



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

REPAYMENT OF FIRST TRANCHE BONDS ISSUED TO THE INVESTORS (EACH AS DEFINED BELOW) AND OPTION FOR EACH INVESTOR TO SUBSCRIBE FOR 16,304,347 NEW ORDINARY SHARES IN THE CAPITAL OF ANCHOR RESOURCES LIMITED

1. INTRODUCTION

The Board of Directors ("**Board**") of Anchor Resources Limited ("**Company**", together with its subsidiaries, "**Group**") refers to the Company's announcements on 29 March 2018 and 3 April 2018 (collectively, "**Announcements**") in relation to, *inter alia*, its entry into a guaranteed subscription agreement ("**First Guaranteed Subscription Agreement**") with Mr. Tan Beng Kiat and Mr. Koh Kai Jok (collectively, the "**Investors**") and Mr. Lim Chiau Woei (as guarantor) for the issue of guaranteed non-convertible bonds due 2019 of an aggregate principal amount of S\$1,500,000 ("**First Tranche Bonds**"). Unless otherwise defined, all capitalised terms used herein shall have the same meanings as ascribed to them in the Announcements.

The Company had entered into a repayment and subscription agreement ("**Repayment and Subscription Agreement**") today with the Investors 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 ("**Shares**") in the capital of the Company ("**Repayment and Subscription**").

Where the options are exercised by both Investors within the prescribed exercise period, the Investors will subscribe for, and the Company will allot and issue, an aggregate of 32,608,694 new Shares ("**Investor Shares**"), representing approximately 3.11% of the total number of issued Shares as at the date of this Announcement and approximately 3.02% of the enlarged total number of issued Shares.⁽¹⁾⁽²⁾

2. REPAYMENT AND SUBSCRIPTION

2.1 Salient Terms of the Repayment and Subscription Agreement

(a) Repayment

The Company will pay the following sums to each Investor as follows:

- (i) S\$375,000 on 3 April 2019;

⁽¹⁾ References in this Announcement to the total number of issued Shares and the enlarged total number of issued Shares are to a total of 1,046,948,355 Shares in issue (as at the date of this Announcement) and 1,079,557,049 Shares in issue (taking into account the issue of all the Investor Shares pursuant to the Repayment and Subscription), respectively, unless the context otherwise requires.

⁽²⁾ Any discrepancy in the figures included in this Announcement between the amounts listed and the total thereof is due to rounding. Accordingly, the figures shown as totals in this Announcement may not be an arithmetic aggregation of the figures that precede them.

- (ii) S\$16,875 on 3 April 2019 ("**First Advance Interest Amount**");
- (iii) S\$16,875 on 3 October 2019 ("**Second Advance Interest Amount**"); and
- (iv) S\$375,000 on 3 April 2020 ("**Deferred Principal Amount**").

The parties have further agreed that 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).

(b) Investors' Option to Subscribe for Investor Shares

If required in writing by any Investor at any time commencing from 3 April 2019 to 3 April 2020 ("**Exercise Notice**"), the Company will allot and issue to each such Investor 16,304,347 Investor Shares at the issue price of S\$0.023 ("**Issue Price**") in accordance with the Repayment and Subscription Agreement.

The subscription of the Investor Shares will be made pursuant to the exemption under Section 272B of the Securities and Futures Act (Chapter 289 of Singapore). As such, no prospectus or offer information statement will be issued by the Company in connection with the subscription of the Investor Shares.

(c) Conditions Precedent

Completion of the Repayment and Subscription is conditional upon, *inter alia*, approval for the listing of and quotation for the Investor Shares on Catalist, the sponsor-supervised listing platform of the SGX-ST ("**Catalist**"), pursuant to the ALA (as defined below) ("**Listing Approval**") being obtained, and where the Listing Approval is subject to conditions, (i) such conditions being reasonably acceptable to the parties and (ii) if such conditions are required to be fulfilled on or before completion, such conditions having been fulfilled on or before such date, and such Listing Approval remaining in full force and effect as of completion.

(d) Completion

Completion of the Repayment and Subscription will take place on the date falling five (5) business days after the receipt of the Exercise Notice from an Investor by the Company, in the following manner:

- (i) the Investor will:
 - (A) pay the aggregate Issue Price in full without any deductions whatsoever to the Company on or before the completion date, by setting off in full the Deferred Principal Amount owing to the Investor against the aggregate Issue Price;
 - (B) in the event completion of the Repayment and Subscription takes place before 3 October 2019, waive any receipt of the Second Advance Interest Amount from the Company and refund to the Company the following proportion of the First Advance Interest Amount:

$$\frac{\text{No. of calendar days commencing from completion date to 3 October 2019 (both inclusive)}}{\text{Total no. of calendar days from 3 April 2019 to 3 October 2019 (both inclusive)}} * S\$16,875$$

; and

- (C) in the event completion of the Repayment and Subscription takes place after 3 October 2019 but before 3 April 2020, refund to the Company the following proportion of the Second Advance Interest Amount:

$$\frac{\text{No. of calendar days commencing from completion date to 3 April 2020 (both inclusive)}}{\text{Total no. of calendar days from 3 October 2019 to 3 April 2020 (both inclusive)}} * S\$16,875$$

; and

- (ii) the Company will, promptly upon compliance by the Investor of its obligations in paragraph 2.1(d) above, inter alia, allot and issue such number of Investor Shares to the Investor.

2.2 Information on the Investors

The Investor Shares are allotted and issued to the Investors respectively, as follows:

Name	Number of new Shares	Consideration	Investor Shares as a percentage of the existing share capital of the Company (%)	New Shares as a percentage of the enlarged share capital of the Company ⁽¹⁾ (%)
Tan Beng Kiat	16,304,347	S\$375,000	1.56%	1.51%
Koh Kai Jok	16,304,347	S\$375,000	1.56%	1.51%
Total	32,608,694	S\$750,000	3.11%	3.02%

Note:

- (1) Computed based on the assumption that all of the Investor Shares are issued by the Company to the Investors pursuant to the Repayment and Subscription.

For the avoidance of doubt, the consideration of the Investor Shares as set out above shall be set off in full against the Deferred Principal Amount owing to each of the Investor.

The information of each Investor is as follows:

- (a) Mr. Tan Beng Kiat

Mr. Tan Beng Kiat is a private investor who subscribed for the First Tranche Bonds purely as a financial investor.

As at the date of this Announcement, Mr. Tan Beng Kiat is an existing shareholder of the Company who holds 6,505,195 Shares, representing 0.62% of the total number of

issued Shares, of which 200,000 Shares are held on his behalf by his nominee Nomura Singapore Limited, and, assuming he exercises his right to subscribe for the Investor Shares, will hold 22,809,542 Shares, representing 2.11% of the enlarged total number of issued Shares (taking into account all of the Investor Shares to be issued pursuant to the Repayment and Subscription).

(b) Mr. Koh Kai Jok

Mr. Koh Kai Jok is a private investor who subscribed for the First Tranche Bonds purely as a financial investor.

As at the date of this Announcement, Mr. Koh Kai Jok is an existing shareholder of the Company who holds 8,500,000 Shares, representing 0.81% of the total number of issued Shares and, assuming he exercises his right to subscribe for the Investor Shares, will hold 24,804,347 Shares, representing 2.30% of the enlarged total number of issued Shares (taking into account all of the Investor Shares to be issued pursuant to the Repayment and Subscription).

No placement agent has been appointed and no introduction or referral fees have been or will be paid by the Company for any introduction in respect of the Repayment and Subscription.

2.3 Rationale

The Repayment and Subscription is undertaken as the Company considers the settlement of the First Tranche Bonds pursuant to the First Guaranteed Subscription Agreement partially in the form of equity to be advantageous to the Group as it will conserve the Group's cash reserves and is in the long term interest of the Group.

2.4 Issue Price and Proceeds

The Issue Price represents the prevailing volume weighted average price of S\$0.023 per Share traded on the SGX-ST on 11 December 2018, being the full market day on which the Repayment and Subscription Agreement was signed. The Issue Price was arrived at following arm's length negotiations between the Company and the Investors, taking into the prevailing Share price and the financial position and prospects of the Company.

The Repayment and Subscription will not result in any new cash proceeds for the Company as the aggregate Issue Price payable by the Investors is set off against the Deferred Principal Amount owing to the Investors for the repayment of the First Tranche Bonds pursuant to the First Guaranteed Subscription Agreement.

3. FINANCIAL EFFECTS OF THE REPAYMENT AND SUBSCRIPTION

For illustrative purposes only, the financial effects of the Repayment and Subscription set out below were prepared based on the audited consolidated accounts of the Group for the financial year ended 31 December 2017 ("**FY2017**") and subject to the following assumptions:

- (a) the computations are purely for illustrative purposes only and do not reflect the actual financial result and the financial position of the Company and/or the Group after the Repayment and Subscription;
- (b) for purposes of computing the effect of the net tangible asset ("**NTA**") per Share and net gearing of the Group, it is assumed that the Repayment and Subscription was completed on 31 December 2017;

- (c) for purposes of computing the effect of the Repayment and Subscription on the earnings per Share ("**EPS**"), it is assumed that the Repayment and Subscription was completed on 1 January 2017; and
- (d) an Exercise Notice having been received by the Company from only one of the Investors such that only 16,304,347 Investor Shares are issued at the expiry of the exercise period on 3 April 2020 ("**Scenario 1**");
- (e) the Exercise Notices having been received by the Company from both Investors such that all 32,608,694 Investor Shares are issued at the expiry of the exercise period on 3 April 2020 ("**Scenario 2**");
- (f) there were no significant expenses incurred and fair value changes in relation to the Repayment and Subscription.

3.1 Issued Share Capital

	As at the date of this Announcement and before the Repayment and Subscription	Scenario 1	Scenario 2
Number of issued Shares of the Company	1,046,948,355	1,063,252,702	1,079,557,049
Issued and paid up share capital			
- (RM)	RM248,599,830	RM249,735,818	RM250,871,805
- (S\$)	S\$82,065,108	S\$82,440,108	S\$82,815,108

3.2 NTA

	Before the Repayment and Subscription	Scenario 1	Scenario 2
NTA as at 31 December 2017			
- (RM)	RM26,275	RM27,207	RM28,342
- (S\$)	S\$8,674	S\$8,981	S\$9,356
Number of Shares as of the date of this Announcement	1,046,948,355	1,063,252,702	1,079,557,049
NTA per Share			
- (RM sen)	2.51 sen	2.56 sen	2.63 sen
- (S\$ cents)	0.83 cents	0.84 cents	0.87 cents

3.3 Loss per Share

	Before the Repayment and Subscription	Scenario 1	Scenario 2
Loss attributed to Shareholders for FY2017 ('000)			
- (RM)	RM19,537	RM19,741	RM19,741
- (S\$)	S\$6,449	S\$6,517	S\$6,517
Number of Shares as of the date of this Announcement	1,046,948,355	1,063,252,702	1,079,557,049
Loss per Share			
- (RM sen)	1.87 sen	1.86 sen	1.83 sen
- (S\$ cents)	0.62 cents	0.61 cents	0.60 cents

3.4 Net Gearing⁽¹⁾

	Before the Repayment and Subscription	Scenario 1	Scenario 2
Net debt as at 31 December 2017			
- (RM)	RM12,803	RM8,259	RM8,259
- (S\$)	S\$4,226	S\$2,726	S\$2,726
Shareholders' funds as at 31 December 2017 ('000)			
- (RM)	RM26,275	RM27,207	RM28,342
- (S\$)	S\$8,674	S\$8,981	S\$9,356
Net gearing ratio (times)	0.49	0.30	0.29

Notes:

- (1) Net gearing ratio is defined as net debt divided by total capital. The Group includes within net debt, bank overdraft, trade and other payables, advances from customers, interest bearing bank loans, redeemable preference shares less cash and bank balances.
- (2) Shareholders' funds refer to the aggregate amount of the Group's share capital and reserves.

4. FURTHER INFORMATION RELATING TO THE REPAYMENT AND SUBSCRIPTION

4.1 Working Capital of the Group

The Board is of the opinion that after taking into consideration:

- (a) the present banking facilities and operating cash flows of the Group, and
- (b) that there will not be any new cash proceeds generated from the Repayment and Subscription, the working capital available to the Group after the repayment of (i) the

sum of S\$375,000 on 3 April 2019; (ii) the First Advance Interest Payment; and (iii) the Second Advance Interest Payment, to each Investor,

is sufficient to meet its present requirements. Notwithstanding the aforementioned, The Board also considers the settlement of the First Tranche Bonds pursuant to the First Guaranteed Subscription Agreement partially in the form of equity to be advantageous to the Group as it will conserve the Group's cash reserves and is in the long term interest of the Group.

4.2 2018 General Mandate

The Investor Shares will be issued pursuant to authority under the general share issue mandate approved by the Shareholders at the annual general meeting held on 30 April 2018 ("**AGM**") pursuant to Section 161 of the Companies Act, Chapter 50 of Singapore and Rule 806 of the Catalist Rules ("**2018 General Mandate**").

The 2018 General Mandate authorises the Directors to allot and issue not more than 1,038,448,355 Shares, being 100% of the total number of issued Shares (excluding treasury shares) as at the date of the AGM, of which the aggregate number of Shares that may be issued other than on a pro-rata basis to existing Shareholders must not be more than 519,224,177 Shares, being 50% of the total number of issued Shares (excluding treasury shares) as at the date of AGM.

No Shares were previously issued under the 2018 General Mandate prior to the date of this Announcement. For completeness, pursuant to the exercise of 8,500,000 First Tranche Warrants, 8,500,000 new ordinary Shares were issued and allotted to certain investors under the general share issue mandate approved at the annual general meeting held on 28 April 2017. Accordingly, the allotment and issue of an aggregate of 32,608,694 new Investor Shares (assuming both Investors exercise their options to subscribe for Investor Shares) pursuant to the Repayment and Subscription fall within the limits of the 2018 General Mandate.

Following the Repayment and Subscription, the Company's issued and paid-up share capital will increase from 1,046,948,355 Shares to 1,079,557,049 Shares (taking into account all the Investor Shares to be issued pursuant to the Repayment and Subscription Agreement). The new Investor Shares represent 3.11% of the total number of issued Shares as at the date of this Announcement and approximately 3.02% of the enlarged total number of issued Shares.

4.3 Status of the Investor Shares

The Investor Shares to be allotted and issued pursuant to the Repayment and Subscription are to be issued by the Company free from all charges, liens and other encumbrances and shall, upon allotment and issue, rank *pari passu* with, and carry all rights similar to, the existing issued Shares, except that they will not rank for any dividend, right, allotment or other distributions, the record date for which falls on or before the issue of such Investor Shares, as the case may be.

4.4 Additional Listing Application

An application to the SGX-ST ("**ALA**") will be made by the Company through its sponsor, UOB Kay Hian Private Limited, for the listing of and quotation for the Investor Shares on Catalist. The Company will make the necessary announcement in due course upon receipt of the listing and quotation notice from the SGX-ST.

5. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

None of the Directors or substantial shareholders has any interest, direct or indirect, in the Repayment and Subscription (other than their direct or indirect shareholdings in the Company).

6. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the Repayment and Subscription Agreement will be made available during normal business hours at the registered office of the Company for a period of three (3) months commencing from the date of this Announcement.

7. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Announcement and confirm, after making all reasonable enquiries, that to the best of their knowledge and belief, this Announcement constitutes full and true disclosure of all material facts about the Repayment and Subscription and the Group, and the Directors are not aware of any facts the omission of which would make any statement in this Announcement misleading. Where information in this Announcement has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Announcement in its proper form and context.

By Order of the Board

Dr Wilson Tay Chuan Hui
Lead Independent Director and Non-Executive Chairman
11 December 2018

*This announcement 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 Catalyst.*

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

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

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