

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

3.2 Key sources of estimation uncertainty (Continued)

(iii) Impairment of investments in subsidiaries

At the end of each financial year, an assessment is made on whether there is indication that the investments in subsidiaries are impaired. The management's assessment for impairment on investment in Angka Alamjaya Sdn. Bhd. ("AASB") is based on estimated fair value less costs to sell and for impairment on investment in GGTM Sdn. Bhd. ("GGTM"), it is based on the estimation of the value-in-use of the CGUs by forecasting the expected future cash flows for a period of 18 years, using a suitable discount rate in order to calculate the present value of those cash flows. Based on the recoverable amounts determined by the management, an impairment loss on the cost of investments in subsidiaries of approximately RM55,100,000 was recognised in the Company's profit or loss. The Company's carrying amount of investments in subsidiaries as at 31 December 2019 was approximately RM116,657,000 (2018: RM171,757,000) (Note 7).

4. Going concern

The Group's and Company's current liabilities exceeded its current assets by approximately RM20,298,000 and RM2,216,000 respectively as at 31 December 2019. The Group incurred a net loss of approximately RM15,818,000 and had negative cash flows from operating activities of approximately RM7,499,000 for the financial year ended 31 December 2019. As at 31 December 2019, the Group and the Company have cash and cash equivalents of approximately RM1,735,000 and RM2,000 respectively.

The Group's Guaranteed Bond II, i.e. Guaranteed First-Tranche Non-Convertible Bond of S$1,500,000 (equivalent to RM4,243,000) was originally due for repayment in April 2019. Repayment date has been extended from April 2019 to May 2019 for the first S$750,000 (equivalent to RM2,022,000) and April 2020 for the remaining S$750,000 (equivalent to RM2,221,000) respectively as disclosed in Note 15.4 to the financial statements. The Group's Guaranteed Bond II has been further extended to 3 October 2020 as disclosed in Note 32.3 to the financial statements.

The Group's Guaranteed Bond III, i.e. Guaranteed Second-Tranche Non-Convertible Bond of S$3,310,000 (equivalent to RM9,414,000) was originally due for repayment in April 2019. Repayment date has been extended from April 2019 to May 2019 for the first S$1,655,000 (equivalent to RM4,707,000) and the remaining S$1,655,000 (equivalent to RM4,707,000) was exchanged with an issue of S$1,903,000 (equivalent to RM5,426,000) in aggregate principal amount of 10% guaranteed non-convertible bonds which will mature in April 2020 as disclosed in Note 15.5 to the financial statements. The Group's Guaranteed Bond III has been further extended to 3 October 2020 as disclosed in Note 32.4 to the financial statements.

The Group's Non-Guaranteed Bond I of S$1,500,000 (equivalent to RM4,458,000) is originally due for repayment in September 2021. On 29 April 2020, the Group had entered into a deed of settlement as disclosed in Note 32.5 to the financial statements.

The Group's Non-Guaranteed Bond II of S$1,023,000 (equivalent to RM2,829,000) was originally due for repayment in December 2019. However, the repayment date was extended from December 2019 to June 2020. On 29 April 2020, the Group had entered into a deed of settlement as disclosed in Note 32.6 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

4. Going concern (Continued)

The Group also has exchangeable bond of S$2,645,000 (equivalent to RM8,382,000) due for repayment in August 2019. However, the repayment date was extended from 25 August 2019 to June 2020. On 29 April 2020, the Group had entered into a deed of settlement as disclosed in Note 32.7 to the financial statements.

The proposed settlements are subject to certain key conditions, including approval from authorities and shareholders in extraordinary general meeting. Further conditions are included in Note 32.7 to the financial statements.

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

To meet the short-term financing needs, the Group has obtained or plans to obtain the following sources of funding:

(a) The Company received net cash proceeds of S$645,000 (equivalent to RM1,935,000), on 5 June 2020, from the proposed disposal of Angka Alamjaya Sdn. Bhd., which is the subsidiary involved in the gold mining segment of the Group. As at the date of the financial statements, the Company is still in the process of preparing the necessary documents. Thereafter, an extraordinary general meeting will be convened to seek the approval of all the shareholders of the Company for the proposed disposal (Note 32.5 to the financial statements); and

(b) Continued support from one of the controlling shareholders Mr. Lim Chiau Woei, who has undertaken to provide adequate funds to enable the Group to meet its payment obligations as they fall due.

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

(a) The Group plans to raise additional funds of RM10 million in August 2020, by assigning its concession at Bukit Machang, Terengganu, held by GGTM Sdn. Bhd., which is the subsidiary involved in the granite mining segment of the Group. This transaction is subject to completion, upon signing of a Definitive Agreement, amongst other principal terms and conditions that are set out in the heads of agreement. An earnest deposit of RM200,000, being 2% of purchase price, has been placed for the entire duration of the exclusivity period (within six months from the date of heads of agreement) and the balance of the purchase price to be settled with cash or any other mode of settlement, agreeable by both parties under the Definitive Agreement.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

4. Going concern (Continued)

Management has prepared a cash flow forecast which shows that the Company and the Group will have adequate funds for its operational requirements and to meet their debt obligations as and when they fall due for at least 12 months from the end of the financial year, having taken account of the funds available and cash flows to be generated from the operations based on the plans set out above and the potential effects of COVID-19 pandemic. Accordingly, the Directors of the Company are of the opinion that it is appropriate for the financial statements to be prepared using a going concern basis of accounting.

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

5. Property, plant and equipment

	Buildings RM'000	Furniture and fittings RM'000	Office equipment RM'000	Motor vehicles RM'000	Renovation RM'000	Plant and machinery RM'000	Road and infrastructure RM'000	Electrical installation works RM'000	Tools and equipment RM'000	Total RM'000
Group										
2019										
Cost										
Balance at 1 January 2019	6,417	114	644	1,225	522	13,747	1,351	53	23	24,096
Adoption of SFRS(I) 16	469	–	–	–	–	–	–	–	–	469
At 1 January 2019 (restated)	6,886	114	644	1,225	522	13,747	1,351	53	23	24,565
Additions	69	10	33	199	38	–	21	1	4	375
Written off	–	(1)	–	–	–	–	–	–	(4)	(5)
Balance at 31 December 2019	6,955	123	677	1,424	560	13,747	1,372	54	23	24,935
Accumulated depreciation and impairment losses										
Balance at 1 January 2019	1,085	87	452	505	357	3,903	220	8	12	6,629
Depreciation for the financial year	436	22	111	255	81	1,340	68	11	3	2,327
Written off	–	(1)	–	–	–	–	–	–	(2)	(3)
Balance at 31 December 2019	1,521	108	563	760	438	5,243	288	19	13	8,953
Carrying amount										
Balance at 31 December 2019	5,434	15	114	664	122	8,504	1,084	35	10	15,982

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

5. Property, plant and equipment (Continued)

	Buildings RM'000	Furniture and fittings RM'000	Office equipment RM'000	Motor vehicles RM'000	Renovation RM'000	Plant and machinery RM'000	Road and infrastructure RM'000	Electrical installation works RM'000	Tools and equipment RM'000	Total RM'000
Group										
2018										
Cost										
Balance at 1 January 2018	5,976	113	628	753	522	12,030	1,331	9	11	21,373
Additions	441	1	22	472	–	1,717	20	44	12	2,729
Written off	–	–	(6)	–	–	–	–	–	–	(6)
Balance at 31 December 2018	6,417	114	644	1,225	522	13,747	1,351	53	23	24,096
Accumulated depreciation and impairment losses										
Balance at 1 January 2018	799	71	344	323	256	2,651	153	4	6	4,607
Depreciation for the financial year	286	16	112	182	101	1,252	67	4	6	2,026
Written off	–	–	(4)	–	–	–	–	–	–	(4)
Balance at 31 December 2018	1,085	87	452	505	357	3,903	220	8	12	6,629
Carrying amount										
Balance at 31 December 2018	5,332	27	192	720	165	9,844	1,131	45	11	17,467

	Company 2019 RM'000	Company 2018 RM'000
Office equipment		
Cost		
Balance at beginning of financial year	**7**	7
Additions	**–**	5
Written off	**–**	(5)
Balance at end of financial year	**7**	7
Accumulated depreciation		
Balance at beginning of financial year	**2**	4
Depreciation for the financial year	**1**	1
Written off	**–**	(3)
Balance at end of financial year	**3**	2
Carrying amount		
Balance at end of financial year	**4**	5

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

5. Property, plant and equipment (Continued)

Right-of-use of assets under leasing arrangements are presented together with the owned assets of the same class. Details of such leased assets are disclosed below and disclosures relating to lease arrangements are included under Note 14.

Right-of-use assets classified within Property, plant and equipment

	Buildings RM'000	Motor vehicles RM'000	Plant and machinery RM'000	Total RM'000
Group				
Cost				
Balance at 1 January				
– recognition arising from SFRS(I) 16	469	–	–	469
– reclassifications	–	1,044	963	2,007
Additions	69	199	–	268
Balance at 31 December 2019	538	1,243	963	2,744
Accumulated depreciation				
Balance at 1 January 2019	–	335	103	438
Depreciation charged	138	249	96	483
Balance at 31 December 2019	138	584	199	921
Carrying amount				
Balance at 31 December 2019	400	659	764	1,823

The Group leases a number of buildings (i.e. office premises), motor vehicles and plant and machinery with fixed payments over the lease terms.

As at 31 December 2019, included in the Group's property, plant and equipment are items with aggregate net carrying value of approximately RM1,424,000 (2018: RM1,570,000) purchased under lease (2018: finance lease) arrangements.

Impairment assessment for property, plant and equipment is disclosed in Note 6. The Group has also reassessed the useful lives of its property, plant and equipment and determined that no change in the useful lives was required.

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

	Group	
	2019 RM'000	2018 RM'000
Additions to property, plant and equipment	**375**	2,729
Acquired under lease arrangements (2018: finance lease)	**(215)**	(1,185)
Cash payments for acquisition of property, plant and equipment	**160**	1,544

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

6. Mine properties

	Group	
	2019 RM'000	2018 RM'000
Cost		
Balance at beginning of financial year	**16,777**	16,777
Additions	**224**	–
Balance at end of financial year	**17,001**	16,777
Accumulated amortisation		
Balance at beginning of financial year	**1,573**	944
Amortisation for financial year	**465**	629
Balance at end of financial year	**2,038**	1,573
Carrying amount		
Balance at end of financial year	**14,963**	15,204

Property, plant and equipment and mine properties

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

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

Impairment testing

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

For value-in-use calculations, the recoverable amount is determined by applying the discounted cash flow model using cash flow projections based on financial budget and forecasts approved by the management covering a period of 3 and 18 years. Management is of the opinion that, three-year and eighteen-year cash flow projections are more reflective of the recoverable reserves of the mines and remaining life of the mines in which the CGUs are operating in. The terminal year value is not relevant for this calculation.

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

	2019 Discount rate %	2019 Average growth rate %	2018 Discount rate %	2018 Average growth rate %
Gold mining	**9.4**	**77.1**	9.9	41.6
Granite mining	**9.4**	**14.3**	9.9	34.1

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

7. Investments in subsidiaries

	Company	
	2019 RM'000	2018 RM'000
Unquoted equity investments, at cost	**192,686**	192,686
Less: Accumulated impairment losses	**(76,029)**	(20,929)
	116,657	171,757
Accumulated impairment losses		
Balance at beginning of financial year	**20,929**	20,929
Impairment loss for financial year	**55,100**	–
Balance at end of financial year	**76,029**	20,929

As at the end of the reporting period, the Company carried out a review of the investment in subsidiaries, having regards for indicators of impairment on investment in Angka Alamjaya Sdn. Bhd. ("AASB") and GGTM Sdn. Bhd. ("GGTM") due to the losses reported by both subsidiaries, an impairment loss of approximately RM55,100,000 (2018: RM Nil) was recognised in the Company's profit or loss for the financial year ended 31 December 2019.

The recoverable amount of investment in AASB which is approximately RM15,156,000 is determined from fair value less costs to sell based on estimated proceeds from disposal. The recoverable amount of investment in GGTM which is approximately RM101,469,000 is determined from value-in-use calculations based on cash flow forecasts derived from the most recent financial budgets approved by management for the next 18 years. The key assumptions for GGTM's value-in-use calculations are those regarding the discount rates and growth rates disclosed in Note 6 to the financial statements.

The particulars of the subsidiaries are as follows:

Name of company (Principal place of business)	Proportion of ownership interest held 2019 %	2018 %	Principal activities
Held by the Company			
Angka Alamjaya Sdn. Bhd.[(1)] (Malaysia)	**100**	100	Gold and related mineral mining, consultant and contractor of natural resources
GGTM Sdn. Bhd.[(1)] (Malaysia)	**100**	100	Exploration, mining and production of dimension stone granites for sales as well as architectural stone and interior fit-out
Angka Marketing Pte. Ltd.[(2)] (Singapore)	**100**	100	Business and management consulting services

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

7. Investments in subsidiaries (Continued)

Name of company (Principal place of business)	Proportion of ownership interest held 2019 %	2018 %	Principal activities
Held by Angka Alamjaya Sdn. Bhd.			
Angka Mining Sdn. Bhd.[(1)] (Malaysia)	**100**	100	Gold and related mining consultancy
Held by GGTM Sdn. Bhd.			
Stonetrade Sdn. Bhd.[(1)] (Malaysia)	**100**	100	Exploration, quarrying activities, construction, manufacturing, processing, cutting and polishing of dimension stone, granite stone, marble, aggregates and related products

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

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

During the financial year ended 31 December 2019, the Company has issued corporate guarantee to a bank in respect of the finance lease arrangements amounting to RM Nil (2018: RM286,000) which is granted to GGTM.

8. Inventories

	Group 2019 RM'000	Group 2018 RM'000
Raw materials	**382**	545
Consumables	**269**	503
Work-in-progress	**–**	41
Finished goods	**–**	225
	651	1,314

The cost of inventories recognised as an expense and included in "Raw materials and consumables used" and "Changes in inventories" line items in the Group's profit or loss for the financial year ended 31 December 2019 amounted to approximately RM631,000 (2018: RM564,000) and RM296,000 (2018: (RM271,000)) respectively.

As at 31 December 2019, the Group carried out a review of the realisable values of its inventories and the review led to a write down of inventories to net realisable value of approximately RM Nil (2018: RM30,000) as an expense and included in "Raw materials and consumables used" line item in the Group's profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

9. Trade and other receivables

	Group		Company	
	2019	**2018**	**2019**	**2018**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Trade receivables – third parties	**6,727**	4,112	**–**	–
Less: Loss allowance	**(1,301)**	(62)	**–**	–
Sub-total	**5,426**	4,050	**–**	–
Other receivables				
– third parties	**1,537**	1,410	**–**	–
– subsidiaries	**–**	–	**15,664**	12,730
Advance payments to suppliers – third parties	**11**	487	**–**	–
Goods and services tax recoverable, net	**3**	63	**–**	–
Deposits	**423**	1,085	**–**	–
	1,974	3,045	**15,664**	12,730
	7,400	7,095	**15,664**	12,730

Included in trade receivables at 31 December 2019 are retention sums of RM1,455,000 (2018: RM1,455,000) relating to contract works. Retention sums are unsecured, interest-free and are expected to be collected within the normal operating cycle.

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

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

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

The lifetime expected loss allowance for Group's trade receivables is as follows:

	Current RM'000	**More than 30 days past due RM'000**	**More than 60 days past due RM'000**	**More than 120 days past due RM'000**	**Total RM'000**
2019					
Expected loss rate	0%	0%	0%	19%	
Gross carrying amount					
– Trade receivables	114	85	92	6,436	6,727
Loss allowance	–	–	–	1,239	1,239
2018					
Expected loss rate	0%	0%	0%	2%	
Gross carrying amount					
– Trade receivables	380	47	–	3,685	4,112
Loss allowance	–	–	–	62	62

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

9. Trade and other receivables (Continued)

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

	Group	
	2019	**2018**
	RM'000	**RM'000**
Balance at beginning of financial year under SFRS(I) 9	**62**	–
Loss allowance recognised during the financial year (Note 28)	**1,239**	62
Balance at end of financial year	**1,301**	62

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

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

	Group		Company	
	2019	**2018**	**2019**	**2018**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Ringgit Malaysia	**7,385**	6,761	**15,664**	–
Singapore dollar	**–**	–	**–**	12,730
United States dollar	**15**	319	**–**	–
Chinese renminbi	**–**	15	**–**	–
	7,400	7,095	**15,664**	12,730

10. Cash and cash equivalents

	Group		Company	
	2019	**2018**	**2019**	**2018**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Fixed deposits	**300**	300	**–**	–
Bank balances	**1,435**	6,853	**2**	5,038
	1,735	7,153	**2**	5,038

Fixed deposits bear an effective interest rate of 3.15% (2018: 3.15%) per annum with maturity of one month (2018: 3 months) during the financial year.

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

	Group	
	2019	**2018**
	RM'000	**RM'000**
Banking facilities granted	**5,000**	5,000
Banking facilities utilised	**–**	–

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

10. Cash and cash equivalents (Continued)

The currency profiles of cash and cash equivalents as at the end of the reporting period are as follows:

	Group		Company	
	2019	**2018**	**2019**	**2018**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Ringgit Malaysia	**1,702**	2,081	**–**	–
Singapore dollar	**33**	5,072	**2**	5,038
	1,735	7,153	**2**	5,038

11. Share capital

	Group and Company			
	2019		**2018**	
	Number of ordinary shares	**RM'000**	**Number of ordinary shares**	**RM'000**
Issued and fully-paid:				
At beginning of financial year	**1,046,948,355**	**248,600**	1,038,448,355	247,780
Issuance of new shares by way of placements	**197,334,458**	**9,387**	8,500,000	820
At end of financial year	**1,244,282,813**	**257,987**	1,046,948,355	248,600

As at 31 December 2019, the Group has 128,500,000 free warrants remain outstanding (2018: 128,500,000).

In connection with the First Tranche Bonds Issue, the Company has issued 47,000,000 free warrants (the "First Tranche Warrants") on 4 May 2018 to the First Tranche Subscribers in their pro-rata proportion to their respective subscription of the First Tranche Bonds, with each First Tranche Warrant carrying the right to subscribe for one new ordinary share in the capital of the Company (each, a "First Tranche Warrant Share", collectively, the "First Tranche Warrant Shares") at an exercise price of S$0.032 for each First Tranche Warrant Share. 8,500,000 new ordinary shares in the capital of the Company have been allotted and issued by the Company on 7 September 2018 arising from the exercise of 8,500,000 First Tranche Warrants. The expiration date is on 3 May 2020, 24 months from the date of issue of the First Tranche Warrants. As at 31 December 2019, the Group has 38,500,000 First Tranche Warrants remain outstanding.

In connection with the Second Tranche Bonds Issue, the Company has issued 90,000,000 free warrants (the "Second Tranche Warrants") on 4 May 2018 to the Second Tranche Subscribers, with each Second Tranche Warrant carrying the right to subscribe for one new ordinary share in the capital of the Company (each, a "Second Tranche Warrant Share", collectively, the "Second Tranche Warrant Shares") at an exercise price of S$0.032 for each Second Tranche Warrant Share. The expiration date is on 3 May 2020, 24 months from the date of issue of the Second Tranche Warrants. As at 31 December 2019, the Group has 90,000,000 Second Tranche Warrants remain outstanding.

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

11. Share capital (Continued)

On 17 January 2019, the Company increased its issued and fully paid-up share capital by way of placement and issuance of 43,478,261 new ordinary shares at an issue price of S$0.023 per ordinary share for cash consideration of approximately S$932,000 (approximately RM2,825,600).

On 2 May 2019, the Company increased its issued and fully paid-up share capital by way of placement and issuance of 153,856,197 new ordinary shares at an issue price of S$0.015 per ordinary share for cash consideration of approximately S$2,159,000 (approximately RM6,561,800).

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

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

12. Merger reserve

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

13. Currency translation reserve

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

14. Lease liabilities

	2019 RM’000
Group	
At 1 January 2019	
– Finance lease liabilities under SFRS(I) 1-17	1,283
– Adoption of SFRS(I) 16 (Note 2.1)	472
	1,755
Addition	215
Interest expenses	113
Lease payments	
– Principal portion	(464)
– Interest portion	(113)
At 31 December 2019	1,506

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

14. Lease liabilities (Continued)

The maturity analysis of lease liabilities of the Group at each reporting date are as follows:

	Group	
	2019	**2018**
	RM'000	**RM'000**
Minimum lease payments due		
– Not later than one financial year	**565**	397
– Between one financial year and five financial years	**1,068**	1,045
– Later than five financial years	**35**	24
	1,668	1,466
Less: Interest charges	**(162)**	(183)
	1,506	1,283
Presented in consolidated statement of financial position:		
– Non-current	**1,021**	964
– Current	**485**	319
	1,506	1,283

The lease term ranges from 1 to 6 (2018: 2 to 7) years for the financial year ended 31 December 2019. The effective interest rates for the lease liabilities ranges from 5.14% to 9.24% (2018: 5.14% to 9.24%) per annum for the financial year ended 31 December 2019.

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

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

The currency profile of lease liabilities as at the end of the reporting period is Ringgit Malaysia.

During the financial year ended 31 December 2019, the Company has issued corporate guarantee to a bank in respect of the lease arrangements amounting to RM876,000 (2018: RM876,000) which is granted to one of its subsidiaries, GGTM.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

15. Borrowings

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Non-current liabilities				
Secured				
Non-guaranteed bond I	**4,458**	4,444	**4,458**	4,444
Current liabilities				
Secured				
Non-guaranteed bond II	**2,829**	–	**2,829**	–
Guaranteed bond II	**2,221**	4,243	**2,221**	4,243
Guaranteed bond III	**5,426**	9,414	**5,426**	9,414
	10,476	13,657	**10,476**	13,657
Unsecured				
Exchangeable bond	**8,382**	7,916	**–**	–
	18,858	21,573	**10,476**	13,657
	23,316	26,017	**14,934**	18,101

15.1 Non-guaranteed bond I ("NGB I")

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

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

The salient features of the NGB I are as follows:

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

15. Borrowings (Continued)

15.1 Non-guaranteed bond I ("NGB I") (Continued)

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

On 29 April 2020, the Group had entered into a deed of settlement as disclosed in Note 32.5 to the financial statements.

15.2 Non-guaranteed bond II ("NGB II")

The non-guaranteed non-convertible bond, which was due in December 2019, carries fixed interest rate of 20.0% per annum, has extended its maturity date to June 2020.

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

The salient features of the NGB II are as follows:

(i) NGB II will mature on 25 June 2020.

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

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

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

On 29 April 2020, the Company had entered into a deed of settlement as disclosed in Note 32.6 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

15. Borrowings (Continued)

15.3 Exchangeable bond ("EB")

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

On 8 April 2019, the Group extended the repayment date for the amount of S$2,645,000 (equivalent to RM7,916,000) due and payable by the Group from 25 August 2019 to 30 June 2020 subject to parties successful negotiating the terms and conditions for the extension.

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

The salient features of the EB are as follows:

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

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

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

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

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

On 29 April 2020, the Company had entered into a deed of settlement as disclosed in Note 32.7 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

15. Borrowings (Continued)

15.4 Guaranteed bond II ("GB II")

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

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

The salient features of the GB II are as follows:

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

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

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

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

In connection with the subscription of the First Tranche Bonds by the First Tranche Subscribers, the Company has also agreed to issue 47,000,000 free warrants (the "First Tranche Warrants") to the First Tranche Subscribers in their pro-rata proportion to their respective subscription of the First Tranche Bonds, with each First Tranche Warrant carrying the right to subscribe for one new ordinary share in the capital of the Company (each, a "First Tranche Warrant Share", collectively, the "First Tranche Warrant Shares") at an exercise price of S$0.032 for each First Tranche Warrant Share, subject to the terms and conditions of the First Tranche Warrants as set out in the Warrant Instrument. 8,500,000 new ordinary shares in the capital of the Company have been allotted and issued by the Company on 7 September 2018 arising from the exercise of 8,500,000 First Tranche Warrants. As at 31 December 2019, the Group has 38,500,000 First Tranche Warrants remain outstanding.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

15. Borrowings (Continued)

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

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

On 3 April 2019, the Company entered into an agreement to extend the repayment date under the Repayment and Subscription Agreement for the amount of S$375,000 (equivalent to RM1,125,000) due and payable by the Company to each Investor from 3 April 2019 to 3 May 2019. The Company has paid to each investor S$375,000 on 3 May 2019. The maturity date is on 3 April 2020.

On 3 April 2020, the Company entered into a Variation Agreement to extend the repayment date under the Repayment and Subscription Agreement for the amount of S$375,000 (equivalent to RM1,110,500) due and payable by the Company to each Investor from 3 April 2020 to 3 October 2020 as disclosed in Note 32.3 to the financial statements.

15.5 Guaranteed bond III ("GB III")

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

On 3 April 2019, the Company issued guaranteed non-convertible bonds of S$1,903,000 (equivalent to RM5,426,000) to exchange 50% of principal amount of Second Tranche Bonds (i.e. S$1,655,000) (equivalent to RM4,965,000). The bonds issued has not resulted in any new cash proceeds for the Company as subscription price of the bonds payable is used to settle the GB III. In respect of the remaining 50% of the principal amount of the Second Tranche Bonds that is not being exchanged, and paid on 3 May 2019. The maturity date is on 3 April 2020.

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

The salient features of the GB III are as follows:

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

15. Borrowings (Continued)

15.5 Guaranteed bond III ("GB III") (Continued)

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

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

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

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

On 3 April 2020, the Company entered into a Variation Agreement to extend the repayment date under the Repayment and Subscription Agreement for the amount of S$1,903,000 (equivalent to RM5,426,000) due and payable by the Company to the Investor from 3 April 2020 to 3 October 2020 as disclosed in Note 32.4 to the financial statements.

16. Trade and other payables

	Group		Company	
	2019	**2018**	**2019**	**2018**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Trade payables				
– third parties	**3,121**	2,858	**–**	–
Non-trade payables				
– third parties	**4,328**	1,178	**815**	248
– subsidiary	**–**	–	**5,290**	5,601
Accrued expenses	**3,444**	2,915	**1,310**	281
Share application money	**–**	3,036	**–**	3,036
	10,893	9,987	**7,415**	9,166

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

16. Trade and other payables (Continued)

Trade payables are unsecured, non-interest bearing and are normally settled between 30 to 60 days' (2018: 30 to 60 days') terms.

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

Share application money received pertains to the proposed placement of 43,478,261 new ordinary shares in the capital of the Company. The completion of the placement has taken place on 17 January 2019 as disclosed in Note 11 to the financial statements.

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

	Group		Company	
	2019 RM'000	**2018 RM'000**	**2019 RM'000**	**2018 RM'000**
Ringgit Malaysia	**8,228**	5,913	**–**	–
Singapore dollar	**2,139**	3,584	**7,415**	9,166
United States dollar	**526**	490	**–**	–
	10,893	9,987	**7,415**	9,166

17. Revenue

Disaggregation of revenue

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

- depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic data; and
- enable users to understand the relationship with revenue segment information provided in Note 28 to the financial statements.

	Gold mining		Granite business		Total	
	2019 RM'000	**2018 RM'000**	**2019 RM'000**	**2018 RM'000**	**2019 RM'000**	**2018 RM'000**
Primary geographical markets						
Malaysia	**–**	–	**–**	51	**–**	51
Indonesia	**–**	–	**192**	–	**192**	–
China	**4,453**	1,828	**53**	–	**4,506**	1,828
	4,453	1,828	**245**	51	**4,698**	1,879
Timing of transfer of goods and services						
Point in time	**4,453**	1,828	**245**	51	**4,698**	1,879
Type of goods or services						
Sale of goods	**4,453**	1,828	**245**	51	**4,698**	1,879

NOTES TO THE FINANCIAL STATEMENTS

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18. Other income

	Group	
	2019 RM'000	2018 RM'000
Interest income	**9**	47
Royalty	**960**	960
Others	**9**	38
	978	1,045

19. Depreciation and amortisation expenses

	Group	
	2019 RM'000	2018 RM'000
Depreciation of property, plant and equipment	**2,327**	2,026
Amortisation of mine properties	**465**	629
	2,792	2,655

20. Employee benefits expense

	Group	
	2019 RM'000	2018 RM'000
Salaries, wages, bonuses and other benefits	**4,849**	5,715
Contributions to defined contribution plans	**254**	258
	5,103	5,973

Included in 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 26 to the financial statements.

21. Lease expenses

	Group	
	2019 RM'000	2018 RM'000
Lease expenses		
– short term leases	**138**	–
– low value	**4**	–
Operating lease expenses		
– rental of office	**–**	187
– rental of equipment	**–**	113
– rental of land	**–**	30
	142	330

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

22. Finance costs

	Group	
	2019	**2018**
	RM'000	**RM'000**
Interest expense		
– lease liabilities	**113**	71
– guaranteed bonds	**2,261**	3,169
– exchangeable bond	**755**	595
– non-guaranteed bonds	**742**	115
	3,871	3,950

23. 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	
	2019	**2018**
	RM'000	**RM'000**
Other expenses		
Audit fees paid/payable to:		
– auditors of the Company	**135**	125
– other auditors	**36**	33
Non-audit fees paid/payable to:		
– auditors of the Company	**17**	13
– other auditors	**13**	15
Foreign exchange loss, net	**108**	194
Plant and equipment written off	**2**	2
Professional fees	**1,281**	1,033
Repair and maintenance	**107**	187
Security charges	**103**	85
Travelling and accommodation	**272**	333
Utilities	**1,076**	499

24. Income tax

	Group	
	2019	**2018**
	RM'000	**RM'000**
Current income tax		
– over provision in prior financial year	**–**	(182)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

24. Income tax (Continued)

Reconciliation of effective income tax rate

	Group	
	2019	**2018**
	RM'000	**RM'000**
Loss before income tax	**(15,818)**	(15,657)
Income tax calculated at Singapore's statutory income tax rate of 17% (2018: 17%)	**(2,689)**	(2,662)
Effect of different tax rate in other countries	**(586)**	(549)
Tax effect of non-deductible expenses for income tax purposes	**1,501**	1,757
Deferred tax assets not recognised	**1,774**	1,454
Over provision in prior year	**–**	(182)
	–	(182)

Unrecognised deferred tax assets

	Group	
	2019	**2018**
	RM'000	**RM'000**
Balance at beginning of financial year	**6,607**	5,153
Amount not recognised during the financial year	**1,774**	1,454
Balance at end of financial year	**8,381**	6,607

Unrecognised deferred tax assets are attributable to the following:

	Group	
	2019	**2018**
	RM'000	**RM'000**
Property, plant and equipment and mine properties	**(5,853)**	(4,691)
Provision for doubtful debts	**297**	–
Unutilised tax losses	**11,486**	9,313
Unabsorbed capital allowances	**2,451**	1,985
	8,381	6,607

As at 31 December 2019, the Group has unutilised tax losses and unabsorbed capital allowances of approximately RM47,860,000 (2018: RM38,806,000) and RM10,214,000 (2018: RM8,275,000) respectively available for offset against future taxable profits which has no expiry date and subject to the agreement by the tax authorities and provisions of the tax legislations of the respective countries in which the Group operates.

These deferred tax assets have not been recognised as it is not certain whether future taxable profits will be available against which the Group can utilise these benefits. Accordingly, these deferred tax assets have not been recognised in the financial statements in accordance with the accounting policy in Note 2.14 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

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25. Loss per share

The calculation for loss per share is based on:

	Group	
	2019	**2018**
Loss for the financial year attributable to owners of the parent (RM'000)	**(15,818)**	(15,475)
Weighted average number of ordinary shares in issue during the financial year applicable to loss per share	**1,191,794,057**	1,041,126,437
Loss per share (in sen)		
– Basic	**(1.33)**	(1.49)
– Diluted	**(1.33)**	(1.49)

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 2019 and 31 December 2018 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.

26. Significant related party transactions

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

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

	Group		Company	
	2019 RM'000	**2018 RM'000**	**2019 RM'000**	**2018 RM'000**
With a Director of the Company				
Payments of lease liabilities	**148**	–	**–**	–
Rental expenses	**–**	140	**–**	–
With subsidiaries				
Payment on behalf of	**–**	–	**319**	325
Payment on behalf by	**–**	–	**178**	96
Advances to subsidiaries	**–**	–	**3,081**	2,849

As at 31 December 2019 and 31 December 2018, the outstanding balances in respect of the above transactions are disclosed in Notes 9 and 16 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

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26. Significant related party transactions (Continued)

Compensation of key management personnel

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

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

	Group		Company	
	2019	**2018**	**2019**	**2018**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Directors of the Company				
– short-term employee benefits	**1,678**	1,688	**1,642**	1,616
– post-employment benefits	**33**	36	**28**	28
– Directors' fees	**738**	694	**486**	466
	2,449	2,418	**2,156**	2,110
Directors of the subsidiaries				
– director's fees	**182**	216	**–**	–

	Group	
	2019	**2018**
	RM'000	**RM'000**
Key management personnel		
– short-term employee benefits	**675**	894
– post-employment benefits	**70**	52
	745	946

27. Operating lease commitments

The Group as lessee

The Group leases office premises and equipment under non-cancellable operating leases. The operating lease commitments are based on existing rental rates. The leases have terms ranging from 1 to 3 (2018: 1 to 3) years and rentals are fixed during the lease term.

As at 31 December 2018, the future minimum lease payable under non-cancellable operating leases contracted for but not recognised as liabilities were as follows:

	Group
	2018
	RM'000
Within one financial year	142
After one financial year but within five financial years	7
	149

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28. Segment information

Business segments

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

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

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

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

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

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

Geographical information

During the financial year ended 31 December 2019 and 2018, 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.

Major customers

During the financial year ended 31 December 2019, the revenue from one customer of the Group's gold segment amounting to approximately RM4,453,000 and representing 95% of the Group's total revenue.

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

28. Segment information (Continued)

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

	Gold mining 2019 RM'000	Granite business 2019 RM'000	Corporate & others 2019 RM'000	Total 2019 RM'000	Gold mining 2018 RM'000	Granite business 2018 RM'000	Corporate & others 2018 RM'000	Total 2018 RM'000
Group								
Revenue	**4,453**	**245**	**–**	**4,698**	1,828	51	–	1,879
Results								
Operating loss	**(3,493)**	**(4,781)**	**(3,682)**	**(11,956)**	(3,815)	(4,061)	(3,878)	(11,754)
Interest income	**–**	**9**	**–**	**9**	–	47	–	47
Interest expenses	**(44)**	**(68)**	**(3,759)**	**(3,871)**	(19)	(53)	(3,878)	(3,950)
Loss before tax	**(3,537)**	**(4,840)**	**(7,441)**	**(15,818)**	(3,834)	(4,067)	(7,756)	(15,657)
Tax	**–**	**–**	**–**	**–**	–	182	–	182
Loss after tax	**(3,537)**	**(4,840)**	**(7,441)**	**(15,818)**	(3,834)	(3,885)	(7,756)	(15,475)
Segment assets	**29,233**	**11,606**	**44**	**40,883**	29,469	14,243	5,183	48,895
Segment liabilities	**4,032**	**6,227**	**25,456**	**35,715**	3,042	4,644	29,601	37,287
Other segment information								
Capital expenditure – property, plant and equipment	**369**	**6**	**–**	**375**	1,574	1,150	5	2,729
Capital expenditure – mine properties	**224**	**–**	**–**	**224**	–	–	–	–
Depreciation and amortisation expenses	**(2,112)**	**(679)**	**(1)**	**(2,792)**	(2,065)	(589)	(1)	(2,655)
Loss allowance for trade receivables	**(660)**	**(579)**	**–**	**(1,239)**	–	(62)	–	(62)

29. 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.

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

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

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

29.1 Credit risks

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

The Group and the Company do not have any significant credit exposure to any single counterparty or any group of counterparties having similar characteristics except the Group and the Company have trade receivables from a third party and non-trade receivables from its subsidiaries amounting to approximately RM3,214,000 (2018: RM2,804,000) and RM15,664,000 (2018: RM12,730,000). Further disclosures regarding trade and other receivables are provided in Note 9 to the financial statements.

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

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

	Company	
	2019	**2018**
	RM'000	**RM'000**
Corporate guarantee provided to banks for banking facilities of subsidiary which were utilised at end of reporting period (Note 14)	**876**	876

The Group's and the Company's major classes of financial assets are trade and other receivables and cash and cash equivalents.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

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

29.1 Credit risks (Continued)

Cash and cash equivalents

The cash and cash equivalents as at the end of the reporting period are held with the financial institutions with the following credit ratings:

	Group			Company	
	Rating	Bank balance RM'000	Short-term deposits RM'000	Rating	Bank balance RM'000
2019					
International banks	A-	1,404	300	A-	–
Local banks	AA-	31	–	AA-	2
		1,435	300		2
2018					
International banks	A-	1,783	300	A-	–
Local banks	AA-	5,070	–	AA-	5,038
		6,853	300		5,038

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

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

29.2 Market risks

Foreign currency risks

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

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

29.2 Market risks (Continued)

Foreign currency risks (Continued)

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

	Group		Company	
	2019	**2018**	**2019**	**2018**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Monetary assets				
Singapore dollar	**33**	5,072	**2**	17,768
United States dollar	**15**	319	**–**	–
Monetary liabilities				
Singapore dollar	**25,455**	29,601	**22,349**	27,267
United States dollar	**526**	490	**–**	–

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 1% change in Singapore dollar and a 1% change in United States dollar (2018: a 3% 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 as at the end of the reporting period for 1% and 1% (2018: 3% and 6%) respectively, change in foreign currency rates.

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

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

29.2 Market risks (Continued)

Foreign currency sensitivity analysis (Continued)

	Profit or loss			
	Group		Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Singapore dollar				
Strengthens against Ringgit Malaysia	**(254)**	(736)	**(223)**	(285)
Weakens against Ringgit Malaysia	**254**	736	**223**	285
United States dollar				
Strengthens against Ringgit Malaysia	**(5)**	(10)	**–**	–
Weakens against Ringgit Malaysia	**5**	10	**–**	–

29.3 Liquidity risks

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

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

29.3 Liquidity risks (Continued)

Contractual maturity analysis

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

	Within one financial year RM'000	After one financial year but within five financial years RM'000	More than five financial years RM'000	Total RM'000
Group				
2019				
Financial liabilities				
Trade and other payables	**10,893**	**–**	**–**	**10,893**
Lease liabilities	**565**	**1,068**	**35**	**1,668**
Non-guaranteed bonds	**3,111**	**5,178**	**–**	**8,289**
Guaranteed bonds	**8,068**	**–**	**–**	**8,068**
Exchangeable bond	**8,863**	**–**	**–**	**8,863**
	31,500	**6,246**	**35**	**37,781**
2018				
Financial liabilities				
Trade and other payables	9,987	–	–	9,987
Finance lease liabilities	397	1,045	24	1,466
Non-guaranteed bond	–	5,578	–	5,578
Guaranteed bonds	14,601	–	–	14,601
Exchangeable bond	8,332	–	–	8,332
	33,317	6,623	24	39,964

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

29.3 Liquidity risks (Continued)

Contractual maturity analysis (Continued)

	Within one financial year RM'000	After one financial year but within five financial years RM'000	Total RM'000
Company			
2019			
Financial liabilities			
Non-trade payables	**7,415**	**–**	**7,415**
Guaranteed bonds	**8,068**	**–**	**8,068**
Non-guaranteed bonds	**3,111**	**5,178**	**8,289**
	18,594	**5,178**	**23,772**
Financial guarantee contracts	**876**	**–**	**876**
2018			
Financial liabilities			
Non-trade payables	9,166	–	9,166
Guaranteed bonds	14,601	–	14,601
Non-guaranteed bond	–	5,578	5,578
	23,767	5,578	29,345
Financial guarantee contracts	876	–	876

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

29.4 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

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

29.4 Capital management policies and objectives (Continued)

The management reviews the capital structure to ensure that the Group and the Company are able to service any debt obligations (including principal repayment and interest) based on their operating cash flows. Upon review, the Group and the Company will balance their overall capital structure through new share issues and the issue of new debt or the redemption of existing debt, if necessary. The Group's and the Company's overall strategy remains unchanged from 31 December 2018.

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

	Group		Company	
	2019	**2018**	**2019**	**2018**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Trade and other payables	**10,893**	9,987	**7,415**	9,166
Borrowings	**23,316**	26,017	**14,934**	18,101
Lease liabilities	**1,506**	1,283	**–**	–
Less: Cash and cash equivalents	**(1,735)**	(7,153)	**(2)**	(5,038)
Net debt	**33,980**	30,134	**22,347**	22,229
Total equity	**5,168**	11,608	**114,244**	162,370
Total capital	**5,168**	11,608	**114,244**	162,370
Capital and net debt	**39,148**	41,742	**136,591**	184,599
Gearing ratio	**86.80%**	72.19%	**16.36%**	12.04%

29.5 Fair values of financial assets and financial liabilities

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

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

29.6 Categories of financial instruments

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

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Financial assets at amortised cost				
Trade and other receivables (excluding advance payments and goods and services tax recoverable, net)	**7,386**	6,545	**15,664**	12,730
Cash and cash equivalents	**1,735**	7,153	**2**	5,038
	9,121	13,698	**15,666**	17,768
Financial liabilities at amortised cost				
Trade and other payables	**10,893**	9,987	**7,415**	9,166
Lease liabilities	**1,506**	1,283	**–**	–
Borrowings	**23,316**	26,017	**14,934**	18,101
	35,715	37,287	**22,349**	27,267

30. Restatement of comparative figures

The reclassification of royalty fees income has been made to the prior year's financial statements to enhance comparability with current year's financial statement.

The items were reclassified as follows:

	Group	
	Previously reported 2018 RM'000	After reclassification 2018 RM'000
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME		
Other income	85	1,045
Royalty fees	(9)	(969)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

31. Contingent liabilities

As disclosed in the Company's circular to shareholders dated 30 June 2016 (at page A-23), the Company's wholly-owned subsidiary, GGTM had on 22 July 2016 entered into a joint venture consortium agreement with Eco Interiors International Sdn. Bhd. to form an unincorporated joint venture consortium, GGT Manufacturing Eco JV ("Consortium") to carry out the interior fit out business. The Consortium had appointed Eco Group International Sdn Bhd ("EGI") as contractor in relation to the interior design, construction work and services for a particular hotel project. Consortium is involved in a contractor's progress claim dispute with EGI. A summary of the dispute is as follows:

On 28 November 2019, EGI had obtained a decision ("Adjudication Decision") pursuant to the Construction Industry Payment and Adjudication Act 2012 of Malaysia and the Asian International Arbitration Centre Adjudication Rules & Procedure (the "CIPAA Proceedings") against the Consortium for a sum of RM5,478,824.20. This sum encompasses an estimated 70 variation claims for a certain project which has been challenged by the Consortium. GGTM was not a party to the CIPAA Proceedings or the Adjudication Decision. The Adjudication Decision is interim in nature and can be set out aside on specific grounds.

The Consortium has disputed all claims by EGI for the project. In order to set aside the Adjudication Decision, the Consortium filed an application with the High Court of Malaya at Kuala Lumpur (the "High Court") on 17 December 2019. In addition, on 13 February 2020, GGTM and the Consortium issued a notice of arbitration on, inter alia, EGI to conclusively settle the dispute through arbitration at Asian International Arbitration Centre. As at the latest practicable date, due to factors outside the control of GGTM or the Consortium, the arbitral tribunal has not been constituted.

EGI attempted to execute the Adjudication Decision against GGTM by serving upon GGTM a statutory notice of demand on 30 January 2020. However, on 19 February 2020, the High Court granted a temporary fortuna injunction in favour of GGTM to prevent EGI from presenting a winding up petition, pending disposal of arbitration proceedings. On 9 March 2020, the High Court granted the fortuna injunction in full and dismissed EGI's application to set aside the temporary fortuna injunction. In dismissing EGI's application to set aside the temporary fortuna injunction and in granting the permanent fortuna injunction, the High Court judge observed that the Adjudication Decision ought not to have been given against the Consortium, it being an unincorporated joint venture.

The hearing for the setting aside of the Adjudication Decision is fixed for 7 August 2020. The Consortium's solicitors have advised that the Consortium has meritorious grounds and there is a high chance of succeeding in setting aside the Adjudication Decision if the grounds are ventilated in full. Consortium is confident that the Adjudication Decision will be set aside in the Consortium's favour.

The Company will update its shareholders on the outcome of the hearing on 7 August 2020 in due course.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

32. Events after the reporting period

32.1 Potential effects of the Coronavirus outbreak on 2020 onward

On 31 January 2020, the World Health Organisation announced that the novel Coronavirus ("COVID-19") Outbreak as a global health emergency. The Group had taken precautionary measures and implemented operational protocols in its operations in Malaysia and Singapore since January 2020 in response to the growing concerns over the COVID-19 outbreak. All precautions are taken to ensure the safety and well-being of its operational employees.

On 16 March 2020, the Malaysian Government announced the implementation of a Movement Control Order ("MCO") nationwide from 18 March 2020 to 31 March 2020 and subsequently extended until 12 May 2020, followed by a conditional MCO until 9 June 2020. The MCO will adversely affect the Group's production and delivery plans during the period. Nonetheless, the Company has informed its customers of this unforeseen circumstance and will update customers about feasible remedies and timing to resume the performance of our obligations once MCO ceases. As at the date of the financial statements, the Group expects such event to be temporary in nature and not to permanently affect the customers' business and ability to make repayment once normal operations resume. The Group is also of the view that this would not result in a significant change of credit quality of customers as each of the customers has a good repayment history. The Group is still in close contact with its customers and they have made repayments to the Group. The spread of COVID-19 is a non-adjusting event, which did not result in any adjustments to these financial statement.

32.2 Incorporation of 3 new subsidiary companies

On 27 February 2020, the Group incorporated 3 new subsidiary companies in Malaysia known as ARG Consolidated Sdn. Bhd. ("ARGSB"), ARS Consolidated Sdn. Bhd. ("ARSSB") and AAKG Mining Sdn. Bhd. ("AKSB").

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

The Company has entered into a Variation Agreement on 3 April 2020 to extend the repayment date for the amount of S$375,000 (equivalent to RM1,110,500) due and payable by the Company to each Investor from 3 April 2020 to 3 October 2020. The salient terms are the extension fee payable of S$30,000 per Investor, totalling S$60,000 (equivalent to RM180,000), interest payable of S$18,750 per Investor, totalling S$37,500 (equivalent to RM112,500) and are settled, together with accrued interest, with the issuance of 13,125,000 new ordinary shares to be issued to each Investor, totalling 26,250,000 new ordinary shares.

32.4 Extension of Repayment Date of Guaranteed Bond III, i.e. Guaranteed Second-Tranche Non-Convertible Bonds

The Company has entered into a Variation Agreement on 3 April 2020 to extend the repayment date for the amount of S$1,903,000 (equivalent to RM5,426,000) due and payable by the Company to the Investor from 3 April 2020 to 3 October 2020. The salient terms are the extension fee payable of S$152,000 (equivalent to RM456,000), interest payable of S$95,150 (equivalent to RM285,450) and are settled with the issuance of 49,430,000 new ordinary shares to be issued to the Investor.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

32. Events after the reporting period (Continued)

32.5 Settlement of Non-Guaranteed Bond I

The Company has entered into a deed of settlement ("KAL Settlement Deed") on 29 April 2020 with Angka Alamjaya Sdn. Bhd. ("AASB"), a wholly-owned subsidiary of the Company, and the Investor ("KAL") pursuant to which:

(i) The sum of (i) the KAL Principal Amount of S$1,500,000 (equivalent to RM4,458,000); and (ii) all interest accrued and payable under the KAL Bonds from 21 March 2020 up to 30 June 2020 of S$37,356 (equivalent to RM112,068), amounting to a total of S$1,537,356 (equivalent to RM4,570,068), shall be fully settled and satisfied by the transfer of 9,628,827 AASB Shares to KAL ("KAL Share Transfer");

(ii) In the event that the valuation amount per ordinary share in AASB derived from an independent valuation report to be obtained in respect of AASB is less than RM0.4790, the Company has to pay to KAL an amount in cash calculated based on RM0.4790 less the valuation amount per ordinary share in AASB derived from the independent valuation report multiplied by 9,628,827 (being the number of AASB Shares to be transferred to KAL) ("KAL Shortfall") on the Completion Date; and

(iii) Upon the completion of the KAL Share Transfer ("KAL Completion"), the KAL Bonds shall be cancelled;

(iv) Conditional upon and simultaneously with the KAL Completion, the Company shall sell and KAL shall purchase an additional 4,039,788 AASB Shares ("Sales Shares") for an aggregate consideration of S$645,000 (equivalent to RM1,935,000) ("KAL Sale", and together with the Luminor Share Transfer, the GHS Share Transfer and the KAL Share Transfer, the "Proposed Disposal"); and

(v) KAL shall make payment of a deposit of S$300,000 (equivalent to RM900,000) upon the signing of the KAL Settlement Deed and a further payment of S$345,000 (equivalent to RM1,035,000) to the Company within thirty (30) days of the date of the KAL Settlement Deed (collectively, the "Deposits"), such Deposits to be applied towards the consideration of the Sale Shares at the date of the KAL Completion, and in the event that the KAL Settlement Deed is terminated, the Company shall return the Deposits to KAL within ten (10) days of such termination,

(collectively, the "KAL Settlement").

32. Events after the reporting period (Continued)

32.6 Settlement of Non-Guaranteed Bond II

The Company has entered into a deed of settlement ("GHS Settlement Deed") on 29 April 2020 with Angka Alamjaya Sdn. Bhd. ("AASB"), a wholly-owned subsidiary of the Company, and the Investor ("GHS") pursuant to which:

(i) The sum of (i) the Remainder Principal Amount of S$930,000 (equivalent to RM2,829,000); and (ii) all interest accrued and payable under the GHS Bonds from the GHS Maturity Date up to 30 June 2020 of S$95,293 (equivalent to RM285,879), amounting to a total of S$1,025,293 (equivalent to RM3,114,879), shall be fully settled and satisfied by the transfer of 6,421,655 AASB Shares to GHS ("GHS Share Transfer");

(ii) In the event that the valuation amount per ordinary share in AASB derived from an independent valuation report to be obtained in respect of AASB is less than RM0.4790, the Company has to pay to GHS an amount in cash calculated based on RM0.4790 less the valuation amount per ordinary share in AASB derived from the independent valuation report multiplied by 6,421,655 (being the number of AASB Shares to be transferred to GHS) ("GHS Shortfall") on the Completion Date; and

(iii) Upon the completion of the GHS Share Transfer ("GHS Completion"), the GHS Bonds shall be cancelled,

(collectively, the "GHS Settlement").

32.7 Settlement of Exchangeable Bond

The Company has entered into a deed of settlement ("Luminor Settlement Deed") on 29 April 2020 with Luminor 2 and AASB pursuant to which:

(i) A portion of the Aggregate Outstanding Amount, being the amount of S$1,246,000 (equivalent to RM3,738,000), shall be fully settled and satisfied by the issuance of such number of new ordinary shares in the capital of the Company ("Shares") by the Company to Luminor 2 ("New Shares") at an issue price per New Share that is the higher of (i) S$0.005; and (ii) an amount equivalent to the volume weighted average price ("VWAP") of the Shares traded on the Catalist over the period of five (5) days immediately preceding the date of Completion ("Completion Date") ("Issue Price") ("Luminor Share Issue");

(ii) The balance of the Aggregate Outstanding Amount, being the amount of S$1,727,272 (equivalent to RM5,181,816) shall be fully settled and satisfied by the transfer of 10,818,315 ordinary shares held by the Company in AASB ("AASB Shares") to Luminor 2 ("Luminor Share Transfer");

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

32. Events after the reporting period (Continued)

32.7 Settlement of Exchangeable Bond (Continued)

(iii) In the event that the valuation amount per ordinary share in AASB derived from an independent valuation report to be obtained in respect of AASB is less than RM0.4790, the Company has to pay to Luminor 2 an amount in cash calculated based on RM0.4790 less the valuation amount per ordinary share in AASB derived from the independent valuation report multiplied by 10,818,315 (being the number of AASB Shares to be transferred to Luminor 2) ("Luminor Shortfall") on the Completion Date; and

(iv) Upon the completion of the Luminor Share Issue and the Luminor Share Transfer ("Luminor Completion") and the payment by the Company of the Shortfall to Luminor 2 (if applicable), the Luminor Bonds shall be cancelled and the Luminor Guarantee will terminate,

(collectively, the "Luminor Settlement", and together with the KAL Settlement and the GHS Settlement, the "Proposed Settlements").

The Proposed Settlements are conditional upon, and subject to, inter alia, the following:

(i) (In respect of the Luminor Settlement only) the receipt of the listing and quotation notice ("LQN") from the Singapore Exchange Securities Trading Limited ("SGX-ST") (and such notice not having been withdrawn or revoked on or prior to the completion of the Luminor Share Issue) for the dealing in, listing of and quoting of the New Shares on the Catalist and, if such approval is granted subject to conditions, such conditions being acceptable to the Company;

(ii) The resolution of the board of directors of the Company and AASB (as the case may be) having been obtained for the Proposed Settlements (as the case may be);

(iii) If required, the appointment of an independent financial adviser ("IFA") to the independent directors of the Company, and an opinion from the IFA that the Proposed Settlements (as the case may be) is not prejudicial to the interests of the Company and its minority shareholders;

(iv) If required, approval of the Shareholders and the shareholders of AASB (as the case may be) in general meeting having been obtained for the Proposed Settlements (as the case may be);

(v) The Company having obtained an independent valuation report from an independent valuer in respect of AASB, pursuant to which the valuation amount of AASB is not less than RM14,804,764;

(vi) All other approvals, confirmations, authorisations, registrations, licences, waivers and/or consents (whether governmental, corporate or otherwise or from financial institutions or any third parties) which are necessary to be obtained in respect of or in connection with the Proposed Settlements (as the case may be) being granted or obtained, and the same remaining in full force and effect and not being withdrawn or amended on or before Completion, and to the extent that such approvals, confirmations, authorisations, registrations, licences, waivers and/or consents are subject to any conditions required to be fulfilled before Completion, all such conditions having been duly so fulfilled;

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

32. Events after the reporting period (Continued)

32.7 Settlement of Exchangeable Bond (Continued)

(vii) None of the Company, Luminor 2 or Investors having received notice of any injunction or other order, directive or notice restraining or prohibiting the consummation of the transactions contemplated by the Settlement Deeds, and there being no action seeking to restrain or prohibit the consummation thereof, or seeking damages in connection therewith, which is pending or any such injunction, other order or action which is threatened; and

(viii) The capitalisation of the inter-company loan of RM14,560,227 owing from AASB to the Company ("Loan Capitalisation"), resulting in the number of issued shares in AASB being increased from 16,348,358 to 30,908,585,

(collectively, the "Settlement Conditions").

32.8 Disposal of subsidiary, AASB

The effect of the Proposed Settlements as mentioned in Note 32.5, 32.6 and 32.7 to the financial statements is effectively disposing 100% of the Company's equity interest in AASB.

32.9 Assignment of concession at Bukit Machang

On 5 June 2020, the Group has entered into a heads of agreement with a third party to raise additional funds of RM10 million in August 2020, by assigning its concession at Bukit Machang, Terengganu, held by GGTM Sdn. Bhd. This proposed transaction is subject to completion, upon signing of a Definitive Agreement.

33. Authorisation of financial statements

The consolidated financial statements of the Group and the statement of financial position of the Company for the financial year ended 31 December 2019 were authorised for issue in accordance with a Directors' resolution dated 11 June 2020.

SUMMARY OF MINERAL RESERVES AND RESOURCES (GOLD)

WRIGHTECH ENGINEERING
COMPLIANT DRIVEN

E-30-05, Block E, I-R/i-C, Section 7
40000, Shah Alam, Selengor, Malaysia
Mobile (60) 12 630 5870
Email:kevin.wrightech@gmail.com
kevinwright.j@gmail.com

Date of Report: 19 February 2020
Date of Previous Report: 20 February 2019

LUBUK MANDI GOLD MINE,
MARANG DISTRICT, TERENGGANU STATE,
MALAYSIA

PREPARED FOR:

Anchor Resources Limited

Summary of Mineral Reserves and Resources*
At 31 December 2019

Area	Category	Gross Attributable to License			Net Attributable to Issuer			Change from Previous Update (%)
		Tonnes (Mt)	**Grade (Au g/t)**	**Au (Oz)**	**Tonnes (Mt)**	**Grade (Au g/t)**	**Au (Oz)**	
Tailings Cut-Off 0.4 Au g/t	Measured							
	Indicated	1.01	0.71	23,006	1.01	0.71	23,006	(11.00)
	Inferred	0.10	0.83	2,500	0.10	0.83	2,500	0.00
	Total	**1.11**	**0.72**	**25,506**	**1.11**	**0.72**	**25,506**	**(10.03)**
Mine Cut-Off 0.3 Au g/t	Measured							No Change
	Indicated	1.50	1.46	69,400	1.50	1.46	69,400	
	Inferred	0.30	1.01	9,700	0.30	1.01	9,700	
	Total	**1.80**	**1.39**	**79,100**	**1.80**	**1.39**	**79,100**	

***There are no Mineral Reserves reported-only Mineral Resources**

Name of Qualified Person: Kevin J. Wright C Eng, C Env, FIMMM

Signature: -----------------------------

Date: 19 February 2020

Professional Society Affiliation/Membership: Under Clause 11 of JORC Code, the Australian Stock Exchange (ASX) International Reciprocity of Competent Persons from Recognised Professional Organisations, includes Fellow Members of the Institute of Materials, Minerals and Mining (FIMMM).

SUMMARY OF MINERAL RESERVES AND RESOURCES (GRANITE)

WRIGHTECH ENGINEERING
COMPLIANT DRIVEN

E-30-05, Block E, I-R/i-C, Section 7
40000, Shah Alam, Selengor, Malaysia
Mobile (60) 12 630 5870
Email:kevin.wrightech@gmail.com
kevinwright.j@gmail.com

Date of Report: 17 February 2020
Date of Previous Report: 20 February 2019

BUKIT CHETAI GRANITE MINE,
HULU TERENGGANU, TERENGGANU STATE,
MALAYSIA

PREPARED FOR:

Anchor Resources Limited

Summary of Mineral Reserves and Resources*
At 31 December 2019

Category	Mineral Type	License Gross Volume (Mnm^3)	GGTM Net Volume (Mnm^3)	Change 31 Dec (%)
Ore Reserve at 31 December 2019				
Proved	White Granite	57.420	57.420	
	Green Granite			
Probable	White Granite	3.899	3.899	-0.0020%
	Green Granite	3.067	3.067	-0.0005%
Total Reserve		**64.386**	**64.386**	**-0.0025%**
Mineral Resource at 31 December 2019				
Measured	White Granite	88.340	88.340	
	Green Granite			
Indicated	White Granite	5.999	5.999	-0.0013%
	Green Granite	4.717	4.717	-0.0003%
Total Resource		**99.057**	**99.057**	**-0.0016%**

*Mineral Resources are reported inclusive of the Mineral Reserves

Name of Qualified Person: Kevin J. Wright C Eng, C Env, FIMMM

Signature: -----------------------------

Date: 17 February 2020

Professional Society Affiliation/Membership: Under Clause 11 of JORC Code, the Australian Stock Exchange (ASX) International Reciprocity of Competent Persons from Recognised Professional Organisations, includes Fellow Members of the Institute of Materials, Minerals and Mining (FIMMM).

STATISTICS OF SHAREHOLDINGS

AS AT 21 MAY 2020

Number of shares issued	:	1,244,282,813
Class of Equity Security	:	Ordinary shares
Voting Rights of Ordinary Shareholders	:	1 vote for each ordinary share
Number of treasury shares	:	Nil
Number of subsidiary holdings	:	Nil

DISTRIBUTION OF SHAREHOLDINGS

Size of shareholdings	No. of shareholders	%	No. of Shares	%
1 – 99	13	1.33	681	0.00
100 – 1,000	54	5.54	40,900	0.00
1,001 – 10,000	49	5.03	336,482	0.03
10,001 – 1,000,000	769	78.87	147,260,002	11.84
1,000,001 and above	90	9.23	1,096,644,748	88.13
Total	975	100.00	1,244,282,813	100.00

SHAREHOLDING HELD IN HANDS OF PUBLIC

As at 21 May 2020, approximately 41.99% of the issued ordinary shares of the Company is held in the hands of the public as defined in the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited (the “Catalist Rules”). Accordingly, Rule 723 of the Catalist Rules is complied with.

TWENTY LARGEST SHAREHOLDERS

No.	Name	No. of shares	%
1	Lim Chiau Woei	306,263,319	24.61
2	Luminor Pacific Fund 1 Ltd.	217,651,724	17.49
3	WA Consolidated Private Limited	115,415,862	9.28
4	Koh Ah Luan	82,554,886	6.63
5	OCBC Securities Private Ltd	27,106,900	2.18
6	Koh Yew Choo	18,392,395	1.48
7	Maybank Kim Eng Securities Pte. Ltd	18,054,618	1.45
8	Cheng Ye	17,770,000	1.43
9	Chan Soo Chee	16,391,565	1.32
10	Phillip Securities Pte Ltd	15,292,100	1.23
11	Aw Guan Hong	14,360,200	1.15
12	Tan Eng Lee	13,071,895	1.05
13	RHB Securities Singapore Pte Ltd	10,431,846	0.84
14	UOB Kay Hian Pte Ltd	9,886,508	0.79
15	Ken Tan Khim Sing	9,593,374	0.77
16	Koh Kai Jok	8,500,000	0.68
17	Koh Wan Tiong	8,301,520	0.67
18	Goh Lai Peng	7,245,947	0.58
19	Lye Koon Hui	6,535,947	0.53
20	Manimaran s/o Kamachi	6,535,947	0.53
	Total:	929,356,553	74.69

STATISTICS OF SHAREHOLDINGS

AS AT 21 MAY 2020

LIST OF SUBSTANTIAL SHAREHOLDERS AS AT 21 MAY 2020

	Direct Interest		Deemed Interest	
	Number of Shares	%	Number of Shares	%
Lim Chiau Woei[(1)]	306,263,319	24.61%	115,415,862	9.28%
Luminor Pacific Fund 1 Ltd.	217,651,724	17.49%	–	–
WA Consolidated Private Limited	115,415,862	9.28%	–	–
Koh Ah Luan	82,554,886	6.63%	–	–

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

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Company will be held by way of electronic means, on Monday, 29 June 2020 at 10.30 a.m., for the following purposes, as set out below.

This Notice has been made available on SGXNet and the Company's website and may be accessed at the URL https://www.angkaalam.com/investor-relations.php. A printed copy of this Notice will NOT be despatched to members.

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Statement and the Audited Consolidated Financial Statements of the Company and its subsidiaries for the financial year ended 31 December 2019 and the Statement of Financial Position of the Company as at 31 December 2019 together with the Independent Auditors' Report thereon. **(Resolution 1)**

2. To re-elect Mr. Gavin Mark McIntyre, a Director retiring by rotation pursuant to Article 114 of the Company's Constitution. **(Resolution 2)**
   (See Explanatory Note (i))

3. To re-elect Ms. Ch'ng Li-Ling, a Director retiring by rotation pursuant to Article 114 of the Company's Constitution. **(Resolution 3)**
   (See Explanatory Note (ii))

4. To approve the payment of Directors' Fees of S$96,000 for the financial year ending 31 December 2020, to be paid quarterly in arrears. **(Resolution 4)**

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

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

AS SPECIAL BUSINESS:

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

7. **GENERAL MANDATE TO ISSUE SHARES OR CONVERTIBLE SECURITIES** **(Resolution 6)**

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

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

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

NOTICE OF ANNUAL GENERAL MEETING

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

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

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

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

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

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

Adjustments in accordance with (b)(ii)(1) or (b)(ii)(2) above are only to be made in respect of new shares arising from convertible securities, share options or Share awards which were issued and outstanding or subsisting at the time this Resolution is passed;

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

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

NOTICE OF ANNUAL GENERAL MEETING

8. **AUTHORITY TO ALLOT AND ISSUE SHARES PURSUANT TO THE ANCHOR RESOURCES EMPLOYEE PERFORMANCE SHARE PLAN** **(Resolution 7)**

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

By Order of the Board

Low Wee Siong
Tan Swee Gek

Joint Company Secretaries

Date: 12 June 2020

Singapore

Explanatory Notes:

(i) Mr. Gavin Mark McIntyre, upon re-election as Director of the Company, will remain as Independent Director of the Company, Chairman of the Audit Committee, and a member of the Remuneration Committee and Nominating Committee. The Board considers Mr. Gavin Mark McIntyre to be independent for the purposes of Rule 704(7) of the Catalist Rules.

(ii) Ms. Ch'ng Li-Ling, upon re-election as Director of the Company, will remain as Independent Director of the Company, Chairman of the Nominating Committee, and a member of the Audit Committee and Remuneration Committee. The Board considers Ms. Ch'ng Li-Ling to be independent for the purposes of Rule 704(7) of the Catalist Rules.

(iii) The Ordinary Resolution 6 proposed in item 7 above, if passed, is to empower the Directors to issue shares in the capital of the Company and/or instruments (as defined above). The aggregate number of shares to be issued pursuant to Resolution 4 (including shares to be issued in pursuance of instruments made or granted) shall not exceed one hundred per cent. (100%) of the total number of issued shares excluding treasury shares and subsidiary holdings of the Company, with a sub-limit of fifty per cent. (50%) for shares issued other than on a pro-rata basis (including shares to be issued in pursuance of instruments made or granted pursuant to this Resolution) to shareholders with registered addresses in Singapore. For the purpose of determining the aggregate number of shares that may be issued, the percentage of the total number of issued shares excluding treasury shares of the Company will be calculated based on the total number of issued shares excluding treasury shares and subsidiary holdings of the Company at the time of the passing of Resolution 6, after adjusting for (i) new shares arising from the conversion or exercise of any convertible securities; (ii) new shares arising from exercise of share options or vesting of share awards outstanding or subsisting at the time of the passing of Resolution 6, provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Catalist Rules; and (iii) any subsequent bonus issue, consolidation or subdivision of shares.

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

NOTICE OF ANNUAL GENERAL MEETING

NOTES:

1. Alternative arrangements relating to, among others, attendance, submission of questions in advance and/or voting by proxy at the Annual General Meeting ("**AGM**") are set out in the Company's announcement dated 12 June 2020 entitled "Important Notice to Shareholders Regarding the Company's Annual General Meeting on 29 June 2020" which has been uploaded together with this Notice of AGM on SGXNet on the same day. This announcement may also be accessed at the URL https://www.angkaalam.com/investor-relations.php.

   In particular, the AGM will be held by way of electronic means and a member will be able to watch the proceedings of the AGM through a "live" webcast via his/her/its mobile phones, tablets or computers or listen to these proceedings through a "live" audio feed via telephone. In order to do so, a member who wishes to watch the "live" webcast or listen to the "live" audio feed must pre-register by 10.30 a.m. on 26 June 2020, at the URL https://streaming.sg/anchor/register. Following authentication of his/her/its status as members, authenticated members will receive email instructions on how to access the webcast and audio feed of the proceedings of the AGM by 28 June 2020. Members who have received the email instructions must not forward the email instructions to other persons who are not members or who are not entitled to attend the AGM. This is to avoid any technical disruption or overload to the "live" webcast or "live" audio feed.

   Members may also submit questions related to the resolutions to be tabled for approval at the AGM. To do so, all questions must be submitted by 10.30 a.m. on 26 June 2020:

   (a) via the pre-registration website at the URL https://streaming.sg/anchor/register;

   (b) in hard copy by sending by post and lodging the same at the Registered Office of the Company at 80 Robinson Road #17-02, Singapore 068898; or

   (c) by email to info@anchorresources.com.sg.

   Members will need to identify themselves when posing questions by email or by post by providing the following details:

   (a) the member's full name as it appears on his/her/its CDP/CPF/SRS share records;

   (b) the member's NRIC/Passport/UEN number;

   (c) the member's contact number and email address; and

   (d) the manner in which the member holds his/her/its Shares in the Company (e.g. via CDP, CPF or SRS).

   The Company will not be able to answer questions from persons who provide insufficient details to enable the Company to verify his/her/its shareholder status.

   The Company will address substantial and relevant questions relating to the resolutions to be tabled for approval at the AGM as received from members either before or during the AGM.

   Please note that members will not be able to ask questions at the AGM "live" during the webcast and the audio feed, and therefore it is important for members to submit their questions in advance of the AGM.

2. **A member will not be able to attend the AGM in person. If a member (whether individual or corporate) wishes to exercise his/her/its voting rights at the AGM, he/she/it must appoint the Chairman of the AGM as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM.** In appointing the Chairman of the AGM as proxy, a member (whether individual or corporate) must give specific instructions as to voting, or abstentions from voting, in the form of proxy, failing which the appointment will be treated as invalid. The accompanying proxy form for the AGM may be accessed at the Company's website at the URL https://www.angkaalam.com/investor-relations.php and has also been made available on SGXNet.

3. The Chairman of the AGM, as proxy, need not be a member of the Company. The instrument appointing the Chairman of the AGM as proxy, together with the power of attorney or other authority under which it is signed (if applicable) or a notarially certified copy thereof, must:

   (a) if sent by post, be deposited at the Share Registrar's Office, B.A.C.S Private Limited, 8 Robinson Road #03-00, ASO Building, Singapore 048544; or

   (b) if submitted by email, be received by the Share Registrar's Office at main@zicoholdings.com,

   in either case, not less than 48 hours before the time for holding the AGM, and in default the instrument of proxy shall not be treated as valid.

   A member who wishes to submit an instrument of proxy must first download, complete and sign the proxy form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.

   In view of the current COVID-19 situation and the related safe distancing measures which may make it difficult for members to submit completed proxy forms by post, members are strongly encouraged to submit completed proxy forms electronically via email.

NOTICE OF ANNUAL GENERAL MEETING

4. The instrument appointing the Chairman of the AGM as proxy must be signed by the appointor or his attorney duly authorised in writing. Where the instrument appointing the Chairman of the AGM as proxy is executed by a Company, it must be either under its common seal or signed on its behalf by a duly authorised officer or attorney.

5. In the case of a member whose shares are entered against his/her/its name in the Depository Register, the Company may reject any instrument appointing the Chairman of the AGM as proxy lodged if such member, being the appointor, is not shown to have shares entered against his/her/its 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.

6. Persons who hold shares through relevant intermediaries (as defined in Section 181 of the Companies Act, Chapter 50 of Singapore), including CPF and SRS investors, and who wish to participate in the AGM ("**Relevant Intermediary Participants**") by (a) observing and/or listening to the AGM proceedings via the "live" webcast or the "live" audio feed in the manner provided in Note 1 above; (b) submitting questions in advance of the AGM in the manner provided in Note 1 above; and/or (c) appointing the Chairman of the AGM as proxy to attend, speak and vote on their behalf at the AGM, should contact the relevant intermediary (which would include, in the case of CPF and SRS investors, their respective CPF Agent Banks and SRS Operators) through which they hold such shares as soon as possible in order to facilitate the necessary arrangements for them to participate in the AGM. CPF or SRS investors who wish to appoint the Chairman of the AGM as proxy should approach their respective CPF Agent Banks or SRS Operators to submit their votes by 10.30 a.m. on 17 June 2020.

* A Relevant Intermediary is:

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

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

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

7. The Annual Report for the financial year ended 31 December 2019 may be accessed at the Company's website at the URL https://www.angkaalam.com/investor-relations.php, and have also been made available on SGXNet.

PERSONAL DATA PRIVACY:

By attending the AGM and/or any adjournment thereof or submitting an instrument appointing the Chairman of the AGM as proxy to attend, speak and vote at the AGM and/or any adjournment thereof or submitting any details of Relevant Intermediary Participants in connection with the AGM, 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, administration and analysis by the Company (or its agents or service providers) of the appointment of the Chairman as proxy for the AGM (including any adjournment thereof), and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof) and the publication of the names and the comments of the members of the AGM, and in order for the Company (or its agents or service providers) 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 Relevant Intermediary Participants to the Company (or its agents or service providers), the member has obtained the prior consent of such Relevant Intermediary Participants for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of the Relevant Intermediary Participants 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)

IMPORTANT:

1. *Alternative arrangements relating to, among others, attendance, submission of questions in advance and/or voting by proxy at the Annual General Meeting are set out in the Company's announcement dated 12 June 2020 entitled "Important Notice to Shareholders Regarding the Company's Annual General Meeting on 29 June 2020" which has been uploaded together with the Notice of Annual General Meeting dated 12 June 2020 on SGXNet on the same day. This announcement may also be accessed at the URL https://www.angkaalam.com/investor-relations.php.*
2. *A member will not be able to attend the Annual General Meeting in person. If a member (individual or corporate) wishes to exercise his/her/its voting rights at the Annual General Meeting, he/she/it must appoint the Chairman of the Meeting as his/her/its proxy to attend, speak and vote on his/her/its behalf at the Annual General Meeting. In appointing the Chairman as proxy, a member (whether individual or corporate) must give specific instructions as to voting, or abstentions from voting, in the form of proxy, failing which the appointment will be treated as invalid.*
3. *This Proxy Form is not valid for use by CPF/SRS investors and shall be ineffective for all intents and purposes if used or purported to be used by them.*
4. *CPF/SRS investors who wish to vote should contact their respective CPF Agent Banks or SRS Operators to submit their votes by 10.30 a.m. on 17 June 2020.*

PROXY FORM – ANNUAL GENERAL MEETING

(Please see notes overleaf before completing this Form)

This form of proxy has been made available on SGXNet and the Company's website and may be accessed at the URL https://www.angkaalam.com/investor-relations.php. A printed copy of this form of proxy will NOT be despatched to members.

I/We, ____ (Name)

of ____ (Address)

being a member/members of ANCHOR RESOURCES LIMITED (the "**Company**"), hereby appoint the Chairman of the Annual General Meeting ("**AGM**") as my/our proxy to attend, speak and to vote for me/us on my/our behalf at the AGM of the Company to be held by way of electronic means on Monday, 29 June 2020 at 10.30 a.m. and at any adjournment thereof.

I/We direct the Chairman of the AGM as my/our proxy to vote for or against the Resolutions, or to abstain from voting on the Resolutions, to be proposed at the AGM as indicated hereunder.

No.	Resolutions	For	Against	No. of votes abstaining
	ORDINARY BUSINESS			
1.	Adoption of the Directors' Statement and the Audited Consolidated Financial Statements of the Company and its subsidiaries for the financial year ended 31 December 2019 and the Statement of Financial Position of the Company as at 31 December 2019 together with the Independent Auditors' Report thereon. **(Resolution 1)**			
2.	Re-election of Mr. Gavin Mark McIntyre as a Director of the Company **(Resolution 2)**			
3.	Re-election of Ms. Ch'ng Li-Ling as a Director of the Company **(Resolution 3)**			
4.	Payment of Directors' Fees of S$96,000 for the financial year ending 31 December 2020, to be paid quarterly in arrears **(Resolution 4)**			
5.	Re-appointment of Messrs BDO LLP as Auditors of the Company **(Resolution 5)**			
	SPECIAL BUSINESS			
6.	Authority for Directors to allot and issue new shares **(Resolution 6)**			
7.	Authority for Directors to allot and issue shares on the vesting of awards under the Anchor Resources Employee Performance Share Plan **(Resolution 7)**			

* If you wish to exercise all your votes "For" or "Against" the relevant resolution or to abstain from voting on the resolution in respect of all your votes, please tick (√) within the relevant box provided. Alternatively, if you wish to exercise some and not all of your votes "For" and/or "Against" the relevant resolution and/or to abstain from voting in respect of the resolution, please indicate the number of shares in the boxes provided.

Dated this ________ day of ________________ 2020

Total Number of Shares held	

____

Signature(s) of member(s)
or Common Seal of Corporate Shareholder

IMPORTANT (PLEASE READ THE NOTES)

Notes:

1. A member will not be able to attend the AGM in person. If a member (individual or corporate) wishes to exercise his/her/its voting rights at the AGM, he/she/it must appoint the Chairman of the AGM as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM. In appointing the Chairman as proxy, a member (whether individual or corporate) must give specific instructions as to voting, or abstentions from voting, in the form of proxy, failing which the appointment will be treated as invalid.

2. The Chairman of the AGM, as proxy, need not be a member of the Company.

3. 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.

4. The instrument appointing a proxy, must:

   (a) if sent by post, be deposited at the Share Registrar's Office, B.A.C.S. Private Limited, 8 Robinson Road #03-00, ASO Building, Singapore 048544; or

   (b) if submitted by email, be received by the Share Registrar's Office at main@zicoholdings.com,

   in either case, not less than 48 hours before the time for holding the AGM, and in default the instrument of proxy shall not be treated as valid.

   A member who wishes to submit an instrument of proxy must first download, complete and sign the proxy form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.

   In view of the current COVID-19 situation and the related safe distancing measures which may make it difficult for members to submit completed proxy forms by post, members are strongly encouraged to submit completed proxy forms electronically via email.

5. If sent by post, the instrument appointing the Chairman of the AGM as proxy of an individual must be under the hand of the appointor or of his/her attorney duly authorised in writing and the instrument appointing the Chairman of the AGM as proxy of a corporation must be executed either under its common seal or under the hand of its attorney or a duly authorised officer.

   Where an instrument appointing the Chairman of the AGM as proxy is submitted by email, it must be authorised in the following manner:

   (a) by way of the affixation of an electronic signature by the appointer or his/her duly authorised attorney or, as the case may be, an officer or duly authorised attorney of a corporation; or

   (b) by way of the appointor or his duly authorised attorney or, as the case may be, an officer or duly authorised attorney of a corporation signing the instrument under hand and submitting a scanned copy of the signed instrument by email.

6. Where an instrument appointing the Chairman of the AGM as proxy is signed or, as the case may be, authorised on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument appointing the Chairman of the AGM as proxy, failing which the instrument may be treated as invalid.

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, the member accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 12 June 2020.

ANCHOR RESOURCES LIMITED

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