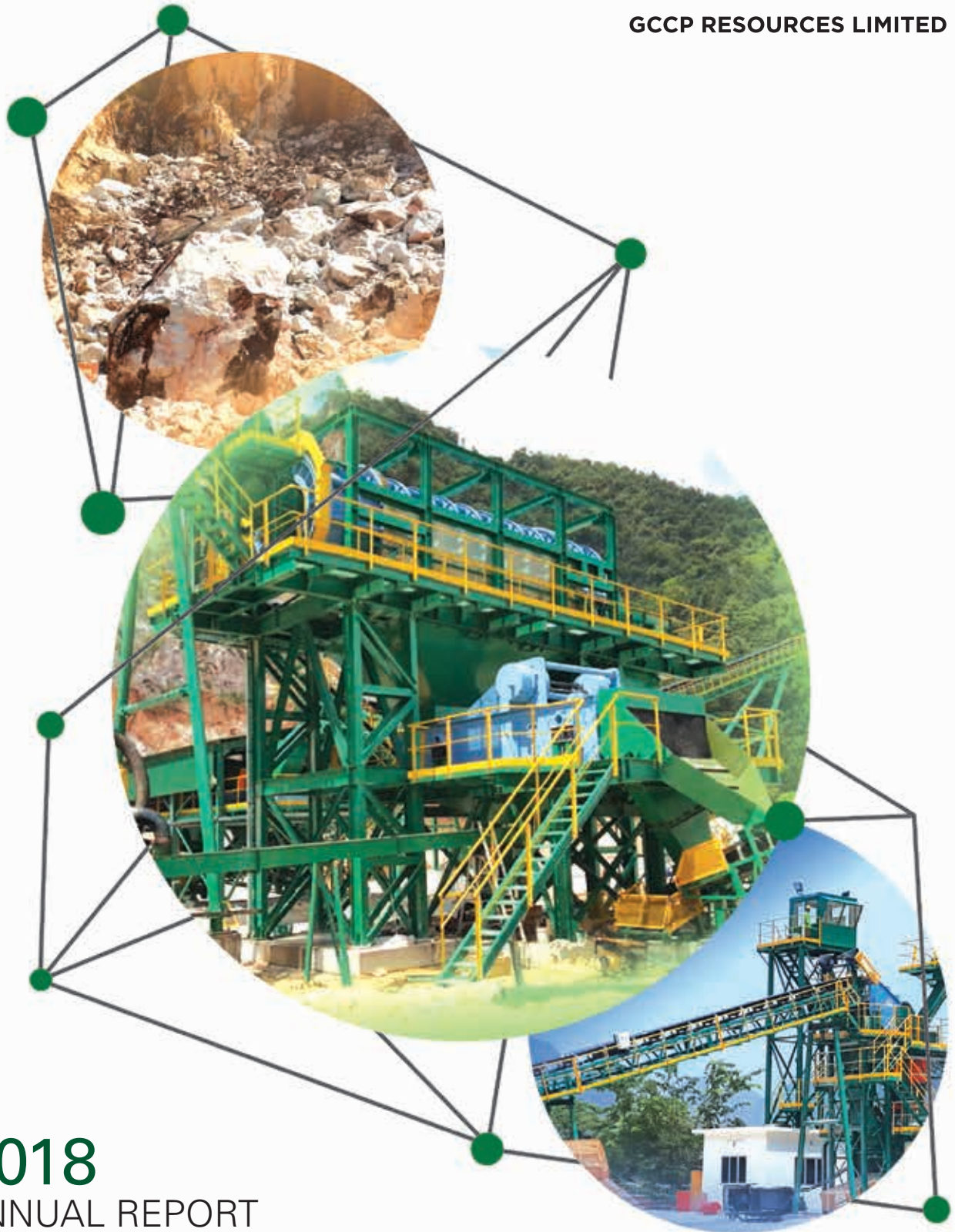




GCCP RESOURCES LIMITED



2018

ANNUAL REPORT



VISION

We strive to be a world class integrated high-grade calcium carbonate producer and owner of one of the largest deposits in Asia, offering a sustainable supply of high quality, consistent and innovative products to meet Malaysia's domestic and international market demand.

COMMITMENT

We are committed to delivering beyond the expectations of our customers through the supply of high-quality products and the relentless pursuit of best-in-class mining and manufacturing capabilities.

We are also committed to creating a safe and rewarding working environment for our dedicated team; fulfilling our social responsibility to the community and environment by observing and surpassing relevant domestic and international standards; and generating long term, sustainable value for our shareholders.

CORPORATE PROFILE

GCCP Resources Limited ("GCCP" and, together with its subsidiaries, the "Group") is primarily engaged in the quarrying and the processing of calcium carbonate. The Group owns one of the biggest reserves of ground calcium carbonate ("GCC") in Malaysia. The Group's quarries, namely Gridland Quarry and Hyper Act Quarries, are located in Ipoh, in the state of Perak. Collectively, the quarries hold about 239 million tons of precipitated calcium carbonate ("PCC") and GCC-grade calcium carbonate resources and 26 million tons of PCC and GCC-grade calcium carbonate reserves. Both quarries have cleared the Environmental Impact Assessment (EIA), and are operated in compliance with its Malaysia government-approved Environmental Management Plan. GCCP was listed on the Catalist of the Singapore Exchange Securities Trading Limited on 30 April 2015.

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This annual report has been prepared by the Company and its contents have been reviewed by the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. (the "Sponsor") in accordance with Rules 226(2)(b) and 753(2) of the Singapore Exchange Securities Trading Limited (the "SGX-ST") Listing Manual Section B: Rules of Catalyst.

This annual report has not been examined or approved by the SGX-ST. The SGX-ST assumes no responsibility for the contents of this annual report, including the correctness of any of the statements or opinions made or reports contained in this annual report. The Sponsor has also not drawn on any specific technical expertise in its review of this announcement.

The contact person for the Sponsor is Mr Joseph Au, Associate Director, Continuing Sponsorship (Mailing Address: 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318 and E-mail: sponsorship@ppcf.com.sg).

CHAIRMAN'S STATEMENT



DEAR SHAREHOLDERS,

We continued to make positive process in the financial year ended 31 December 2018 ("FY2018") as we expanded the market while maintaining production capacity to meet the demand. Nevertheless, there are also challenges in operations that we need to resolve in order to maintain our market position and improvement on our capability to satisfy our customers' needs.

FINANCIAL REVIEW

Amid the weak global economy outlook, the demand for limestone has been dampened by the slowdown in the manufacturing sector. Notwithstanding so, we are confident that our customers will continue to place orders for our PCC crushed stones due to the high level of quality of our product. The Group has also recently successfully negotiated a renewal of a contract with an overseas customer for sales from Gridland Quarry (PCFF Stones). Sales from Hyper Act Quarries (GCC stones) are not expected to pick up in the near term in view of the shutdown of the crushing operations for upgrading and maintenance works before resuming operation in the next quarter. The Group will continue to work hard to secure customers.

Group's revenue recorded a drop of MYR1.9 million to MYR19.8 million as compared to RM21.7 million in FY2017. The decrease was mainly due to the lower sales of ground calcium carbonate ("GCC") crushed stones from Hyper Act Quarries due to the decline in demand from the export markets. However during the year, we delivered higher volumes of crushed of precipitated calcium carbonate grade calcium carbonate stones ("PCC stones") from our Gridland Quarry, and the sales has increased due to higher orders of PCC stones from our export to customers within the region.

Cost of sales rose to RM13.5 million this year, from RM9.4 million in FY2017 mainly due to the machinery breakdown and costs consequently incurred in leasing replacement equipment. The increase also took into account higher cost of fuel and explosives required for operations, along with higher maintenance cost for both crushing plants at Gridland Quarry and Hyper Act Quarries.

Gross profit decreased to RM6.3 million, compared to RM12.3 million a year ago. This drop in gross profit was due to the higher sales of lower margin smaller-sized crushed PCC stones in FY2018, compared to the higher export sales with higher margin in FY2017.

CHAIRMAN'S STATEMENT



Selling and distribution expenses decreased from RM7.2 million in FY2017 to RM3.5 million in FY2018 mainly due to the termination of chartering of vessels and its related expenses for export of GCC crushed stones as a result of the decline in demand.

In all, our net loss attributable to shareholders has narrowed to RM8.5 million in FY2018, compared to RM6.8 million a year ago.

The value of our property, plant and equipment stood at RM89.6 million as at 31 December 2018, compared to RM95.2 million as at 31 December 2017. The difference is due to the net depreciation and amortisation charges of RM5.5 million, offset by a RM0.4 million addition of machinery and equipment and a discount of RM0.5 million received for the crusher plant in Hyper Act Quarries as a compensation from the vendor for the underperformance of the crusher plant commissioned. The vendor had as at the date of this annual report, compensated and rectified the faulty parts of the crusher plant.

Inventories decreased to RM2.6 million as at 31 December 2018, from RM4.0 million a year ago due to the slowdown in production of crushed stones at Hyper Act Quarries as a result of the under performance of the crusher plant.

We generated net cash from operating activities of RM8.2 million in FY2018, compared to net cash outflow of RM7.5 million in FY2017.

OPERATIONS REVIEW

The outlook for FY2018 still remain positive despite lower sales volume from Hyper Act Marketing Quarry, due to sales improvement from the Gridland Quarry in the year due to high demand in the market. Gridland Quarry has renewed the contract with an existing buyer for a year and there are several new orders from different buyers in different industry. Despite challenges faced from non-government environmental bodies such as their requests to reduce operation hours for quarry activities in Simpang Pulai area due to the environment issues, GCCP has managed maintained the production level whilst reducing the environmental impact from the production.

In order to ensure we can maintain the quality of the products, we continuously improve on our quality control process. In GCCP's context, we have implemented much stricter quality control during the quarry face selection process where the operators will dispose stones that have been deemed to be of low quality and they will not be sent to the crushing plant and this has significantly improved the efficiency in the picking process.

CHAIRMAN'S STATEMENT

At the Hyper Act Quarries, we continuously develop the access towards the hilltop from FY2017. The second chute at Hyper Act Quarry 1 has been developed and there are two quarry faces at the quarry that enable us to increase the production volume with minimal interruption while the side casting job is going on at the hilltop. On the other hand, we are also working on the gradient of the access road so we will be able to deliver the material down with trucks instead of side casting down the material to the ground level, this will enable us to increase the efficiency and lower the cost of production.

Besides from the production, we also ensure the crushing plants are always in operations to avoid any possible downtime. A clear standard operating procedure for the crushing plant is provided to the operators, with a well-trained maintenance team conducting weekly maintenance to identify potential issues from the machines.

Operationally, we are targeting higher production volume for both site in the financial year ended 31 December 2019 ("FY2019") to increase the revenue stream.

A WORD OF APPRECIATION

I would like to express my gratitude to the staff and management team who have given all the support to the company despite of the challenges faced throughout the year. It is also much appreciated for the counsel and wisdom from our board members, who have also been supporting us all this while. Last but not least, we also appreciate the relationship that have been built up with our business partners and shareholders for standing by us as we work hard to bring greater value to you.

ALEX LOO

Executive Chairman & CEO

BOARD OF DIRECTORS

LOO AN SWEE (“ALEX LOO”)

Executive Chairman and CEO

Alex Loo, 51, founded the Group in 2009 through the incorporation of Gridland Sdn Bhd. He is responsible for the Group’s overall management and strategy development, customer and supplier relationship management, and general operations. He also plays an instrumental role in the Group’s expansion and sourcing for investment opportunities to promote business growth. He was appointed a Director on 2 December 2013.

Prior to GCCP Resources, Mr Loo founded and served as CEO of Vantage Wood Sdn Bhd and Vantage Resources Sdn Bhd, dealing with timber supply and coal trading respectively. Mr Loo started his career as a marketing executive with Renaware Marketing Sdn Bhd and subsequently as a marketing executive with Dragonway Furniture and Fitting Sdn Bhd after obtaining the Malaysian Certificate of Education (Sijil Pelajaran Malaysia) in 1985.

PANG KIM CHON

Executive Director and COO

Pang Kim Chon, 55, joined the Group in 2013, and oversees the overall operations of the Group, including sales, marketing and daily operations. He was appointed a Director on 2 December 2013.

Mr Pang possesses more than 20 years of management and operational experience. Before joining GCCP, Mr Pang was Executive Director of Vantage Resources Sdn Bhd. Prior to that, Mr Pang spent 10 years with Rimyasa Development Sdn Bhd, starting out as an administration manager in 1988 and climbing through the ranks to become its Managing Director before he moved on to Vantage Resources.

Mr Pang holds a Bachelor of Management (Honours) degree from Universiti Sains Malaysia.

LOO WOUI HONG (“CHARLES LOO”)

Executive Director and Marketing Manager

Charles Loo, 25, is the son of Mr Loo An Swee (Alex Loo), and he was the operation trainee from 1 December 2014 to 30 June 2015; before becoming the Assistant Project Manager – Operations Department of the Company from 1 July 2015 to 30 April 2017; and as a Marketing Manager since 1 May 2017.

Charles has been with the company since his graduation from the University. He has spent almost 3 years in the operation to accumulate the knowledge in the production of limestone and he also involved in the procurement department. He then moved to the marketing department and take charge of the customer sales and services.

Charles Loo holds a Bachelor Degree in International Business from RMIT University, in Melbourne, Australia.

PAY CHER WEE

Lead Independent Director

Pay Cher Wee, 49, was appointed to the Board on 1 March 2016 and is a member of the Audit, Nominating and Remuneration Committees.

Mr Pay possesses more than 20 years of experience in the audit, manufacturing, supply chain management, healthcare and private equity investment sectors. He is currently the Co-Founding Partner of Accion Capital Management Pte Ltd (“Accion”), a registered fund management company that was set up in 2009.

Prior to Accion, Mr Pay was Executive Vice President of GKG Investment Holdings Pte Ltd, and was responsible for its private and public investments in China, Indonesia, Malaysia, Singapore and Vietnam. He was formerly the Chief Financial Officer of Raffles Medical Group Ltd and Venture Corporation Ltd, both listed on the Singapore Exchange. He began his career as an auditor at Deloitte & Touche. Mr Pay currently sits on the boards of several private companies in Singapore and China.

Mr Pay holds a Bachelor of Accountancy (Honours) degree from Nanyang Technological University. He was a Council Member and Honorary Treasurer of the Singapore Cancer Society from 2009 to 2015.

BOARD OF DIRECTORS

YANG ZHENG

Independent Director

Yang Zheng, 32, was appointed to the Board on 3 May 2017, and serves as Chairman of the Remuneration Committee and a member of the Audit and Nominating Committees.

Mr Yang has extensive experience in the valuation of mineral assets, with more than 100 valuations conducted for diverse types of mineral assets across many countries. He currently serves as Responsible Officer at Hong Kong-based Phoenician Advisory Ltd.

Mr Yang was the Director of Research and Asset Management at Cedrus Investments Ltd in Hong Kong and was responsible for its minerals and energy portfolio. Prior to that, he was Director, Mineral & Energy Advisory, Valuation with GCA Group, listed on the Stock Exchange of Hong Kong. He was formerly Senior Analyst at Global Mining Pty Ltd, Strategic Investment Department and also interned at the Trade Finance Department of HSBC Bank (China) Co Ltd.

Mr Yang holds a Doctor of Philosophy in Mineral Economics from the China University of Geosciences, and a Master of Finance and Bachelor of Commerce from the University of New South Wales in Australia. He is a Member of the Australasian Institute of Mining and Metallurgy and a Chartered Financial Analyst charterholder.

TENG CHANG YEOW

Independent Director

Teng Chang Yeow, 55, was appointed to the Board on 1 March 2016 and is a member of the Audit, Nominating and Remuneration Committees. He currently holds the directorships of WYNS Consulting Services Sdn Bhd, Telewyn (M) Sdn Bhd and Malmar Resources Pte Ltd.

Mr Teng has vast experience in governmental affairs and human relationship-conflict management. He was tasked to revive five major abandoned commercial and housing projects in Penang, Malaysia, following the 1997 financial crisis. Prior to this, he served as a Penang State Minister and Legislator, and was involved in tourism development and environmental policy formulation and implementation. He was responsible for the final phase of the listing of George Town as a UNESCO World Heritage Site.

Mr Teng has a Bachelor of Arts (Honours) degree in History and Management from the Universiti Sains Malaysia.

EXECUTIVE OFFICERS

IAN LIM

Chief Financial Officer

Ian Lim, 47, joined the Group as Chief Financial Officer in February 2014 and is responsible for overseeing the financial and accounting management and reporting.

Mr Lim possesses more than 20 years of experience in audit and accounting in various industries including food and beverage, trading and manufacturing. He commenced his career in C.T. Lim & Co in 1993 as an audit assistant and was subsequently promoted to its audit senior, where he was responsible for assisting the firm in providing auditing service and other value-added services such as accounting, tax and secretarial services. He moved on to work for several companies and take up various finance positions. Prior to joining the Group, he was a Country Financial Controller at shipping services company, Globelink Container Line (M) Sdn Bhd.

Mr Lim obtained the Sijil Tinggi Pelajaran Malaysia (STPM) in 1992 and is a Chartered Certified Accountant under the Association of Chartered Certified Accountants. He is also a Chartered Accountant of the Malaysian Institute of Accountants.

LOH HENG KWAI

Director of Operations for Gridland and Hyper Act Quarries

Loh Heng Kwai, 57, is the Group's Director of Operations for Gridland and Hyper Act Quarries. He joined the Group in October 2011 and is responsible for designing and planning quarrying operations at the Gridland and Hyper Act Quarries. He also oversees other quarry operations including worker supervision and safety and regulatory requirement compliance.

Mr Loh has more than 30 years of work experience. He has strong expertise in the cement industry with experience as an assistant senior executive at Lafarge Malayan Cement Sdn Bhd, where he was responsible for the day to day operations of the cement plant, such as monitoring the production process and supervising of the workers, and as a supply chain manager at Tasek Corporation Bhd, where he was responsible for cement production and the meeting of production targets.

Mr Loh holds a Bachelor of Arts degree from Ottawa University in Kansas, USA.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive:

Loo An Swee, Alex

Executive Chairman and Chief Executive Officer

Pang Kim Chon

Executive Director and Chief Operating Officer

Loo Wooi Hong

Executive Director

Non-Executive:

Pay Cher Wee

Lead Independent Director

Teng Chang Yeow

Independent Director

Yang Zheng

Independent Director

AUDIT COMMITTEE

Pay Cher Wee (Chairman)

Teng Chang Yeow

Yang Zheng

NOMINATING COMMITTEE

Teng Chang Yeow (Chairman)

Pay Cher Wee

Yang Zheng

REMUNERATION COMMITTEE

Yang Zheng (Chairman)

Pay Cher Wee

Teng Chang Yeow

COMPANY SECRETARY

Marilyn Tan Lay Hong

COMPANY'S REGISTERED OFFICE

P.O. Box 31119

Grand Pavilion, Hibiscus Way

802 West Bay Road

Grand Cayman, KY1-1205

Cayman Islands

BUSINESS OFFICE

D21-1, Menara Mitraland

No. 13A, PJU 5, Kota Damansara

47810 Petaling Jaya, Selangor, Malaysia

Tel: +603 7610 0823

Email: info@gccpresources.com

SHARE REGISTRAR AND SHARE TRANSFER AGENT

Boardroom Corporate & Advisory Services Pte. Ltd.

50 Raffles Place

#32-01 Singapore Land Tower

Singapore 048623

EXTERNAL AUDITORS

Ernst & Young LLP

One Raffles Quay

North Tower, Level 18

Singapore 048583

AUDIT PARTNER-IN-CHARGE

Adrian Koh Hian Yan

*(appointed since the financial year ended
31 December 2014)*

CONTINUING SPONSOR

PrimePartners Corporate Finance Pte. Ltd.

16 Collyer Quay

#10-00 Income at Raffles

Singapore 049318

PRINCIPAL BANKER

United Overseas Bank (Malaysia) Bhd

Commercial Banking Division

Level 9 Menara UOB

Jalan Raja Laut

50350 Kuala Lumpur

Malaysia

OPERATIONS REVIEW

GCCP Quarries

Our Group wholly owns Gridland Quarry and Hyper Act Quarries (consist of Hyper Act Quarry 1 and Hyper Act Quarry 2) through our subsidiaries GCCP Gridland Sdn Bhd and Hyper Act Marketing Sdn Bhd, respectively. The quarries hold high-quality calcium carbonate resources and reserves, and are located in Ipoh, Perak, Malaysia.

Subsidiary Company	Quarry
GCCP Gridland Sdn Bhd	Gridland Quarry
Hyper Act Marketing Sdn Bhd	Hyper Act Quarry 1 Hyper Act Quarry 2 (Collectively the "Hyper Act Quarries")

Gridland Quarry

Total land area of Gridland Quarry is about 25 acres with a mining elevation between 50m and 240m. It holds mainly PCC-grade calcium carbonate resources and reserves as follows:-

Gridland Quarry	Tonnage (Mt)
Measured resources	2
Indicated resources	20
Probable ore reserves	3.6

Note: As at 31 December 2018. Please refer to the Executive Summary of Independent Qualified Person's Report for more details.

Since establishment, Gridland Quarry has been consistently producing high-quality PCC-grade calcium carbonate stones for our downstream customers in various industries such as paper, quicklime, adhesive, etc. Our PCC-grade crushed stones are produced in three different sizes, namely up to 30mm, 30-50mm and 50-100mm.

Hyper Act Quarries

Total land area of Hyper Act Quarries is about 80 acres with a mining elevation between 100m and 240m. It holds mainly GCC-grade calcium carbonate resources and reserves as follows:-

Hyper Act Quarries	Tonnage (Mt)
Measured resources	51
Indicated resources	140

Hyper Act Quarries	Tonnage (Mt)
Proved ore reserves	2.2
Probable ore reserves	20

Note: As at 31 December 2018. Please refer to the Executive Summary of Independent Qualified Person's Report for more details.

The total GCC-grade calcium carbonate resources and reserves held by Hyper Quarries is one of the largest in Malaysia. Our GCC-grade crushed stones are supplies to both local and overseas markets in three different sizes, namely up to 10mm, 10-40mm and 40-100mm.

Operational Updates

While the consistency of PCC-grade stones quality produced by Gridland Quarry since establishment has gained market confidence towards our products, the slowdown in the global economy has slightly affected the demand from our existing and new customers from both local and overseas markets. The Company is still working on achieving the production target of 60,000 tonnes per month in order to capture the market demand. This delay is due to the on-going development of infrastructure to access the top hill area which will be accelerated when the Company is able to improve the financial position of the Company to a healthy level.

The entire operation of Hyper Act Quarries under the direct management of the Director of Operations has successfully produced sufficient GCC-grade stones in fulfilling the customers' contracts, although operational disruptions were faced by the Group such as underground water pipe leakage, which results in lower pressure for the water pump to supply sufficient water to the washer, affecting the quality of our GCC-grade stones quality. Major repair work is still in progress after the thorough screening to discover there were a number of areas affected by the initial leakages. The repair works are expected to be completed by the end of year 2019 and the crushing operations is expected to resume thereafter.

With the stiff competition in supplying GCC-grade stones in the region, the Group has taken the opportunity in this period to shut down crushing operations at Hyper Act Quarries and to focus on upgrading and maintenance works before securing customers for the products offered by Hyper Act Quarries.

OPERATIONS REVIEW



Operating Licenses and Approvals

In Malaysia, all quarry operations require operating licenses and approvals known as Surat Kelulusan Skim Kuari (“SKSK”) and it is subject to annual renewal by meeting the conditions set by the relevant government departments. All our quarries have successfully renewed the SKSK.

Environmental Risks

There are three major environmental risks associated with quarry business such as noise and vibration levels, air quality and water quality. Therefore, we regularly monitor environmental risk levels with certified independent environmental auditors and review mitigation plans from time to time by complying with the recommendations and strict regulations made by the Department of Environment (“DOE”) of Malaysia.

In view that our SKSK has been successfully renewed, it has been verified by the DOE that the level of environmental risks brought by our business are in within approved measures and complies with the relevant environmental regulations.

Safety, Health and Environment

The Safety, Health and Environment Committee (“SHE”) is always committed to provide a safer and healthier workplace to all our stakeholders.

SHE conducted a series of trainings on occupational safety and health to the relevant parties such as our employees and contractors as part of the Group’s continuing efforts to raise

awareness of workplace hazards by equipping them with the latest knowledge and best-practices to protect them against common workplace hazards. We have achieved the target for all our quarries with ‘zero’ accident record in FY2018. Promotion of work-life balance was also carried out as planned, for the well-being of our employees.

In addition, the SHE plays a major role in managing environmental risks from our business. Failing to manage the environmental risks may result in a range of undesired consequences including suspension of operations, fines, a lawsuit or even imprisonment. Therefore, the SHE is always focused on minimising any adverse environmental impacts from our quarrying activities by monitoring and diagnosing the current levels of impact and then continually improving, updating and implementing the good procedures in accordance to the latest environment regulations.

Quality Assurance and Control

We believe the emphasis on employing rigorous quality control measures is fundamental in obtaining and maintaining the Group’s reputation. Therefore, we strive to fulfil our customers’ demands by delivering high quality products that adhere to their specific requirements.

A comprehensive research on our quarry hills in locating the high-quality raw material spots has been conducted by one of the world’s leading players in the calcium carbonate industry. We are currently working towards to the spots that have been identified in the study for the extraction of high-quality calcium carbonate rocks. This effort is made to ensure continuous supply of high-quality products to the market.

OPERATIONS REVIEW



Our workers attended a Crushing & Screening Course to acquire new knowledge on crushing and screening systems and techniques. Improvisation will be made by implementing new methods learned, we will be able to optimize the production level as well as quality of finished products in the near future.

We continue to conduct random sampling on our products, to be analysed by appointed third-party laboratories, as part of the quality control processes. Moreover, we remove the products that have failed to meet the requirement in term of colour and brightness by performing on-site visual inspection.

Corporate Social Responsibility

We actively involve ourselves in environmentally-friendly programmes, as we are aware of the impact of GCCP's business operations on the environment.

The 3R (Reduce, Reuse and Recycle – Paper) initiative launched with the aim of reducing the total new paper consumption received a good response from our employees in FY2018. We have successfully reduced the new paper consumption by 6% as compared to FY2017. We hope the small steps taken in the workplace will become a habit in employees' life and subsequently influence friends and family members to take the same action, with the common goal of reducing greenhouse gas emissions to protect Earth.

There are three projects being carried out on a regular basis since our business started. Firstly, new tree-planting project along with relocation and replanting of affected trees from our quarrying site. Secondly, pave and repair poor conditions roads with the excess stones that do not meet customers' requirements from our quarry site. Lastly, dampen the access roads to our quarry sites with water to maintain air quality for the benefit of the public.

OPERATIONS REVIEW

Summary of Reserves and Resources

Date of report: 12 August 2019

Date of previous report (if applicable): 6 April 2018

1. Summary of Mineral Reserves and Resources

Name of Asset/Country/Project: GCCP Gridland Quarry

Category	Mineral Type	Gross Attributable to Licence		Net Attributable to Issuer ¹			Remarks
		Tonnes (millions)	Grade	Tonnes (millions)	Grade	Change from previous update (%)	
Reserves							
Proved	Limestone	N/A	98%	N/A	98%	N/A	
Probable	Limestone	3.6	98%	3.6	98%	-9%	
Total		3.6		3.6			
Resources*							
Measured	Limestone	2	98%	2	98%	N/A	
Indicated	Limestone	20	98%	20	98%	N/A	
Inferred	Limestone	17	98%	17	98%	N/A	
Total		39		39			

Note: Total may appear to be inconsistent due to appropriate rounding. The resources reported are rounded to 2 significant figures (except for Inferred Resource which are rounded to 1 significant place). The resources estimate includes a 2% reduction factor for cavities and non-carbonate materials observed in drill core. These numbers are as at 31 December 2018.

OPERATIONS REVIEW

Name of Asset/Country/Project: Hyper Act Marketing Quarry (Both HAM Mine 1 and 2)

Category	Mineral Type	Gross Attributable to Licence		Net Attributable to Issuer ¹			Remarks
		Tonnes (millions)	Grade	Tonnes (millions)	Grade	Change from previous update (%)	
Reserves							
Proved	Limestone	2.2	96%	2.2	96%	0%	
Probable	Limestone	20	96%	20	96%	–1%	
Total		22.2		22.2			
Resources*							
Measured	Limestone	55	93%	55	93%	N/A	
Indicated	Limestone	150	93%	150	93%	N/A	
Inferred	Limestone	8	93%	8	93%	N/A	
Total		210		210			

Note: Total may appear to be inconsistent due to appropriate rounding. The resources reported are rounded to 2 significant figures (except for Inferred Resource which are rounded to 1 significant place). The resources estimate includes a 2% reduction factor for cavities and non-carbonate materials observed in drill core. These numbers are as at 31 December 2018.

¹ To state reason if this is different from net entitlement to issuer

* To state whether the Mineral Resources are reported additional to, or inclusive of, the Mineral Reserves.

² the Prospective Resources maturing into a Contingent Resource

Name of Qualified Person: Greater China Mineral & Energy Consultants Limited

Date: 30 August 2019

Professional Society Affiliation/Membership:

- The Australasian Institute of Mining and Metallurgy (AusIMM)
- The Institute of Materials, Minerals and Mining (IMMM)
- The Canadian Institute of Mining, Metallurgy and Petroleum (CIM)
- The Society for Mining, Metallurgy and Exploration (SME)
- The Society of Mining Engineering of the American Institute of Mining, Metallurgical, and Petroleum Engineers (AIME)
- The Australian Institute of Geoscience (AIG)
- The Australasian Institute of Mineral Valuers and Appraisers (AIMVA)

REPORT ON CORPORATE GOVERNANCE

The board of directors (the “**Board**” or the “**Directors**”) and the management (the “**Management**”) of GCCP Resources Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) are committed to maintain a high degree of corporate governance and transparency for the benefit of its stakeholders. As such, the Board has adopted the corporate governance practices recommended in the Code of Corporate Governance 2012 (the “**Code**”) and the disclosure guide developed by the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) in January 2015 (the “**Guide**”).

This report outlines the Company’s corporate governance processes and structures that have been adopted by the Group with specific references to the principles and guidelines of the Code, and also the specific disclosures required by the Code, in so far as it applies to the Group for the financial year ended 31 December 2018 (“**FY2018**”). The Company has complied with the principles and guidelines as set out in the Code and Guide, where applicable, proper explanations have been provided for any deviations from the Code and/or the Guide in the relevant sections.

The Board noted that the Code of Corporate Governance issued on 6 August 2018 (“**Code of Corporate Governance 2018**”) applies to annual reports covering financial years commencing from 1 January 2019. Accordingly, the Company will describe its corporate governance practices with specific reference to the principles and provisions of the Code of Corporate Governance 2018 for the annual report to be issued in 2020 and thereafter.

I. BOARD MATTERS

The Board’s Conduct of its Affairs

Principle 1: Every company should be headed by an effective Board to lead and control the company. The Board is collectively responsible for the long-term success of the company. The Board works with Management to achieve this objective and Management remains accountable to the Board.

The Board oversees the corporate policy and overall strategy for the Group. The principal roles and responsibilities of the Board include (a) oversight of the overall strategic plans including sustainability and environmental issues as part of its strategic formulation, strategic human resources framework, and financial objectives of the Group; and (b) oversight and the guardian of shareholders’ interest and the Company’s assets through a robust system of effective internal controls, risk management, financial reporting and compliance.

The Board is the highest authority of approval and specific functions of the Board are either carried out by the Board or through various committees established by the Board, namely, the Audit Committee (the “**AC**”), the Nominating Committee (the “**NC**”) and the Remuneration Committee (the “**RC**”) (collectively, the “**Board Committees**”). Each committee has the authority to examine issues relevant under their clearly defined term of references and to make fair, proper and appropriate recommendations to the Board when required. The ultimate responsibility for the final decision on all matters, however, lies with the entire Board.

Matters that require the Board’s approval include, amongst others, the following:

- Appointment and re-election of Directors at general meeting;
- Remuneration of the members of the Board and key management personnel;
- Share option and performance share schemes;
- Financial results announcements and annual business budgets;
- Corporate actions which include issuance of new shares or rights issue;

REPORT ON CORPORATE GOVERNANCE

- Significant capital expenditure for real property or other assets. The threshold for the Board's approval for other assets would be based on the lower of RM10 million per transaction or 10% of the Group's net book value;
- Material transactions which include major investments or divestments. Depending on the extent of the Group's equity investment or divestment, the thresholds include, inter-alia, the lower of RM10 million per transaction or 10% of the Group's net book value;
- Dividend decisions;
- Announcements to be released on SGXNET; and
- Strategic decisions.

The Board conducts scheduled meetings on a quarterly basis. Additional meetings would be convened as and when circumstances warrant. The Articles of Association of the Company (the "**Articles**") allow for Board meetings to be conducted via any form of audio or audio-visual communication.

The Company welcomes Directors to request for further explanations, briefings or informal discussions on any aspect of the Group's operations or business from the Management.

When necessary or appropriate, members of the Board may exchange views outside the formal environment of board meetings. Each Board member is expected to objectively discharge his or her duties and responsibilities at all times as fiduciaries in the best interests of the Company.

The attendance records of each Director at meetings of the Board and its committees held in FY2018 was as follows:

	Board	AC	NC	RC
Number of meetings held in FY2018	4	4	1	1
Name of Director	Number of meetings attended in FY2018			
Loo An Swee	4	–	–	–
Pang Kim Chon	4	–	–	–
Kelvin Yau Kirk Min*	4	4	1	1
Teng Chang Yeow	4	4	1	1
Pay Cher Wee	2	2	1	1
Yang Zheng	4	4	1	1

Note:

* Mr Kelvin Yau Kirk Min resigned from the Board on 28 May 2019 and ceased to be the Chairman of the AC and member of the NC and RC.

There were no incoming Directors during FY2018. Newly appointed Directors will be given a formal and comprehensive orientation by the Executive Directors and Management to familiarise themselves with the businesses, governance and operations of the Group. The newly appointed Directors will also be given an opportunity for a site visit. Upon appointment, the Director will receive a formal letter of appointment setting out his duties and responsibilities. The Company would arrange and fund trainings for first-time Directors in relevant areas such as accounting, legal or industry specific training, where relevant. In addition, as required under the SGX-ST Listing Manual: Section B: Rules of Catalist ("**Catalist Rules**"), a new Director who has no prior experience as a director of a company listed on the SGX-ST must undergo training as prescribed by the SGX-ST. Such training will be completed within one year of the appointment.

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The Directors may join institutes and group associations of specific interests, and attend relevant training seminars or informative talks from time to time so that they are in a better position to discharge their duties. The Company encourages the Directors to attend courses in areas of Directors' duties and responsibilities, corporate governance, changes in financial reporting standards, insider trading, changes in the Catalist Rules and industry-related matters, to develop themselves professionally, at the Company's expense.

The Board is kept updated on pertinent business developments in the business, including the key changes in the regulatory requirements and financial reporting standards, risk management, corporate governance and industry specific knowledge, so as to enable them to properly discharge their duties as the Board and the Board Committees members. Directors may request further explanations, briefings and informal discussion on any aspects of the Group's operations or business issues.

On an ongoing basis, new releases issued by the SGX-ST which are relevant to the Group's business are regularly circulated to the Board.

Board Composition and Guidance

Principle 2: There should be a strong and independent element on the Board, which is able to exercise objective judgement on corporate affairs independently, in particular, from Management and 10% shareholders. No individual or small group of individuals should be allowed to dominate the Board's decision making.

As at date of this report, the Board comprises six (6) Directors, of whom three (3) Executive Directors and three (3) Independent Directors:

Executive:

Loo An Swee	Executive Chairman and Chief Executive Officer ("CEO")
Pang Kim Chon	Executive Director and Chief Operating Officer ("COO")
Loo Wooi Hong	Executive Director (appointed on 28 May 2019)

Non-Executive:

Pay Cher Wee	Lead Independent Director (re-designated from Non-Executive Non-Independent Director to Lead Independent Director on 28 May 2019)
Teng Chang Yeow	Independent Director
Yang Zheng	Independent Director

The composition of the Board complies with the relevant guideline of the Code that independent directors makes up at least one-third of the Board.

Where the Chairman is not an independent director, the independent directors shall make up at least half of the Board. The Company has complied with the relevant guideline of the Code as half of the Board members are independent directors.

The independence of each Director is assessed and reviewed annually by the NC. In FY2018, the NC has evaluated whether a Director is independent in accordance with the Code and the Catalist Rules. Based on the NC's evaluation and the confirmation of independence received from each Independent Director, the NC has assessed and is satisfied that Mr Kelvin Yau Kirk Min, Mr Yang Zheng and Mr Teng Chang Yeow are independent for FY2018. The Independent Directors have also confirmed their independence in accordance with the Code and the Catalist Rules.

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There are no Directors that are deemed independent by the Board, notwithstanding the existence of a relationship as stated in the Code and the Catalyst Rules that would otherwise deem him not to be independent.

Each member of the NC would abstain from deliberations in respect of the assessment of his own independence in their individual evaluations. There is no Independent Director who has served beyond nine years since the date of his first appointment.

The NC has reviewed the size and composition of the Board for effective decision making for FY2018, taking into account factors such as the scope and nature of the operations of the Group and the core competencies of Board members in the fields of financial, legal and strategic management.

The Board is of the view that the expertise of the Non-Executive Directors would assist the Company to constructively challenge and assist in the development of the business strategies and in the reviewing and monitoring of the Management's performance against set targets. For FY2018, the Non-Executive Directors have met in the absence of the Management.

Led by the Lead Independent Director, the Independent Directors may at any time meet separately without the presence of the other Directors. For FY2018, the Independent Directors had met without the presence of the other Directors and Management.

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 which is elaborated in the table as follows:

Balance and Diversity of the Board		
	Number of Directors	Proportion of Board
Core Competencies		
Accounting or finance related	4	66%
Business and management experience	6	100%
Legal or corporate governance knowledge	3	50%
Relevant industry knowledge	4	66%
Strategic planning experience	6	100%

The Board takes the following steps to maintain or enhance its balance and diversity:

- Annual review by the NC to assess if the existing attributes and core competencies of the Board and Board Committees are complementary which would enhance the efficacy of the Board; and
- Annual evaluation by the Directors of the skill sets the other Directors possess, with a view to understand 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.

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Chairman and Chief Executive Officer

Principle 3: There should be a clear division of responsibilities between the leadership of the Board and the executives responsible for managing the company's business. No one individual should represent a considerable concentration of power.

The roles of the Executive Chairman and CEO in the Company are not separated. Mr Loo An Swee is the Executive Chairman, and also acts as the Group CEO.

In view that the Executive Chairman and the CEO is the same person, Guideline 2.2 of the Code is met as the Independent Directors make up half of the Board.

Mr Loo An Swee has the executive responsibility for the day-to-day operations of the Group and provides overall leadership to the Board. With the help of the Company Secretary, Mr Loo An Swee ensures that Board meetings are held as and when necessary and sets the meeting agenda in consultation with the fellow Directors and other executives, and if warranted, with professional advisors.

The Executive Chairman also has the responsibility to ensure the quality, quantity and timeliness of the flow of information between the Management, the Board and shareholders. He assumes the lead role in promoting high standards of corporate governance processes as well as the culture of openness and debate at Board meetings. He also encourages constructive relationship within the Board and between the Board and Management while facilitating the effective contributions of Independent Directors during the Board meetings.

Mr Kelvin Yau Kirk Min, the Lead Independent Director, had resigned from the Board on 28 May 2019. Concurrently, Mr Pay Chee Wee, who was the Non-Executive Director, had been re-designated as the Lead Independent Director, in place of Mr Kelvin Yau Kirk Min. The Lead Independent Director makes himself available to shareholders whenever they have concerns and for which contact through normal channels with the Chairman and/or Chief Financial Officer has failed to resolve or when such contact is deemed inappropriate, by way of an appointment which can be made at the Company's registered address.

Board Membership

Principle 4: There should be a formal and transparent process for the appointment and re-appointment of directors to the Board.

The Company has established the NC to make recommendations to the Board on all Board appointments and re-appointments. The salient key terms of reference of the NC include, amongst others, the following:

- (a) reviewing and recommending the nomination or re-nomination of the Directors having regard to their contribution and performance;
- (b) determining on an annual basis whether or not a Director is independent;
- (c) recommending to the Board the review of board succession plans for the Company's Directors, in particular, for the Chairman and CEO;
- (d) recommending how the Board's performance may be evaluated and propose objective performance criteria, as approved by the Board;
- (e) reviewing and recommending candidates for appointment to the Board and Board Committees;

REPORT ON CORPORATE GOVERNANCE

- (f) deciding whether or not a Director is able to and has been adequately carrying out his duties as a Director; and
- (g) reviewing and approving any new employment of persons whom are related to our Directors and the proposed terms of their employment.

As of the date of this report, the NC comprises three (3) Directors, all of whom including the NC Chairman, are non-executive and independent. The NC will meet once a year, and as warranted by circumstances, to discharge its functions. The NC members are:

Teng Chang Yeow (Chairman)
Yang Zheng (Member)
Pay Cher Wee (Member)

The Articles requires every Director to retire after three (3) years being in office at each AGM. Pursuant to Article 86(1), the retiring Directors would submit themselves for re-nomination and re-election. In addition, pursuant to Article 85(6), newly appointed Directors are required hold office until and submit themselves for re-election at the next AGM following their appointments.

The NC has noted that the following Directors will retire via rotation at the forthcoming AGM pursuant to the Articles:

Name of Director	Designation	Retiring Pursuant to Article
Loo Wooi Hong	Executive Director	85(6)
Teng Chang Yeow	Independent Director	86(1)
Pay Cher Wee	Lead Independent Director	86(1)

Pursuant to the Article 85(6) of the Articles, Mr Loo Wooi Hong who was appointed by the Board on 28 May 2019, will retire, being eligible and having consented, be nominated for re-election as a Director at the forthcoming AGM. Subject to being duly re-elected, Mr Loo Wooi Hong will remain as an Executive Director of the Company.

Pursuant to the Article 86(1) of the Articles, Mr Teng Chang Yeow will retire by rotation, being eligible and having consented, be nominated for re-election as a Director at the forthcoming AGM, and subject to being duly re-elected, Mr Teng Chang Yeow will remain as an Independent Director of the Company. Upon re-election as Director, Mr Teng Chang Yeow will remain as the Chairman of the NC, a member of the AC and RC and he is considered to be independent by the Board (save for Mr Teng Chang Yeow himself) for the purposes of Rule 704(7) of the Catalist Rules.

Pursuant to the Article 86(1) of the Articles, Mr Pay Cher Wee will retire by rotation, being eligible and having consented, be nominated for re-election as a Director at the forthcoming AGM, and subject to being duly re-elected, Mr Pay Cher Wee will remain as the Lead Independent Director of the Company. Upon re-election as Director, Mr Pay Cher Wee will remain as the Chairman of the AC, a member of the NC and RC and he is considered to be independent by the Board (save for Mr Pay Cher Wee himself) for the purposes of Rule 704(7) of the Catalist Rules.

In arriving at its nomination of Directors for re-election, the NC takes into consideration factors such as the contribution and participation of the individual Director at Board or Board Committees meetings, commitment to Board and Company's matters, as well as continued relevance of his area of expertise or industry knowledge to the Board's collective competencies and effectiveness. Subject to the NC's satisfactory assessment, the NC would recommend the proposed re-appointment to the Board for consideration and approval.

REPORT ON CORPORATE GOVERNANCE

In assessing and recommending a candidate for appointment to the Board, the NC will take into consideration the competencies, skills, experience and diversity the existing Board would require. A description of the candidate's requirements, which could include but not limited to; the background, qualifications, experience and knowledge that the candidate should bring would then be provided to the NC.

Potential candidates for appointment as Directors would be sourced from the referrals and networks of the members of the NC and the Executive Directors. Notwithstanding, should the need arise to expand the pool of suitably qualified candidates, the NC may also engage external search consultants to search for new Directors at the Company's expense to shortlist and recommend potential Directors. All recommendations would be put forth to the NC for their assessment and recommendation to the Board thereafter.

New Directors are appointed by way of a board resolution subsequent to the NC's recommendation of the appointment for approval by the Board.

As a broad-based NC policy, the board nomination criteria for evaluating an Executive Director vis-a-vis a Non-Executive or Independent Director is different.

For an Executive Director, the nomination process would in general be tied to his ability to contribute through his acumen and thinking process of the businesses. As for a Non-Executive or Independent Director, nominations are based on a myriad of criteria whereby he should possess the independence of mind despite confirmation via in writing, as evaluated by the NC. As further elaborated in the "Board Performance" section of this report, the NC had assessed that the existing Independent Directors have demonstrated their time commitment and ability to contribute their independent opinions to the Board.

Other important issues to be considered as part of the process for the selection and re-appointment of Directors includes the composition and progressive renewal of the Board and each Director's competencies, commitment, contribution and performance (e.g. attendance, preparedness, participation and candour), if applicable, each Director's independence, as an Independent Director.

In FY2018, there was no cap set on the maximum number of listed company directorships that the Directors are allowed to hold as it was not applicable to any Directors given that none of the Directors held directorships on the boards of other listed companies. Nevertheless, if in future the Board finds that time commitment is lacking from any particular Director and/or when any Directors are appointed to boards of any listed companies, the Board may consider imposing a cap in future. The NC had reviewed the time and attention spent by the Directors, and is satisfied that all Directors have discharged their duties adequately for FY2018.

In FY2018, the NC had included, amongst others, the following considerations to assess the capacity of Directors:

- (a) expected and/or competing time commitments of each Director;
- (b) number of board representation held by each Director;
- (c) size and composition of the Board; and
- (d) nature and scope of the Group's operations and size.

From time to time a Director may be unable to attend to company business for various reasons – for example, traveling overseas. The Articles permits for an alternate director to be appointed to act in the place for such a Director. Such permission is essential, as it removes the need for an additional Director to be appointed which would alter quorum and majority requirements for board meetings. There were no alternate Directors appointed in FY2018.

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The information in respect of each Director's academic and professional qualification is set out in the "Board of Directors" section of the Annual Report and the information on shareholding in the Company and its related corporations held by each Director is set out in the "Directors' Statement" section of the Annual Report. Other information of the Directors is set out below:

Name of Director	Loo An Swee	Pang Kim Chon	Loo Wooi Hong
Role	Executive Chairman and Chief Executive Officer	Executive Director and Chief Operating Officer	Executive Director
Board Committee(s) serve on	None	None	None
Date of first appointment as Director	2 December 2013	2 December 2013	28 May 2019
Date of last re-election as a Director	28 April 2017	27 April 2018	Not applicable
Present directorship in other listed companies	Nil	Nil	Nil
Past directorship in other listed companies over the preceding three (3) years	Nil	Nil	Nil
Other principal commitments excluding directorships	Nil	Nil	Nil

Name of Director	Pay Cher Wee	Teng Chang Yeow	Yang Zheng
Role	Lead Independent Director	Independent Director	Independent Director
Board Committee(s) serve on	- Audit Committee (Chairman) - Nominating Committee (Member) - Remuneration Committee (Member)	- Nominating Committee (Chairman) - Audit Committee (Member) - Remuneration Committee (Member)	- Remuneration Committee (Chairman) - Audit Committee (Member) - Nominating Committee (Member)
Date of first appointment as Director	1 March 2016	1 March 2016	3 May 2017
Date of last re-election as a Director	29 April 2016	29 April 2016	27 April 2018
Present directorship in other listed companies	Nil	Nil	Nil
Past directorship in other listed companies over the preceding three (3) years	Nil	Nil	Nil
Other principal commitments excluding directorships	Nil	Nil	Nil

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Board Performance

Principle 5: There should be a formal annual assessment of the effectiveness of the Board as a whole and its board committees and the contribution by each director to the effectiveness of the Board.

The NC will be responsible for assessing the effectiveness of the Board as a whole, the Board Committees and each individual Director. The NC decides how the Board's performance may be evaluated and proposes objective performance criteria that are approved by the Board.

The NC has in place a Board performance evaluation process whereby the Board and its Board Committees will complete a group assessment collectively. Evaluation of the individual director's contribution is based on a qualitative feedback received from each director. Each member of the NC shall abstain from voting on any resolutions in respect of the assessment of his performance or re-nomination as Director. The Company Secretary will collate the Directors' evaluations and provide the summary observations to the NC Chairman. Led by the NC Chairman, the NC would then discuss the evaluation and conclude the performance results during the NC meeting. The evaluation criteria would be reviewed as and when required to keep up with any prevailing good practices, from time to time and to be determined by the NC.

The criteria for evaluation of the performance of individual Directors includes qualitative and quantitative factors such as performance of principal functions and fiduciary duties, Director's attendance at meetings and contribution and performance at such meetings. The NC and the Board strive to ensure that each Director, with his contributions, brings to the Board an independent and objective perspective to enable balanced and well-considered decisions to be made.

In FY2018, the NC had reviewed the Board's composition, Board's processes managing the Group's performance and the effectiveness of the Board in its monitoring role and the effectiveness of the respective committees. In evaluating the performance of each Director, the NC had considered the attendance and contributions of the Directors during Board and Board Committee meetings as well as commitment to their role as Directors. The NC is of the view that the Board and the Board Committees have operated effectively, each Director had contributed to the overall effectiveness of the Board and met the performance objectives set in FY2018.

The NC also has the option to use an external facilitator to assist in the evaluation process. In FY2019, taking into consideration the specialized nature of the Group's business and operations and that four (4) out of six (6) Directors are Non-Executive Directors with diverse experience and knowledge across various industries including management and corporate governance, the Board is of the view that it is able to adequately evaluate itself without the appointment of an external facilitator.

Access to Information

Principle 6: In order to fulfil their responsibilities, directors should be provided with complete, adequate and timely information prior to board meetings and on an on-going basis so as to enable them to make informed decisions to discharge their duties and responsibilities.

The Management, including the Executive Directors will keep the Board apprised of the Group's operations and performance through quarterly updates and reports as well as through informal discussions. Key Management Personnel who can provide additional insight into the matters at hand would be invited to the Board meetings.

Prior to and as soon as practicable before any meetings of the Board or Board Committees, Directors are provided, where appropriate, with sufficient relevant information, including financial reports and forecast where applicable, to enable them to be prepared for the meetings. On an ongoing basis, all Board members have separate and independent access to the Management should they have any queries or require additional information on the affairs of the Group.

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Before each meeting, the Management would provide the Board members with the required explanatory documents relating to matters to be brought before the Board. The Management also provides the Board with quarterly updates on financial results, operational performance, business development and other important and relevant information.

The Directors also have access to the Company Secretary who attends all Board and its committees' meetings. The Company Secretary also assists the Chairman and the Board to implement and strengthen corporate governance practices and processes. The Board is given the names and contact details of the Company's Management and the Company Secretary to facilitate direct, separate and independent access. The role of the Company Secretary includes responsibility for ensuring that board procedures are followed and that applicable rules and regulations are complied with. Under the direction of the Chairman, the Company Secretary's responsibilities would include ensuring good information flows within the Board and its Board Committees and between Management and Non-Executive Directors, advising the Board on governance matters, as well as facilitating orientation and assisting with professional development as required. The appointment and removal of the Company Secretary is subject to the approval of the Board as a whole.

Where the Directors either individually or as a group, in the furtherance of their duties, require independent professional advice, assistance is available to assist them in obtaining such advice at the Company's expense.

(II) REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

Principle 7: There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors. No director should be involved in deciding his own remuneration.

The terms of reference of the RC cover the functions described in the Code including but not limited to, the following:

- (i) to recommend to the Board a framework of remuneration for Directors and Executive Officers;
- (ii) to determine specific remuneration packages for each Executive Director and Executive Officers. The recommendations of the RC should be submitted for endorsement by the entire Board;
- (iii) to review the remuneration of related employees who are related to the Directors or the Chief Executive Officer to ensure that their remuneration packages are in line with the staff remuneration guidelines and commensurate with their respective job scope and level of responsibilities; and
- (iv) to review the Company's obligations arising in the event in the termination of Executive Directors' and Executive Officers' contracts of service, to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous.

All aspects of remuneration, including but not limited to Directors' fees, salaries, allowances, bonuses and other benefits-in-kind shall be covered by the RC. No member of the RC will be involved in the setting of his remuneration package. Each member of the RC shall abstain from voting on any resolutions in respect of his remuneration package.

Any bonuses, pay increases and/or promotions for these related employees (defined as employees who are immediate family members of a Director or the CEO), will also be subjected to the review and approval of the RC. In the event that a member of the RC is related to the employee under review, he will abstain from participating in the review.

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The RC comprises three (3) Directors, all of whom, including the Chairman are non-executive and independent. The RC meets at least once a year, and as warranted by circumstances, to discharge its functions. The RC members are:

Yang Zheng (Chairman)
Teng Chang Yeow (Member)
Pay Cher Wee (Member)

As and when deemed appropriate by the RC, independent advice could be engaged at the Company's expense. The RC shall ensure that existing relationships, if any, between the Company and its appointed remuneration consultants will not affect the independence and objectivity of the remuneration consultants. No remuneration consultants were engaged for FY2018. The appointment of remuneration consultants will be contemplated in future should there be significant changes to the number of Executive Directors and Key Management Personnel in future or should the size and scope of the Group's operations change significantly.

Level and Mix of Remuneration

Principle 8: The level and structure of remuneration should be aligned with the long-term interest and risk policies of the company, and should be appropriate to attract, retain and motivate (a) the directors to provide good stewardship of the company, and (b) key management personnel to successfully manage the company. However, companies should avoid paying more than is necessary for this purpose.

The Company's remuneration policy is to attract, retain and motivate talent to achieve the Company's goals and objectives to create sustainable value for all stakeholders. The remuneration policy aims to link compensation of the Executive Directors, Independent Directors and Executive Officers to the achievement of organizational and individual performance objectives. The Company has put in place long term incentive plans such as the GCCP Performance Share Plan and GCCP Employee Share Option Scheme, as further elaborated in Principle 9 of this report, so as to further motivate employees and link compensation with the long term performance of the Group.

The RC reviews and recommends to the Board the quantum of Directors' fees and the Board after reviewing, in turn endorses the recommendation for shareholders' approval at the AGM. In FY2018, a recommendation was made to shareholders to approve the total payment of S\$160,000 to four (4) Non-Executive Directors for FY2018, payable quarterly in arrears.

The proposed Directors' fees take into consideration the performance of the Group and individual assessment of each Non-Executive Director, the level of contribution to the Company and Board, taking into account various factors including but not limited to efforts and time spent, responsibilities and duties of these Directors for FY2018.

For the Executive Directors and Executive Officers, each of their service agreements and/or compensation packages will be reviewed by the RC. These service agreements cover the terms of employment and specifically, the salaries and bonuses of the Executive Directors and Executive Officers. The Company may terminate a service agreement if, inter alia, the relevant Executive Director or Executive Officers is guilty of dishonesty or serious or persistent misconduct, become bankrupt or otherwise act to the Company's prejudice. Executive Directors of the Company are not entitled to any Directors' fees.

The Company has entered into separate service agreements (the "**Service Agreements**") with the Executive Directors, namely, Mr Loo An Swee and Mr Pang Kim Chon for a period of three (3) years and shall be automatically renewed upon expiry unless the required termination notice is served. Variation to the terms of the Service Agreements shall be subject to the approval of the Board, the RC and NC and/or if necessary, the shareholders of the Company. Please refer to the Offer Document dated 20 April 2015 (the "**Offer Document**"), pages 140 to 142 for the full details of their Service Agreements. The Service Agreements have been renewed subsequent to expiry in February 2019.

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The RC will ensure that the Independent Directors are not over compensated to the extent that their independence may be compromised. Non-Executive Directors are able to participate in the GCCP Employee Share Option Scheme, and the GCCP Performance Share Plan, and hold shares in the Company so as to better align their interests with the interests of shareholders.

In FY2018, the RC has reviewed the compensation and remuneration packages of Directors and Executive Officers and is satisfied that their remuneration commensurates with their respective roles and responsibilities.

There are no termination, retirement and post-employment benefits that may be granted to the Executive Directors or the CEO, COO and the two Key Management Personnel. The Company currently does not have any contractual provisions which allow it to reclaim incentives from the Executive Directors and Executive Officers in certain circumstances. The Board is of the view that as the Group pays performance bonuses based on the actual performance of the Group and/or Company (and not on forward-looking results) as well as the actual results of its Executive Directors and Key Management Personnel, "claw-back" provisions in the service agreements may not be relevant or appropriate.

Disclosure on Remuneration

Principle 9: Every company should provide clear disclosure of its remuneration policies, level and mix of remuneration, and the procedure for setting remuneration, in the company's Annual Report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to directors and key management personnel, and performance.

The breakdown (in percentage terms) of the remuneration of Directors of the Company in FY2018 is set out below:

Director's	Salary and allowance ⁽²⁾ (%)	Directors Fees ⁽¹⁾ (%)	Total (%)
From S\$0 to S\$250,000			
Loo An Swee	100	0	100
Pang Kim Chon	100	0	100
Kelvin Yau Kirk Min ⁽³⁾	0	100	100
Pay Cher Wee	0	100	100
Teng Chang Yeow	0	100	100
Yang Zheng	0	100	100

Notes:

(1) The Director's fees were approved by shareholders at the last AGM.

(2) The salary and allowance amounts shown are inclusive of Employees Provident Funds contributions respectively.

(3) Mr Kelvin Yau Kirk Min resigned as a Director on 28 May 2019. The total director's fees paid to Mr Kelvin Yau Kirk Min in FY2018 amounted to S\$16,670.

Given the highly specialised industry in which the Group operates in, and the sensitive and confidential nature of such information of each Director and Key Management Personnel, the Company believes that the disclosure of the full remuneration as recommended by the Code may not be in the best interests of the Group. Nevertheless, the Company has provided the full remuneration in the bands of S\$250,000 and a breakdown in percentage terms.

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The breakdown (in percentage terms) of the remuneration of the two (2) top Key Management Personnel of the Group in FY2018 are set out below:

Remuneration and Name of Key Management Personnel ⁽¹⁾	Designation	Salary and allowance ⁽²⁾ (%)	Total (%)
From S\$0 to S\$250,000			
Ian Lim Koh Huat	Chief Financial Officer	100	100
Loh Heng Kwai	Director of Operations, Gridland Sdn Bhd	100	100

Notes:

(1) The Group only has 2 Key Management Personnel for FY2018.

(2) The salary and allowance shown are inclusive of Employees Provident Funds contributions respectively.

In aggregate, the total remuneration paid to the 2 top Key Management Personnel was S\$198,000 in FY2018.

Save for Mr Loo Han Hwa, who is the brother of the Executive Chairman and CEO, Mr Loo An Swee, in respect of his employment as a general worker with Gridland Sdn Bhd since August 2012 and Mr Loo Wooi Hong, the son of Mr Loo An Swee, in respect of his employment as an Assistant Project Manager – Operations Department of the Company from 1 July 2015 to 30 April 2017 and as a Marketing Manager since 1 May 2017, there were no employees, who are immediate family members of the Directors, substantial shareholders or controlling shareholders (including related employees who have since left our Company). The remuneration paid to Mr Loo Han Hwa and Mr Loo Wooi Hong did not exceed S\$50,000 each in FY2018.

The remuneration received by the Executive Directors and Key Management Personnel takes into consideration his individual performance and contribution toward the overall performance of the Group in FY2018. Their remuneration is made up of fixed and variable compensations. The fixed compensation consists of an annual base salary and fixed allowance. The variable compensation is determined based on the level of achievement of corporate and individual performance objectives. The Company may engage an external remuneration consultant to assist in the review of compensation and remuneration packages, although no such consultant was engaged in FY2018.

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 (such as the GCCP Performance Share Plan and GCCP Employee Share Option Scheme)
Qualitative	Leadership People development Commitment Teamwork Current market and industry practices Macro-economic factors	Leadership Current market and industry practices
Quantitative	Growth of Profit Before Tax	Growth of Profit Before Tax

Notwithstanding that the profitability incentives have not been met, save for the aforementioned, the remaining conditions were satisfied.

REPORT ON CORPORATE GOVERNANCE

Performance Share Plan and Employee Share Option Scheme

In conjunction with the Company's listing on Catalist, the Company had adopted a performance share plan known as the "GCCP Performance Share Plan" (the "**Performance Share Plan**") and a share option scheme known as the "GCCP Employee Share Option Scheme" (the "**ESOS**"). The Board has delegated the administration of the Performance Share Plan and ESOS to the RC.

Both the Performance Share Plan and the ESOS will provide eligible participants (each a "**Participant**" and collectively, the "**Participants**") with an opportunity to participate in the equity of our Company and to motivate them towards better performance through increased dedication and loyalty. Both the Performance Share Plan and the ESOS form an integral component of the compensation plan and are designed primarily to reward and retain employees whose services are vital to the growth and performance of the Company and/or the Group.

The Performance Share Plan and ESOS are designed to complement each other. The aim of implementing more than one incentive plan is to increase our Group's flexibility and effectiveness in its continuing efforts to reward, retain and motivate employees to achieve better performance by providing the Group with a more comprehensive set of remuneration tools and further strengthen our competitiveness in attracting and retaining local and foreign talent.

Unlike the ESOS whereby Participants are required to pay for the exercise of the options, the Performance Share Plan allows the Group to provide an incentive for Participants to achieve certain specific performance targets by awarding fully paid shares to Participants after these targets have been met.

In addition, the assessment criteria for granting options under the ESOS are more general (for example, based on length of service and general performance of the Group) and do not relate to specific performance targets imposed by the Group. On the other hand, the assessment criteria for granting of awards under the Performance Share Plan will be based on specific performance targets or to impose time-based service conditions, or a combination of both.

The aggregate number of shares which may be offered by way of grant of options to the controlling shareholder and their respective associates under the Share Option Scheme shall not exceed 25% of the total number of shares available under the ESOS, with the number of shares which may be offered by way of grant of options to each controlling shareholder and his respective associate not exceeding 10% of the total number of shares available under the ESOS.

For the ESOS, the total number of Shares over which the RC may grant options on any date, when added to the number of shares issued and issuable in respect of (i) all options granted under the ESOS; (ii) all awards granted under the Performance Share Plan; and (iii) all outstanding options or awards granted under such other share-based incentive schemes of the Company, shall not exceed 15% of the number of issued shares (excluding treasury shares) on the day immediately preceding the offer date of the option.

The options that are granted under the ESOS may have exercise prices that are, at the RC's discretion, set at a price (the "**Market Price**") equal to the average of the last dealt prices for the shares on Catalist for five (5) consecutive market days immediately preceding the relevant date of grant of the relevant option; or at a discount to the Market Price (subject to a maximum discount of 20%). Options which are fixed at the Market Price (the "**Market Price Option**") may be exercised after the first anniversary of the date of grant of that option while options exercisable at a discount to the Market Price (the "**Discounted Option**") may only be exercised after the second anniversary from the date of grant of that option. Options granted under the ESOS will have a life span of ten (10) years.

The ESOS shall continue in operation for a maximum duration of ten (10) years commencing on the date on which the ESOS was adopted by the Company and may be continued for any further period thereafter with the approval of shareholders by ordinary resolution in general meeting and of any relevant authorities which may then be required.

REPORT ON CORPORATE GOVERNANCE

For the Performance Share Plan, the total number of shares which may be delivered pursuant to the vesting of awards on any date, when added to the aggregate number of shares issued and/or issuable in respect of (i) all awards granted under the Performance Share Plan; (ii) all options granted under the ESOS; and (iii) all other shares issued and/or issuable under any other share-based incentive schemes or share plans of the Company, shall not exceed 15% of the total number of issued shares (excluding treasury shares) of the Company from time to time.

The aggregate number of shares that are available to the controlling shareholders and their associates under the Performance Share Plan shall not exceed 25% of the total number of shares available under the Performance Share Plan. The number of shares that are available to each controlling shareholder or each of their associates under the Performance Share Plan shall not exceed 10% of the shares available under the Performance Share Plan.

The Performance Share Plan shall continue in force at the discretion of the RC, subject to a maximum period of ten (10) years commencing on the date on which the Performance Share Plan is adopted by the Company in by way of written resolutions, provided always that the Performance Share Plan may continue beyond the above stipulated period with the approval of shareholders by ordinary resolution in general meeting and of any relevant authorities which may then be required. Notwithstanding the expiry or termination of the Performance Share Plan, any awards made to Participants prior to such expiry or termination will continue to remain valid.

As at the date of the annual report for FY2018, no options have been granted under the ESOS, and no awards have been granted under the Performance Share Plan.

(III) ACCOUNTABILITY AND AUDIT

Accountability

Principle 10: The Board should present a balanced and understandable assessment of the company's performance, position and prospects.

The Board is responsible for providing a balanced and understandable assessment of the Group's performance, position and prospects, including interim and other price sensitive public information and reports to regulators (if required). The Management provides Directors on a quarterly basis, with sufficient relevant information on the Group's financial performance and commentary of the competitive conditions of the industry in which the Group operates. The Company adopts a policy which welcomes Directors to request for further explanations, briefings or informal discussions on any aspect of the Group's operations or business from Management.

The AC reports to the Board on the financial results for review and approval. The Board approves the financial results after review and authorises the release of the results on SGXNET to the public.

The Company will upload its latest announcement(s) which has been disseminated via SGXNET on its website: <http://www.gccpresources.com>.

REPORT ON CORPORATE GOVERNANCE

Risk Management and Internal Controls

Principle 11: The Board is responsible for the governance of risk. The Board should ensure that Management maintains a sound system of risk management and internal controls to safeguard shareholders' interest and the company's assets, and should determine the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objectives.

The Board has the overall responsibility for the Group's risk management and internal controls in safeguarding shareholders' interests and the Group's assets. The Group's internal controls and systems are designed to provide reasonable assurance as to the integrity and reliability of the financial information, and to safeguard and maintain accountability of assets. Procedures will be put in place to identify major business risks and evaluate potential financial implications, as well as for the authorisation of capital expenditure and investments.

The AC, on behalf of the Board, reviews the adequacy and effectiveness of the Group's system of internal controls, including financial, operational, compliance and information technology controls, and risk management policies and systems established by Management on an annual basis. The Group currently does not have a Risk Management Committee. The Group also addresses the sustainability risks with compliance to the relevant laws and regulations to mitigate the negative impact to the environment as further elaborated on pages 9 to 11. In addition, the Group also sets policies which are based on ethical considerations on issues related to corporate social responsibility.

The Management is required to regularly review the Group's business and operations to identify areas of significant business risks and controls to mitigate the risks. The Management will highlight all significant matters to the Board and AC.

In FY2018, the Board has received assurance from the CEO and the Chief Financial Officer ("**CFO**") that:

- accounting and other records have been properly maintained and the Company's risk management and internal control systems are adequate and effective; and
- the financial records have been properly maintained and the financial statements of the Group and Company in FY2018 give a true and fair view of the Group's and Company's operations and finances.

The design, implementation and operation of the accounting and internal control systems are intended to prevent and detect fraud and errors. The Board notes that the system of internal controls provides reasonable, but not absolute, assurance that the Group will not be adversely affected by any event that can be reasonably foreseen as it strives to achieve its business objectives. The Board also notes that no system of internal controls can provide absolute assurance against the occurrence of material errors, poor judgement in decision making, human error, losses, fraud or other irregularities.

Based on the framework of risk management and internal controls established and maintained by the Management, review of work performed by external auditors and assurance received from the CEO and CFO, the Board, with the concurrence of the AC, is of the opinion that the Group's risk management systems and internal controls (including financial, operational, compliance and information technology controls) are adequate and effective.

REPORT ON CORPORATE GOVERNANCE

Audit Committee

Principle 12: The Board should establish an Audit Committee ("AC") with written terms of reference which clearly set out its authority and duties.

As of the date of this report, the AC comprises three (3) Independent Non-Executive Directors, all of whom including the AC Chairman are independent. The members of the AC are as follows:

Pay Cher Wee (Chairman)
Yang Zheng (Member)
Teng Chang Yeow (Member)

The Board is of the view that the members of the AC have sufficient accounting and financial management expertise and experience to discharge their duties and responsibilities. The AC Chairman, Mr Pay Cher Wee, holds a Bachelor of Accountancy (Honours) degree from Nanyang Technological University and he was formerly the Chief Financial Officer of public companies listed on the SGX-ST. During FY2018, the AC was provided with updates on the changes to International Financial Reporting Standards by the external auditors in the course of their report to the AC.

The AC has explicit authority to investigate any matter within its terms of references. It has full access to Management and full discretion to invite any Director or key management personnel to attend its meetings, and to be provided with reasonable resources to enable it to discharge its functions properly. The Executive Directors and key management personnel will be invited to be present at the AC meetings to report and brief the AC members on the financial and operating performance of the Group and to answer any queries from the AC members on any aspect of the operations of the Group. None of the AC members were previous partners or directors of the Company's external audit firm within the last twelve (12) months and none of the AC members hold any financial interest in the external audit firm.

The AC has adopted its written terms of reference. The duties and responsibilities of the AC include the following:

- (a) consider the appointment or re-appointment of the external auditors, the level of their remuneration and matters relating to resignation or dismissal of the external auditors, and review with the external auditors the audit plans, their evaluation of the system of internal accounting controls, their audit reports, their management letter and Management's response before submission of the results of such review to the Board for approval;
- (b) consider the appointment or re-appointment of the internal auditors, the level of their remuneration and matters relating to resignation or dismissal of the internal auditors, and review with the internal auditors the internal audit plans and their evaluation of the adequacy of the system of internal accounting controls and accounting system before submission of the results of such review to the Board for approval prior to the incorporation of such results in the annual report (where necessary);
- (c) review the system of internal accounting controls and procedures established by Management and discuss problems and concerns, if any, arising from the interim and final audits, and any matters which the auditors may wish to discuss (in the absence of the Management where necessary);
- (d) review the assistance and co-operation given by the Company's officers to the internal and external auditors;
- (e) review the quarterly and annual, and, financial statements and results announcements before submission to the Board for approval, focusing in particular, on changes in accounting policies and practices, major areas of judgement, significant adjustments resulting from the audit, the going concern statement, compliance with accounting standards as well as compliance with any stock exchange and statutory/regulatory requirements;

REPORT ON CORPORATE GOVERNANCE

- (f) review and discuss with the external auditors any suspected fraud or irregularity, or suspected infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on the Group's operating results or financial position, and consider the adequacy of the Management's response;
- (g) review transactions falling within the scope of Chapter 9 and Chapter 10 of the Catalist Rules (if any);
- (h) review and approve the review procedures for interested person transactions on a quarterly basis, if any;
- (i) quarterly review of the Interested Person Transactions register as maintained by the Company;
- (j) review potential conflicts of interest (if any) and to set out a framework to resolve or mitigate any potential conflicts of interests;
- (k) review the effectiveness and adequacy of our administrative, operating, internal accounting and financial control procedures;
- (l) review the key financial risk areas, with a view to providing an independent oversight on the Group's financial reporting, the outcome of such review to be disclosed in the annual reports or if the findings are material, immediately announced via SGXNET;
- (m) undertake such other reviews and projects as may be requested by the Board and report to the Board its findings from time to time on matters arising and requiring the attention of the AC;
- (n) generally 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;
- (o) review arrangements by which our staff may, in confidence, raise concerns about possible improprieties in matters of financial reporting and to ensure that arrangements are in place for the independent investigations of such matter and for appropriate follow-up; and
- (p) review the Group's compliance with such functions and duties as may be required under the relevant statutes or the Catalist Rules, including such amendments made thereto from time to time.

In FY2018, the AC had met with the internal and external auditors once, without the presence of Management.

The aggregate amount of audit fees paid or payable to Messrs Ernst & Young LLP ("**Ernst & Young**") in FY2018 was S\$140,000. There were no non-audit fees paid or payable to Ernst & Young in FY2018.

In FY2018, the AC is of the view that the audit firm is adequately resourced, of appropriate standing within the international affiliation. The AC is satisfied that the appointment of Ernst & Young as external auditors would not compromise the standard and effectiveness of the audit of the Company and that the Company has complied with Rule 712 and Rule 715 of the Catalist Rules. The AC has recommended to the Board the nomination of Ernst & Young for re-appointment as external auditors of the Group at the forthcoming AGM of the Company, where Ernst & Young has declined to stand for re-appointment due to partial repayment of audit fees by the Company. The Company will settle remaining outstanding fees due to Ernst & Young and seek to appoint a new auditor with lower audit fees to better manage its business costs. For the avoidance of doubt, the resignation of Ernst & Young is not due to the dismissal of Ernst & Young.

REPORT ON CORPORATE GOVERNANCE

The Company has adopted a whistle blowing policy whereby staff of the Group and any external parties may, in confidence, raise concerns about possible irregularities in matters of financial reporting or other matters. The arrangement also provides for independent investigation of such matters and permits whistle blowers to report directly via email to the designated AC Chairman's email account. The whistle blowing policy is made available to the public and can be found on the Company's website, on the following address: <http://www.gccpresources.com/whistleblower-protection-policy/>.

The AC has power to conduct or authorise investigations into any matter within the AC's scope of responsibility. On a regular basis, all whistle-blowing cases reported and the resolution would be reported to the AC. Depending on the nature of the concern raised or information provided, an investigation may be conducted.

Internal Audit

Principle 13: The company should establish an effective internal audit function that is adequately resourced and independent of the activities it audits.

The AC relies on reports from the Management and external and internal auditors on any material non-compliance and internal control weaknesses. Thereafter, the AC oversees and monitors the implementations thereto.

The Group had outsourced its internal audit function to RSM Corporate Consulting (M) Sdn. Bhd. which reported directly to the AC. The internal audit function ("IA") has an administrative reporting function to the Management where planning, co-ordinating, managing and implementing internal audit work cycle are concerned.

The work undertaken by the IA, was carried out in accordance with the standards set by internationally recognised professional bodies including Standards for the Professional Practice of Internal Auditing set by the Institute of Internal Auditors. The IA will report their audit findings and recommendations directly to the AC. The IA is also staffed with persons with the relevant qualifications and experience.

The appointment and compensation of the IA was reviewed and recommended by the AC and in its annual review, the AC is of the view that the IA is adequately resourced and has appropriate standing within the Company. The IA also has unfettered access to all the Company's documents, records, properties and personnel, including access to the AC.

The AC confirms that the internal audit function is independent, effective and adequately resourced.

(IV) SHAREHOLDER RIGHTS AND RESPONSIBILITIES

Shareholder Rights

Principle 14: Company should treat all shareholders fairly and equitably, and should recognise, protect and facilitate the exercise of shareholders' rights, and continually review and update such governance arrangements.

Communication with Shareholders

Principle 15: Companies should actively engage their shareholders and put in place an investor relations policy to promote regular, effective and fair communication with shareholders.

REPORT ON CORPORATE GOVERNANCE

Conduct of Shareholder Meetings

Principle 16: Company should encourage greater shareholder participation at general meetings of shareholders, and allow shareholders the opportunity to communicate their views on various matters affecting the company.

The Company strives to disclose information on a timely basis to shareholders and ensure any disclosure of price sensitive information is not made to a selective group. The information is communicated to our shareholders via:

- annual reports – the Board strives to include all relevant information about the Group, including future developments and disclosures required by the Companies Act, Financial Reporting Standards and the Catalist Rules; and
- SGXNET and press releases (as and when required) on major developments of the Group.

SGXNET disclosures and press releases of the Group are also available on the Company's website at <http://www.gccpresources.com>. The Company may publish presentation slides used during the investor briefings on SGXNET and on its website – <http://www.gccpresources.com>. A copy will be made available on the Company's website and published via SGXNET.

Shareholders will be given the opportunity to air their views and ask Directors or Management questions regarding the Company and the Group at the AGM. The notice of AGM will be sent together with the annual report, released on SGXNET and on the Company's website as well as published in the newspapers to inform shareholders of the upcoming meetings.

The Group does not have a formalized investor policy in place. However, it has appointed an external media and investor relations consultant to assist the Group to facilitate and gather the exchange of views and queries of shareholders, and also to promote meaningful disclosures to shareholders.

The Board, Management and the external auditors will also be present to address any relevant queries the shareholders may have. At the forthcoming AGM, the Company will prepare the minutes of the AGM which would include substantial or relevant comments from shareholders and the minutes of the AGM will be made available to shareholders, upon their request within one month from the date of the AGM.

The Company's Articles does not allow for absentia voting at general meetings of shareholders as authentication of shareholder identity information and other related security issues remains a concern. However, the Articles of the Company does allow a shareholder to vote either in person or appoint not more than two proxies to attend and vote in his stead. Such proxy to be appointed need not be a shareholder. A member of the Company who is the Depository (being the Central Depository (Pte) Limited), shall be entitled to appoint more than two proxies to attend and vote in his stead.

At the upcoming AGM, pursuant to the Catalist Rules, the Company shall conduct the voting by way of a poll and the results of the poll conducted for each resolution tabled shall be announced accordingly on SGXNET after the conclusion of the AGM.

The Board did not propose any payment of final dividend for FY2018 as it is still not profitable for the FY2018. The Company does not have a fixed dividend policy yet. Nonetheless, as and when the Company is profitable and taking into other considerations such as working capital requirements, the Management will assess and make appropriate recommendations to the Board on dividend declaration.

DEALINGS IN SECURITIES

The Company has adopted an internal code in dealings in securities, which has been disseminated to all Directors and Officers within the Group. The Company will also send a notification via email to notify all its Directors and Officers a day prior to the close of window for trading of the Company's securities.

REPORT ON CORPORATE GOVERNANCE

The Company, Directors and its Officers are reminded not to deal (whether directly or indirectly) in the Company's securities on short-term considerations and be mindful of the law on insider trading as prescribed under the Securities and Futures Act, Cap. 289. The internal code on dealings in securities also makes clear that the Company, its Directors and Officers should not deal in the Company's securities and securities of other listed companies, while in possession of unpublished price-sensitive information and prohibits trading as well as during the following periods:

- (i) the period commencing two weeks before the announcement of the Company's financial statements for the first, second and third quarters of its financial year; and
- (ii) the period commencing one month before the announcement of the Company's financial statements for its full financial year.

Each of the above periods will end on the date of the announcement of the relevant financial results of the Company.

INTERESTED PERSON TRANSACTIONS ("IPT")

The Company has established procedures to ensure that all transactions with interested persons are reported on a timely manner to the AC and that the transactions are carried out on normal commercial terms and are not prejudicial to the interests of the Company and its minority shareholders.

There were no IPTs with value more than S\$100,000 transacted during FY2018. The Company does not have an IPT mandate.

The director's loan of MYR4.9 million is interest free with no fixed repayment term and no interest consideration was fully paid off by the Company through the offset of the loan against the refundable deposit which the director had agreed to assume in good faith and to recover the outstanding deposit in his own capacity in FY2018.

MATERIAL CONTRACTS

There were no material contracts involving the interests of the CEO, any Director or controlling shareholders of the Company which have been entered into by the Group, which are either still subsisting at the end of FY2018 or if not then subsisting, entered into since the end of the previous financial year.

NON-SPONSOR FEES (CATALIST RULE 1204(21))

No fees relating to non-sponsorship activities or services were paid to the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. for FY2018.

ADDITIONAL INFORMATION ON DIRECTORS PROPOSED FOR RE-ELECTION

Mr Teng Chang Yeow and Mr Pay Cher Wee (retiring pursuant to Article 86(1) of the Articles of Association of the Company), and Mr Loo Wooi Hong (retiring pursuant to Article 85(6) of the Articles of Association of the Company) (collectively the “**Retiring Directors**”), will be seeking re-election at the forthcoming annual general meeting (“**AGM**”) of the Company scheduled to be held on Saturday, 14 September 2019 under Ordinary Resolutions 2 to 4 as set out in the Notice of AGM dated 30 August 2019.

Pursuant to Rule 720(5) of the Listing Manual Section B: Rules of Catalist (“Catalist Rules”) of the Singapore Exchange Trading Securities Limited (“**SGX-ST**”), the information relating to the Retiring Directors set out in Appendix 7F as required under the Catalist Rules of the SGX-ST is disclosed below:

Name of Director	Teng Chang Yeow	Pay Cher Wee	Loo Wooi Hong
Date of Appointment	1 March 2016	1 March 2016	28 May 2019
Date of last re-appointment (if applicable)	29 April 2016	29 April 2016	Not applicable
Age	55	49	26
Country of principal residence	Malaysia	Singapore	Malaysia
The Board’s comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The re-election of Mr Teng as an Independent Director was recommended by the Nominating Committee and the Board as accepted the recommendation, after taking into consideration Mr Teng’s qualifications, expertise, past experiences and overall contribution since he was appointed as a director of the Company.	The re-election of Mr Pay as the Lead Independent Director was recommended by the Nominating Committee and the Board as accepted the recommendation, after taking into consideration Mr Pay’s qualifications, expertise, past experiences and overall contribution since he was appointed as a director of the Company.	The re-election of Mr Loo as an Executive Director was recommended by the Nominating Committee and the Board as accepted the recommendation, after taking into consideration Mr Loo’s qualifications, expertise, past experiences and overall contribution since he was appointed as a director of the Company.
Whether appointment is executive, and if so, the area of responsibility	Non-executive	Non-executive	Executive and in the area of marketing.
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	• Independent Director • Nominating Committee Chairman • Audit Committee Member • Remuneration Committee Member	• Lead Independent Director • Audit Committee Chairman • Nominating Committee Member • Remuneration Committee Member	Executive Director
Professional qualifications	Not applicable	Not applicable	Not applicable

ADDITIONAL INFORMATION ON DIRECTORS PROPOSED FOR RE-ELECTION

Name of Director	Teng Chang Yeow	Pay Cher Wee	Loo Wooi Hong
Working experience and occupation(s) during the past 10 years	Since 2008 to present: Director, Telewyn (M) Sdn Bhd Since 2008 to present: Director, WYNS Consulting Services Sdn Bhd	October 2009 to December 2018: Founding Partner, Accion Capital Management Pte Ltd (a fund management company registered with the Monetary Authority of Singapore) October 2006 to September 2009: Executive Vice President (Investments), GKG Investment Holdings Pte Ltd (family office of the GK Goh Family)	May 2017 to present: Marketing Manager, GCCP Resources Limited July 2015 to April 2017: Assistant Project Manager, GCCP Resources Limited
Shareholding interest in the listed issuer and its subsidiaries	Mr Teng Chang Yeow holds 19,959,540 (representing 1.71% interest) shares in the share capital of the Company (excluding treasury shares).	Mr Pay Cher Wee holds 29,990,300 shares (representing 2.56% interest) in the share capital of the Company(excluding treasury shares), of which 2,800,500 shares are directly held and 27,189,800 shares are indirectly held through a nominee.	Mr Loo Wooi Hong holds 337,838,380 shares (representing 28.89% interest) in the share capital of the Company (excluding treasury shares).
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	Nil	Nil	Mr Loo Wooi Hong is the son of Mr Loo An Swee, the Executive Chairman and Chief Executive Officer, and Substantial Shareholder of the Company.
Conflict of interest (including any competing business)	Nil	Nil	Nil
Undertaking (in the format set out in Appendix 7H) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes	Yes
Other Principal Commitments including Directorships			
Past (for the last 5 years)	WYNS Agrotech Sdn Bhd	• Cyan Overseas Holdings Limited • Grandale Enterprises Limited • Monte Allies International Pte Ltd • Accion Advisory Limited • Accion Capital Management Pte Ltd	Nil

ADDITIONAL INFORMATION ON DIRECTORS PROPOSED FOR RE-ELECTION

Name of Director	Teng Chang Yeow	Pay Cher Wee	Loo Wooi Hong
Present	• Malmar Resources Pte Ltd • Telewyn (M) Sdn Bhd • WYNS Consulting Services Sdn Bhd	• CTP (Beijing) Xin Xi Ji Shu Co., Ltd • Gajah International Pte Ltd • Accion Asia Growth Fund	• GCCP Gridland Sdn. Bhd. • Hyper Act Marketing Sdn. Bhd. • Gridland Global Sdn. Bhd.
Information required pursuant to Listing Rule 704(8)			
(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	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	No
(c) Whether there is any unsatisfied judgment against him?	No	No	No

ADDITIONAL INFORMATION ON DIRECTORS PROPOSED FOR RE-ELECTION

Name of Director	Teng Chang Yeow	Pay Cher Wee	Loo Wooi Hong
(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	No
(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	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	No

ADDITIONAL INFORMATION ON DIRECTORS PROPOSED FOR RE-ELECTION

Name of Director	Teng Chang Yeow	Pay Cher Wee	Loo Wooi Hong
(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	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	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	No
(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:-			
(i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	No	No	No

ADDITIONAL INFORMATION ON DIRECTORS PROPOSED FOR RE-ELECTION

Name of Director	Teng Chang Yeow	Pay Cher Wee	Loo Wooi Hong
(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	No	No	No
(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	No	No	No
(iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	No	No	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	No

ADDITIONAL INFORMATION ON DIRECTORS PROPOSED FOR RE-ELECTION

Name of Director	Teng Chang Yeow	Pay Cher Wee	Loo Wooi Hong
Disclosure applicable to the appointment of Director only.			
Any prior experience as a director of an issuer listed on the Exchange? 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 or 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).	Not applicable, this is a re-election of a director.	Not applicable, this is a re-election of a director.	Not applicable, this is a re-election of a director.

DIRECTORS' STATEMENT

The directors present their statement to the members together with the audited consolidated financial statements of GCCP Resources Limited (the "Company") and its subsidiaries (collectively, the "Group") and the statement of financial position and statement of changes in equity of the Company for the financial year ended 31 December 2018.

Opinion of the directors

In the opinion of the directors,

- (i) the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2018 and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the year ended on that date; and
- (ii) at the date of this statement, based on factors as described in Note 2.1 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.

Directors

The directors of the Company in office at the date of this statement are:

Loo An Swee
Pang Kim Chon
Teng Chang Yeow
Pay Cher Wee
Loo Wooi Hong (appointed on 28 May 2019)
Yang Zheng

In accordance with Article 86(1) and 85(6) of the Company's Articles of Association, Teng Chang Yeow, Pay Cher Wee and Loo Wooi Hong retire and, being eligible, offer themselves for re-election.

Arrangements to enable directors to acquire shares and 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 whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

DIRECTORS' STATEMENT

Directors' interests in shares and debentures

The following directors who held office at the end of the financial year, had no interests in shares and share options of the Company and related corporations (other than wholly-owned subsidiaries) as recorded in the register of directors' shareholdings kept by the Company as stated below:

Name of director	Direct interest		Deemed interest	
	At the beginning of financial year	At the end of financial year	At the beginning of financial year	At the end of financial year
Ordinary shares of the Company				
Loo An Swee	411,440,880	411,440,880	178,719,080	178,719,080
Pang Kim Chon	—	—	178,719,080	178,719,080
Teng Chang Yeow	19,959,540	19,959,540	—	—
Pay Cher Wee	2,800,500	2,800,500	32,712,300	27,189,800

There was no change in any of the above-mentioned interests in the Company between the end of the financial year and 21 January 2019.

Except as disclosed in this statement, no director who held office at the end of the financial year had interests in shares, share options, warrants or debentures of the Company, or of related corporations, either at the beginning of the financial year, or at the end of the financial year.

Options

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

There were no unissued share of the Company or its subsidiaries under option as at the end of the financial year and no shares were issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company or its subsidiaries.

DIRECTORS' STATEMENT

Audit Committee, Nominating Committee and Remuneration Committee

Details of the Company's Audit Committee, Nominating Committee and Remuneration Committee are set out in the Report on Corporate Governance in the Annual Report.

On behalf of the board of directors:

Loo An Swee
Director

Pang Kim Chon
Director

30 August 2019

INDEPENDENT AUDITOR'S REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

Report on the audit of the financial statements

Disclaimer of Opinion

We were engaged to audit the financial statements of GCCP Resources Limited (the "Company") and its subsidiaries (collectively, the "Group"), which comprise the balance sheets of the Group and the Company as at 31 December 2018, the statements of changes in equity of the Group and the Company and the consolidated statement of comprehensive income and consolidated statement of cash flows of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

We do not express an opinion on the accompanying financial statements of the Group and the balance sheet and the statement of changes in equity of the Company. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Basis for Disclaimer of Opinion

(1) Going concern

The Group incurred losses amounting to RM 8,490,184 for the financial year ended 31 December 2018. As at that date, the Group's current liabilities exceeded its current assets by RM 14,306,356 and the Group's cash and short-term deposits amounted to RM 268,155 as compared to RM 1,130,175 as at 31 December 2017. These conditions indicate the existence of a material uncertainty which may cast significant doubt on the ability of the Group to continue as a going concern.

The directors have prepared the financial statements on a going concern basis based on the assumptions as disclosed in Note 2.1 to the financial statements. However, based on the information available to us, we have not been able to obtain sufficient audit evidence to satisfy ourselves as to the appropriateness of the use of the going concern assumption in the preparation of the financial statements.

If the Group is unable to continue in operational existence for the foreseeable future, the Group may be unable to discharge its liabilities in the normal course of business and adjustments may have to be made to reflect the situation that assets may need to be realised other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the balance sheets. In addition, the Group may have to reclassify non-current assets and liabilities as current assets and liabilities. No such adjustments have been made to these financial statements.

(2) Impairment assessment of property, plant and equipment

As at 31 December 2018, the carrying value of property, plant and equipment attributable to the Group's mining operations was RM 86,602,473. During the year, management performed an impairment assessment on the Group's mining property, plant and equipment. The recoverable amounts of these assets were determined based on value-in-use (VIU) computations. Based on the outcome of management's assessments, no impairment charge was recorded as at 31 December 2018 against these assets. The key management assumptions used in the VIU computations are disclosed in Note 3.2 to the financial statements. Based on information available to us, we were unable to obtain sufficient appropriate audit evidence to assess the reasonableness of the key assumptions used in the determination of the recoverable amounts. Given the material uncertainties over the going concern of the Group, we were also unable to assess the reasonableness and appropriateness of the carrying value of the Group's property, plant and equipment as at 31 December 2018.

INDEPENDENT AUDITOR'S REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

Basis for Disclaimer of Opinion (cont'd)

- (3) Impairment of investments in subsidiaries and amounts due from subsidiaries (Company's balance sheet)

As at 31 December 2018, the carrying value of the Company's investment in a subsidiary and amounts due from subsidiaries which are involved in the Group's mining operations was RM 500,000 and RM 92,328,872 respectively.

As explained in the paragraph (2) above, we were unable to obtain sufficient appropriate audit evidence regarding the key assumptions used in the determination of the recoverable amounts of the Group's mining operations. Given the material uncertainties over the going concern of the Group, we were also unable to assess the reasonableness and appropriateness of the carrying values of the cost of investments in subsidiaries and amounts due from subsidiaries in the Company's balance sheet as at 31 December 2018.

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 International Financial Reporting Standards ("IFRS"), 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.

Auditor's responsibilities for the audit of the financial statements

Our responsibility is to conduct the audit of the financial statements in accordance with Singapore Standards on Auditing and to issue an auditor's report. However, because of the matters described in the Basis for Disclaimer of Opinion section of our report, we were unable to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

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 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.

INDEPENDENT AUDITOR'S REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

The engagement partner on the audit resulting in this independent auditor's report is Adrian Koh Hian Yan.

Ernst & Young LLP
Public Accountants and
Chartered Accountants
Singapore
30 August 2019

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	Note	Group 2018 RM	2017 RM
Revenue	4	19,799,701	21,745,326
Cost of sales		(13,459,674)	(9,424,034)
Gross profit		6,340,027	12,321,292
Other item of income			
Other income	5	467,812	1,209,418
Other items of expense			
Selling and distribution expenses		(3,513,204)	(7,203,940)
General and administrative expenses		(9,637,432)	(11,026,728)
Finance costs	6	(1,965,345)	(2,333,489)
Loss before tax	7	(8,308,142)	(7,033,447)
Income tax (expense)/credit	8	(182,042)	192,110
Loss for the year, representing total comprehensive loss for the year attributable to owners of the Company		(8,490,184)	(6,841,337)
Loss per share attributable to owners of the Company (cents per share)			
Basic and diluted	9	(0.73)	(0.59)

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2018

	Note	Group		Company	
		2018 RM	2017 RM	2018 RM	2017 RM
ASSETS					
Non-current assets					
Property, plant and equipment	10	89,647,641	95,227,394	—	—
Investments in subsidiaries	11	—	—	2,414,000	2,414,000
		89,647,641	95,227,394	2,414,000	2,414,000
Current assets					
Inventories	12	2,613,410	3,983,410	—	—
Trade and other receivables	13	2,190,581	10,747,714	92,401,859	93,591,804
Prepayments		12,000	14,500	—	—
Pledged deposits	14	1,204,221	22,198,495	—	—
Cash and short-term deposits	15	268,155	1,130,175	7,826	915,925
Income tax recoverable		2,300	2,200	—	—
		6,290,667	38,076,494	92,409,685	94,507,729
Total assets		95,938,308	133,303,888	94,823,685	96,921,729
EQUITY AND LIABILITIES					
Current liabilities					
Trade and other payables	16	9,889,175	8,245,817	1,259,880	975,860
Accrued operating expenses		2,426,333	1,927,600	1,884,933	1,274,196
Loans and borrowings	17	8,281,515	7,936,211	—	—
		20,597,023	18,109,628	3,144,813	2,250,056
Net current (liabilities)/assets		(14,306,356)	19,966,866	89,264,872	92,257,673
Non-current liabilities					
Amount due to a director	16	—	4,932,686	—	557,555
Trade payables		—	3,407,621	—	—
Loans and borrowings	17	7,074,498	30,096,982	—	—
		7,074,498	38,437,289	—	557,555
Total liabilities		27,671,521	56,546,917	3,144,813	2,807,611
Net assets		68,266,787	76,756,971	91,678,872	94,114,118
Equity attributable to owners of the Company					
Share capital	18	164,587,851	164,587,851	164,587,851	164,587,851
Treasury shares	19	(9,086,355)	(9,086,355)	(9,086,355)	(9,086,355)
Other reserves	20	4,307,382	4,307,382	4,307,382	4,307,382
Accumulated losses		(91,542,091)	(83,051,907)	(68,130,006)	(65,694,760)
Total equity		68,266,787	76,756,971	91,678,872	94,114,118
Total equity and liabilities		95,938,308	133,303,888	94,823,685	96,921,729

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	Share capital (Note 18) RM	Treasury shares (Note 19) RM	Accumulated losses RM	Other reserves RM	Total equity RM
Group					
Balance as at 1 January 2017	164,587,851	(9,086,355)	(76,210,570)	4,307,382	83,598,308
Loss for the year, representing total comprehensive loss for the year	—	—	(6,841,337)	—	(6,841,337)
Balance as at 31 December 2017 and 1 January 2018	164,587,851	(9,086,355)	(83,051,907)	4,307,382	76,756,971
Loss for the year, representing total comprehensive loss for the year	—	—	(8,490,184)	—	(8,490,184)
Balance as at 31 December 2018	164,587,851	(9,086,355)	(91,542,091)	4,307,382	68,266,787

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	Share capital (Note 18) RM	Treasury shares (Note 19) RM	Accumulated losses RM	Other reserves RM	Total equity RM
Company					
Balance as at 1 January 2017	164,587,851	(9,086,355)	(46,839,073)	4,307,382	112,969,805
Loss for the year, representing total comprehensive loss for the year	—	—	(18,855,687)	—	(18,855,687)
Balance as at 31 December 2017 and 1 January 2018	164,587,851	(9,086,355)	(65,694,760)	4,307,382	94,114,118
Loss for the year, representing total comprehensive loss for the year	—	—	(2,435,246)	—	(2,435,246)
Balance as at 31 December 2018	164,587,851	(9,086,355)	(68,130,006)	4,307,382	91,678,872

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	Note	2018 RM	Group 2017 RM
Operating activities			
Loss before tax		(8,308,142)	(7,033,447)
<u>Adjustments for:</u>			
Depreciation of property, plant and equipment		5,520,319	5,402,943
Exploration expenditure		1,118,663	4,137,630
Write-off of property, plant and equipment		1,868	8,072
Allowance for doubtful debt		35,551	—
Interest income		(349,741)	(763,522)
Unrealised exchange loss		12,287	179,739
Interest expenses		1,965,345	2,333,489
Total adjustments		8,304,292	11,298,351
Operating cash flows before changes in working capital		(3,850)	4,264,904
<u>Changes in working capital:</u>			
Decrease in trade and other receivables		2,412,100	3,301,342
Decrease/(increase) in inventories		1,370,000	(2,956,690)
Decrease/(increase) in prepayments		2,500	(14,500)
(Decrease)/increase in trade and other payables		(1,321,289)	4,960,287
Increase in accrued operating expenses		1,680,093	941,684
Total changes in working capital		4,143,404	6,232,123
Cash flows generated from operations		4,139,554	10,497,027
Interest received		349,741	763,522
Exploration expenditure		(1,118,663)	(4,137,630)
Income taxes (paid)/refunded		(182,142)	100
Net cash flows generated from operating activities		3,188,490	7,123,019
Investing activity			
Purchases of property, plant and equipment	A	(42,259)	(3,293,607)
Net cash flows used in investing activity		(42,259)	(3,293,607)

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	Note	2018 RM	Group 2017 RM
Financing activities			
Amount due to a director		–	(693,883)
Proceeds from term loans		–	2,286,812
Repayment of term loans		(22,350,313)	(1,300,034)
Repayment of finance leases		(634,013)	(571,458)
Withdrawal/(placement) of pledged deposits		20,994,274	(862,187)
Interest paid		(1,965,345)	(2,333,489)
Net cash flows used in financing activities		(3,955,397)	(3,474,239)
Net (decrease)/increase in cash and cash equivalents		(809,166)	355,173
Cash and cash equivalents at 1 January		(4,269,872)	(4,625,045)
Cash and cash equivalents at 31 December	15	(5,079,038)	(4,269,872)

A. Purchases of property, plant and equipment

	Note	2018 RM	2017 RM
Additions to property, plant and equipment	10	402,259	3,942,507
Less: Purchase under finance leases		(360,000)	(648,900)
Net cash outflow for purchases of property, plant and equipment		42,259	3,293,607

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

1. Corporate information

The Company was incorporated in Cayman Islands on 1 November 2013 as a company limited by shares and is listed on the Catalist Board of the Singapore Exchange.

The registered office of the Company is located at P.O. Box 31119 Grand Pavilion Hibiscus Way, 802 West Bay Road, Grand Cayman, KY1-1205 Cayman Islands and the principal place of business of the Group is located at D21-1 Menara Mitraland, No 13A, Jalan PJU 5, Kota Damansara, 47810, Petaling Jaya, Selangor, Malaysia.

The principal activity of the Company is investment holding. The principal activities of its subsidiaries are disclosed in Note 11.

2. Summary of significant accounting policies

2.1 *Basis of preparation*

The consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board.

The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below. The financial statements are presented in Malaysian Ringgit ("RM") except when otherwise stated.

Going concern assumption

The Group incurred a loss for the year of RM 8,490,184 during the financial year ended 31 December 2018. As at that date, the Group's current liabilities exceeded its current assets by RM 14,306,356. These factors indicate the existence of a material uncertainty which may affect the validity of the going concern assumption on which the accompanying financial statements are prepared.

The Directors have prepared the financial statements for the financial year ended 31 December 2018 on a going concern basis after taking into consideration the (i) continual support from the Group's lenders and stakeholders such as the creditors, vendors and suppliers who extended their credit terms to the Group and continue to provide uninterrupted supplies and services which will ease the cash outflow at this critical time face by the Group, and (ii) the existing stream of revenue generated from sales of the limestones at Gridland Quarry is able to provide for the costs of operations. Hence, the Board of Directors is of the opinion that the Group is able to operate as a going concern and able to meet its obligations as they fall due and the Group's working capital is sufficient to meet its present requirements for the next twelve months.

If the Group is unable to continue in operational existence for the foreseeable future, the Group may be unable to discharge its liabilities in the normal course of business and adjustments may have to be made to reflect the situation that assets may need to be realised other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the balance sheets. In addition, the Group may have to reclassify non-current assets and liabilities as current assets and liabilities. No such adjustments have been made to these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. Summary of significant accounting policies (cont'd)

2.2 *New accounting standards effective on 1 January 2018*

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Group has adopted all the new and revised standards which are effective for annual financial periods beginning on or after 1 January 2018. The adoption of these standards did not have any material impact on the financial performance or position of the Group and the Company.

IFRS 9 *Financial Instruments*

On 1 January 2018, the Group adopted IFRS 9 *Financial Instruments*, which was effective for annual periods beginning on or after 1 January 2018.

Classification and measurement

IFRS 9 requires debt instruments to be measured either at amortised cost, fair value through other comprehensive income ("FVOCI") or fair value through profit or loss ("FVPL"). Classification of debt instruments depends on the entity's business model for managing the financial assets and whether the contractual cash flows represent solely payments of principal and interest ("SPPI"). An entity's business model is how an entity manages its financial assets in order to generate cash flows and create value for the entity either from collecting contractual cash flows, selling financial assets or both. If a debt instrument is held to collect contractual cash flows, it is measured at amortised cost if it also meets the SPPI requirement. Debt instruments that meet the SPPI requirement that are both held to collect the assets' contractual cash flows and to sell the assets are measured at FVOCI. Financial assets are measured at FVPL if they do not meet the criteria of FVOCI or amortised cost.

The Group's debt instruments have contractual cash flows that are solely payments of principal and interest. Debt instruments that were measured at amortised cost previously are held to collect contractual cash flows, and accordingly measured at amortised cost under IFRS 9. There was no significant impact arising from measurement of these instruments under IFRS 9.

Impairment

IFRS 9 requires the Group to record expected credit losses on all its financial assets where were measured at amortised cost. The Group previously recorded impairment based on the incurred loss model when there is objective evidence that a financial asset is impaired.

Upon adoption of IFRS 9, there was no material impact on the Group's trade and other receivables.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. Summary of significant accounting policies (cont'd)

2.3 *Standards issued but not yet effective*

The Group has not adopted the following standards and interpretation of standards applicable to the Group that have been issued but not yet effective:

Description	Effective date (annual periods beginning on or after)
IFRIC Interpretation 23 <i>Uncertainty over Income Tax Treatments</i>	1 January 2019
IFRS 16 <i>Leases</i>	1 January 2019
Amendments to IFRS 9 <i>Prepayments Features with Negative Compensation</i>	1 January 2019
Amendments to IAS 1 and IAS 8 <i>Definition of Material</i>	1 January 2020

Except for IFRS 16, the directors expect that the adoption of the standards above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in the accounting policy on adoption of IFRS 16 is described below:

IFRS 16 *Leases*

The Group plans to adopt IFRS 16 on 1 January 2019 using the modified retrospective approach. Any cumulative effect of adopting IFRS 16 will be recognised as an adjustment to the opening balance of retained earnings at 1 January 2019, with no restatement of comparative information.

On the adoption of IFRS 16, the Group expects to choose on a lease by lease basis, to measure the right-of-use assets, at either:

- (i) its carrying amount as if IFRS 16 had been applied since the commencement date, but discounted using the lessee's incremental borrowing rate as of 1 January 2019; or
- (ii) an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payment relating to that lease recognised in the balance sheet immediately before 1 January 2019.

In addition, the Group plans to elect the following practical expedients:

- (i) not to reassess whether a contract is or contains a lease at the date of initial application and to apply IFRS 16 to all contracts that were previously identified as leases
- (ii) to apply the exemption not to recognise right- of- use asset and lease liabilities to leases for which the lease term ends within 12 months as of 1 January 2019

The Group has performed a preliminary impact assessment based on currently available information, and the assessment may be subject to changes arising from ongoing analysis until the Group adopts IFRS 16 in 2019. The Group expects no significant impact on the financial statements in the period of initial application.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. Summary of significant accounting policies (cont'd)

2.4 Basis of consolidation and business combinations

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the end of the reporting period. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has all of the following:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights results in control. When the Group has less than a majority of the voting or similar rights of an investee, it considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee;
- Rights arising from other contractual arrangements; and
- The Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the equity holders of the parent of the Group. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognised the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. Summary of significant accounting policies (cont'd)

2.5 *Subsidiaries*

A subsidiary is an investee that is controlled by the Group. The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses.

2.6 *Functional and foreign currency*

The Group's and the Company's financial statements are presented in Malaysian Ringgit ("RM"), which is also the Company's functional currency.

(a) *Transactions and balances*

Transactions in foreign currencies are initially recorded in RM at the rate of exchange ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated to the spot rate of exchange ruling at the reporting date. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

2.7 *Property, plant and equipment*

Property, plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the property, plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Depreciation is calculated on a straight line basis over the estimated useful lives of the assets as follows:

- Leasehold quarry lands:	27 to 43 years
- Office equipment:	10 years
- Office units:	90 years
- Furniture and fittings:	10 years
- Renovation:	10 years
- Motor vehicles:	5 years
- Water tank and pump:	10 years
- Sign board:	10 years
- Plant and machinery:	5 years
- Crusher plants:	15 years

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. Summary of significant accounting policies (cont'd)

2.7 *Property, plant and equipment (cont'd)*

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss when the asset is derecognised.

2.8 *Impairment of non-financial assets*

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

Impairment losses are recognised in profit or loss in expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date to determine whether there is any indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior periods. Such reversal is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. Summary of significant accounting policies (cont'd)

2.9 *Financial instruments – initial recognition and subsequent measurement*

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

(a) *Financial assets*

Initial recognition and measurement

Financial assets are classified, at initial recognition, and subsequently measured at amortised cost.

In order for a financial asset to be classified and measured at amortised cost, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement

Financial assets at amortised cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Interest received is recognised as part of finance income in the statement of profit or loss and other comprehensive income. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

De-recognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when either:

- The rights to receive cash flows from the asset have expired; or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. Summary of significant accounting policies (cont'd)

2.9 *Financial instruments – initial recognition and subsequent measurement (cont'd)*

(a) *Financial assets (cont'd)*

De-recognition (cont'd)

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Impairment of financial assets

The Group recognises an allowance for ECLs for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original EIR. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables, the Group applies the simplified approach in calculating ECLs, as permitted by IFRS 9. Therefore, the Group does not track changes in credit risk, but instead, recognises a loss allowance based on the financial asset's lifetime ECL at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset in default when contractual payments are 30 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. Summary of significant accounting policies (cont'd)

2.9 *Financial instruments – initial recognition and subsequent measurement (cont'd)*

(b) *Financial liabilities*

Initial recognition and measurement

Financial liabilities are classified at initial recognition as loans and borrowings and payables, as appropriate. The Group has not designated any financial liabilities upon initial recognition at fair value through profit or loss. Financial liabilities are recognised initially at fair value and net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, term loans and obligations under finance leases.

Subsequent measurement

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in profit or loss.

De-recognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss.

2.10 *Cash and short-term deposits*

Cash and short-term deposits in the statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of twelve months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. Summary of significant accounting policies (cont'd)

2.11 *Inventories*

Inventories are valued at the lower of cost and net realisable value. Costs incurred in bringing each product to its present location and condition are accounted for, as follows:

- Finished goods and work-in-progress: costs of direct materials, mining, processing and labour incurred in the extraction process and an appropriate proportion of variable and fixed overhead costs directly related to mining activities are assigned on a weighted average cost basis.

Where necessary, allowance is provided for damaged, obsolete and slow moving items to adjust the carrying value of inventories to the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

2.12 *Borrowing costs*

Borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that any entity incurs in connection with the borrowing of funds.

2.13 *Provisions*

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risk specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.14 *Employee benefits*

Short-term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year which the associated services are rendered by employees of the Company.

Defined contribution plans

The Group makes contributions to the Employees Provident Fund scheme in Malaysia, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. Summary of significant accounting policies (cont'd)

2.15 Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

Group as a lessee

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Group is classified as a finance lease.

Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised as finance costs in profit or loss.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

An operating lease is a lease other than finance lease. Operating lease payments are recognised as an operating expense in profit or loss on a straight-line basis over the lease term.

2.16 Revenue recognition

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring promised goods to a customer.

Revenue is recognised when the Group satisfies a performance obligation by transferring a promised good to the customer, which is when the customer obtains control of the good. Performance obligation is satisfied at a point in time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

(a) *Sale of goods*

Revenue is recognised when the goods are delivered to the customers and all criteria for acceptance have been satisfied. The amount of revenue recognised is based on the estimated transaction price, which is reflected by the contractual price.

(b) *Interest income*

Interest income is recognised using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. Summary of significant accounting policies (cont'd)

2.17 Taxes

(a) *Current income tax*

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(b) *Deferred tax*

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. 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 profit will be available to allow the deferred tax asset to be recovered.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. Summary of significant accounting policies (cont'd)

2.17 Taxes (cont'd)

(b) *Deferred tax (cont'd)*

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

(c) *Sales tax*

Expenses and assets are recognised net of the amount of sales tax, except:

- When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable; and
- When receivables and payables are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statements of financial position.

2.18 *Share capital and share issuance expenses*

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

2.19 *Treasury shares*

Own equity instruments that are reacquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognised directly in equity.

2.20 *Segment reporting*

For management purposes, the Group is organised into a single operating segment, which involves quarrying, processing and sale of limestone. All of the Group's activities are interrelated, and discrete financial information is reported to the Board as a single segment.

Accordingly, all significant operating decisions are based upon analysis of the Group as one segment. The financial results from this segment are equivalent to the financial statements of the Group as a whole. Total expenditure incurred by the Group arises in Malaysia Ringgit ("RM") and all of the Group's non-current assets reside in Malaysia.

3. Significant accounting judgements, estimates and assumptions

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the assets or liabilities affected in the future periods.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

3. Significant accounting judgements, estimates and assumptions (cont'd)

3.1 Judgements

In the process of applying the Group's accounting policies, management has made the following judgements which have the most significant effect on the amounts recognised in the consolidated financial statements:

Judgement made in relation to the Group's ability to continue as a going concern

As disclosed in Note 2.1, the ability of the Group to continue as a going concern depends on its ability to generate cash flows from its operating activities and sale of one of its leasehold quarry lands. Management has assessed and made a judgement that the Group will be able to generate sufficient cash flows to meet their working capital needs for the next twelve months from the date of this report.

3.2 Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Impairment of non-financial assets

Indicators of impairment have been identified by management on the Group's property, plant and equipment. Management determines the assets' recoverable amounts based on the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on available data from market prices less incremental costs for disposing the asset. The value in use calculation requires management to estimate future cash flows and a suitable discount rate in order to calculate the present value of cash flows.

The key management's assumptions used in value in use calculation are as follows:

- (a) Limestone price of RM 39/t – RM 350/t, varies based on the type (precipitated calcium carbonate or ground calcium carbonate) and form (chips and lumps, uncoated powder or coated powder)
- (b) Production rate of 480,000 t and 1,080,000 t per annum for the quarries held by GCCP Gridland Sdn. Bhd. and Hyperact Marketing Sdn. Bhd. respectively
- (c) Discount rate of 12% and 16% for GCCP Gridland Sdn. Bhd. and Hyperact Marketing Sdn. Bhd. respectively
- (d) Capital expenditure of approximately US\$17 million in 2021 for Hyperact Marketing Sdn. Bhd.

The carrying value of the Group's non-financial assets at the end of the reporting period is disclosed in Note 10.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

4. Revenue

Revenue represents invoiced sales of limestone. The Group's revenue by business segment and geographical location is disclosed in Note 27.

The Group has recognised impairment losses on receivables arising from contracts with customers amounting to RM 35,551 (2017: Nil).

5. Other income

	Group	
	2018	2017
	RM	RM
Interest income from pledged and short-term deposits	349,741	763,522
Rental income	—	445,896
Net foreign exchange gain	96,657	—
Sales of scrap metal	21,414	—
	<u>467,812</u>	<u>1,209,418</u>

6. Finance costs

	Group	
	2018	2017
	RM	RM
Interest expense on:		
- Term loans	1,534,516	1,858,770
- Obligations under finance leases	91,851	104,699
- Bank overdraft	338,978	370,020
	<u>1,965,345</u>	<u>2,333,489</u>

7. Loss before tax

The following items have been included in arriving at loss before tax:

	Group	
	2018	2017
	RM	RM
Audit fees:		
– Auditors of the Group	462,000	482,374
Depreciation of property, plant and equipment	5,520,319	5,402,943
Directors' fees	480,000	550,000
Write-off of plant and equipment	1,868	8,072
Employee benefit expense (Note 21)	4,354,053	4,017,870
Operating lease expense	132,068	203,218
Inventories recognised as an expense in cost of sales (Note 12)	7,346,853	5,808,321

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

8. Income tax (expense)/credit

Major components of income tax (expense)/credit

The major components of income tax (expense)/credit for the year ended 31 December 2018 and 2017 are:

	2018 RM	Group 2017 RM
Consolidated statement of comprehensive income:		
<i>Current income tax</i>		
- Current taxation	—	—
- (Under)/over provision in respect of previous year	(182,042)	192,110
	<u>(182,042)</u>	<u>192,110</u>

Relationship between income tax (expense)/credit and loss before tax

A reconciliation between income tax (expense)/credit and the product of loss before tax multiplied by the applicable corporate tax rate for the years ended 31 December 2018 and 2017 is as follows:

	2018 RM	Group 2017 RM
Loss before tax	(8,308,142)	(7,033,447)
Tax at the domestic rate applicable to profit in the countries where the Group operates	(1,345,592)	(257,487)
<u>Adjustments:</u>		
Non-deductible expenses	958,990	601,237
Deferred tax assets not recognised	386,602	343,750
(Under)/over provision of tax for previous year	(182,042)	192,110
Income tax (expense)/credit recognised in profit or loss	<u>(182,042)</u>	<u>192,110</u>

The above reconciliation is prepared by aggregating separate reconciliations for each national jurisdiction.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

8. Income tax (expense)/credit (cont'd)

Unrecognised capital allowance and tax losses

At the end of the reporting period, the Group has unrecognised capital allowances and tax losses of approximately RM 10,299,000 and RM 19,820,000 (2017: RM 9,143,000 and RM 19,399,000) respectively that are available for offset against future taxable profit of the Group, for which no deferred tax asset is recognised due to uncertainty of its recoverability. The use of these tax losses is subject to the agreement of the tax authority and compliance with certain provisions of the tax legislation.

9. Loss per share

Basic loss per share is calculated by dividing the loss for the year attributable to owners of the Company by the weighted average number of ordinary shares in issue during the financial year, excluding those held in treasury.

No adjustment has been made to the basic loss per share amounts presented in respect of a dilution as there are no potential ordinary shares which would be converted into ordinary shares.

	Group	
	2018	2017
	RM	RM
Loss for the year attributable to owners of the Company	(8,490,184)	(6,841,337)
Weighted average number of ordinary shares for basic loss per share computation	1,169,445,976	1,169,445,976
Loss per share (cents per share)		
- Basic and diluted	(0.73)	(0.59)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

10. Property, plant and equipment

Group	Leasehold quarry lands RM	Office equipment RM	Furniture and fittings RM	Renovation RM	Motor vehicles RM	Water tank and pump RM	Sign board RM	Plant and machineries RM	Crusher plants RM	Office units RM	Total RM
Cost:											
At 1 January 2017	71,751,704	250,781	84,084	604,126	2,440,731	18,940	4,880	4,692,787	22,204,628	3,344,400	105,397,061
Additions	2,899,870	8,392	—	—	624,245	—	—	410,000	—	—	3,942,507
Write-off	—	—	—	(20,608)	—	—	—	—	—	—	(20,608)
At 31 December 2017 and 1 January 2018	74,651,574	259,173	84,084	583,518	3,064,976	18,940	4,880	5,102,787	22,204,628	3,344,400	109,318,960
Adjustment*	—	—	—	—	—	—	—	—	(459,825)	—	(459,825)
Additions	—	2,259	—	—	—	—	—	400,000	—	—	402,259
Write-off	—	—	(2,519)	—	—	—	—	—	—	—	(2,519)
At 31 December 2018	74,651,574	261,432	81,565	583,518	3,064,976	18,940	4,880	5,502,787	21,744,803	3,344,400	109,258,875
Accumulated depreciation:											
At 1 January 2017	4,734,328	40,433	23,065	89,604	664,113	5,697	998	1,099,263	1,979,165	64,493	8,701,159
Charge for the year	2,565,727	25,630	8,280	58,524	600,044	1,894	488	625,195	1,480,308	36,853	5,402,943
Write-off	—	—	—	(12,536)	—	—	—	—	—	—	(12,536)
At 31 December 2017 and 1 January 2018	7,300,055	66,063	31,345	135,592	1,264,157	7,591	1,486	1,724,458	3,459,473	101,346	14,091,566
Charge for the year	2,633,840	26,512	8,280	58,352	575,811	1,894	488	698,887	1,474,177	42,078	5,520,319
Write-off	—	(651)	—	—	—	—	—	—	—	—	(651)
At 31 December 2018	9,933,895	91,924	39,625	193,944	1,839,968	9,485	1,974	2,423,345	4,933,650	143,424	19,611,234
Net carrying amount:											
At 31 December 2017	67,351,519	193,110	52,739	447,926	1,800,819	11,349	3,394	3,378,329	18,745,155	3,243,054	95,227,394
At 31 December 2018	64,717,679	169,508	41,940	389,574	1,225,008	9,455	2,906	3,079,442	16,811,153	3,200,976	89,647,641

* During the financial year, adjustment for prior years addition of RM 459,825 was made due to lower actual cost incurred.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

10. Property, plant and equipment (cont'd)

Assets held under finance leases

During the financial year ended 31 December 2018, the Group acquired plant and machineries with an aggregate cost of RM 400,000 (2017: motor vehicles with an aggregate cost of RM 624,245) by means of finance leases.

The carrying amount of motor vehicles and plant and machineries held under finance leases as at 31 December 2018 was RM 1,948,192 (2017: RM 2,146,658).

Leased assets are pledged as security for the related finance lease liabilities.

Assets pledged as security

In addition to assets held under finance leases, certain property, plant and equipment with carrying amounts of RM 36,878,663 (2017: RM 56,823,287) were mortgaged to secure the Group's bank loans and bank overdraft facilities.

The Group has office units with an aggregate cost of RM 3,344,400 which were partially financed by means of term loan. The carrying amount of office units mortgaged to secure the term loan was RM 3,200,976 (2017: RM 3,243,054).

The cash outflow on acquisition of property, plant and equipment amount to RM 42,259 (2017: RM 3,293,607) for the financial year ended 31 December 2018.

11. Investments in subsidiaries

	Company	
	2018	2017
	RM	RM
Unquoted shares, at cost	8,500,000	8,500,000
Impairment losses	(6,086,000)	(6,086,000)
Carrying amount of investments in subsidiaries	2,414,000	2,414,000

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

11. Investments in subsidiaries (cont'd)**Composition of the Group**

The Group has the following investments in subsidiaries.

Name of Company	Principal place of business	Principal activities	Proportion of ownership interest	
			2018 %	2017 %
<i>Held by the Company</i>				
GCCP Gridland Sdn. Bhd. ⁽¹⁾	Malaysia	Quarrying, processing and sale of limestone	100	100
Hyperact Marketing Sdn. Bhd. ⁽¹⁾	Malaysia	Quarrying, processing and sale of limestone	100	100
GCCP Global Sdn. Bhd. ⁽¹⁾	Malaysia	Processing and sale of limestone	100	100

⁽¹⁾ Audited by Ernst & Young, Malaysia

12. Inventories

	Group	
	2018 RM	2017 RM
Work-in-progress (at cost)	52,824	—
Finished goods (at cost)	2,560,586	3,983,410
	<u>2,613,410</u>	<u>3,983,410</u>
Inventories recognised as an expense in cost of sales	7,346,853	5,808,321
Inclusive of the following charge:		
- Inventories written down	<u>119,473</u>	<u>—</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

13. Trade and other receivables

	Group		Company	
	2018	2017	2018	2017
	RM	RM	RM	RM
Trade receivables	1,114,164	3,013,801	–	–
Other receivables	297,822	950,419	72,987	53,929
Amounts due from subsidiaries	–	–	92,328,872	87,531,310
Deposits	778,595	6,783,494	–	6,006,565
Total trade and other receivables	2,190,581	10,747,714	92,401,859	93,591,804
Add:				
- Cash and short-term deposits (Note 15)	268,155	1,130,175	7,826	915,925
- Pledged deposits (Note 14)	1,204,221	22,198,495	–	–
Less: Sales tax receivables	(126,912)	(602,963)	–	–
Total financial assets carried at amortised cost	3,536,045	33,473,421	92,409,685	94,507,729

Trade receivables

Trade receivables are non-interest bearing and are generally on 30 days' terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Amounts due from subsidiaries

These amounts are non-trade related, unsecured, non-interest bearing, repayable upon demand and are to be settled in cash.

Deposits

Deposits are interest-free and refundable upon cancellation of contract. In 2017, included in deposits was an amount of RM 6,006,565 ("the Deposit") from a consultant which was secured by a pledge of the consultant's shareholdings to the Company. Management assessed and determined that there was no impairment of the refundable deposit for the following reasons:

- There was a partial repayment during 2017 of one third of the gross receivables outstanding as at the beginning of 2017.
- Management determined that the value of the security received exceeds the carrying amount of the refundable deposit. Management estimated the value of the security by reference to the sales consideration of a proposed disposal of the Consultant's 7.1% equity holdings in its investee company ("Investee") as part of a collective sale of up to 80% equity stake in the Investee by its shareholders to a company which was listed on Bursa Malaysia (the "Transaction").

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

13. Trade and other receivables (cont'd)***Deposits (cont'd)***

On 31 December 2018, an agreement between one of the Company's director ("the Director") and the Company was made. The Director unconditionally and irrevocably agreed to assume the Deposit and the consultant unconditionally and irrevocably agreed and guaranteed to the Director payment of the deposit. Both parties agreed to indemnify and hold harmless the Company from any loss thereto upon the transfer of the deposit. Arising thereon, as at 31 December 2018, the entire deposit was offset against the Company's payables to the Director.

Receivables that are past due but not impaired

The Group has trade receivables amounting to RM 286,015 (2017: RM 1,501,786) that are past due at the end of the reporting period but not impaired. These trade receivables are unsecured and the analysis of their aging at the end of the reporting period is as follows:

	Group	
	2018	2017
	RM	RM
Trade receivables past due:		
Lesser than 30 days	266,075	647,123
31 to 60 days	15,163	438,007
61 to 90 days	1,696	329,046
More than 90 days	3,081	87,610
	286,015	1,501,786

Expected credit losses

The movement in allowance for expected credit losses of trade receivables computed based on lifetime ECL is as follows:

	Group
	2018
	RM
Movement in allowance accounts:	
At 1 January	—
Charge for the year	35,551
At 31 December	35,551

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

14. Pledged deposits

Pledged deposits are short-term deposits made for varying periods of between one month and twelve months, and earn interest at 2.55% to 3% (2017: 2.70% to 4.10%) per annum.

The short-term deposits and any interest income accruing thereon have been pledged to a bank for banking facilities granted to the Group as disclosed in Note 17.

15. Cash and short-term deposits

Cash at banks earns interest at floating rates based on daily bank deposit rates.

Cash and short-term deposits denominated in foreign currencies at 31 December are as follows:

	Group		Company	
	2018	2017	2018	2017
	RM	RM	RM	RM
Singapore Dollars	13,423	920,871	7,825	915,261
United States Dollars	6,732	31,914	–	664
	20,155	952,785	7,825	915,925

For the purpose of the consolidated cash flow statement, cash and cash equivalents comprise the following at the end of the reporting period:

	Group	
	2018	2017
	RM	RM
Cash at banks and on hand	268,155	1,130,175
Bank overdrafts (Note 17)	(5,347,193)	(5,400,047)
Cash and cash equivalents	(5,079,038)	(4,269,872)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

16. Trade and other payables

	Group		Company	
	2018	2017	2018	2017
	RM	RM	RM	RM
<i>Current</i>				
Trade payables	8,602,565	6,742,579	959,880	735,860
Other payables	1,286,610	1,503,238	300,000	240,000
	9,889,175	8,245,817	1,259,880	975,860
<i>Non-current</i>				
Trade payables	–	3,407,621	–	–
Amount due to a director	–	4,932,686	–	557,555
Total trade and other payables	–	16,586,124	–	1,533,415
Add:				
- Accrued operating expenses	2,426,333	1,927,600	1,884,933	1,274,196
- Loans and borrowings (Note 17)	15,356,013	38,033,193	–	–
Total financial liabilities carried at amortised cost	27,671,521	56,546,917	3,144,813	2,807,611

Trade payables/other payables (current)

These amounts are unsecured and non-interest bearing. Trade payables have an average term of 30 days.

Trade payables (non-current)

As at 31 December 2017, the amounts were related to non-current trade payables to a third-party subcontractor engaged by the Group pursuant to a repayment scheme agreed between the Group and the subcontractor.

During the year, the Group could not make timely repayment based on the repayment scheme. Consequently, the remaining unpaid balance owing to the subcontractor immediately became due and payable and was reclassified to current as at 31 December 2018. The Group has also received legal notice from the subcontractor with respect to the outstanding trade payables. As at 31 December 2018, this legal case is still ongoing.

Amount due to a director

The amount was non-trade related, unsecured, non-interest bearing with no fixed repayment terms and are to be settled in cash. Amount due to director was offset against the deposit during the year as disclosed in Note 13.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

17. Loans and borrowings

	Group	
	2018	2017
	RM	RM
Current:		
Obligations under finance leases ⁽¹⁾ (Note 24b)	675,151	634,072
Bank overdrafts ⁽²⁾	5,347,193	5,400,047
Term loans:		
- RM loan at BLR + 1.00% per annum ⁽³⁾	249,171	230,004
- RM loan at BLR + 1.00% per annum ⁽⁴⁾	—	147,088
- RM loans at KLIBOR + bank's costs of funds + 2.50% per annum ⁽⁵⁾	2,010,000	1,021,000
- RM loan at KLIBOR + bank's costs of funds + 2.50% per annum ⁽⁶⁾	—	504,000
	8,281,515	7,936,211
Non-current:		
Obligations under finance leases ⁽¹⁾ (Note 24b)	892,148	1,207,240
Term loans:		
- RM loan at BLR + 1.00% per annum ⁽³⁾	1,226,648	1,487,187
- RM loans at KLIBOR + bank's costs of funds + 2.50% per annum ⁽⁵⁾	4,955,702	26,116,555
- RM loan at KLIBOR + bank's costs of funds + 2.50% per annum ⁽⁶⁾	—	1,286,000
	7,074,498	30,096,982
Total loans and borrowings	15,356,013	38,033,193

⁽¹⁾ Obligations under finance leases

These obligations are secured by a charge over the leased assets as disclosed in Note 10. The discount rate implicit in the leases ranges from 4.59% to 7.51% (2017: 4.59% to 7.15%) per annum. These obligations are denominated in RM.

⁽²⁾ Bank overdrafts

Bank overdrafts are denominated in RM, bear interest at BLR + 1.50% to BLR + 2.25% per annum and are secured by a first party first legal charge on the leasehold quarry lands as disclosed in Note 10, charge on pledged deposits as disclosed in Note 14, and joint and several guarantee by the directors of the Group.

⁽³⁾ RM loan at BLR + 1.00% per annum

The loan was secured by a first party first legal charge on certain leasehold quarry lands and office units as disclosed in Note 10, charge on pledged deposits as disclosed in Note 14, and guarantee by a director of the Group. The loan is fully payable in 2020 and includes a financial covenant which requires the Group's subsidiary to maintain a gearing ratio not exceeding 2.0 times.

⁽⁴⁾ RM loan at BLR + 1.00% per annum

The loan was secured by a third party second legal charge on a freehold residential land with a 2-storey bungalow held by a director of the Group. The loan was fully repaid during 2018.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

17. Loans and borrowings (cont'd)**(5) RM loans at KLIBOR + bank's costs of funds + 2.50% per annum**

In the previous year, the loans were secured by a first party all monies first legal charge on certain leasehold quarry lands, a crusher plant and certain plant and machineries as disclosed in Note 10, charge on pledged deposits as disclosed in Note 14, corporate guarantee from the Company and guarantee from a director of the Group. During the year, part of the pledged deposits was used to partially settle the loans. The remaining outstanding amount is secured by a first party all monies first legal charge on certain leasehold quarry lands as disclosed in Note 10, corporate guarantee from the Company and a subsidiary, and guarantee from a director of the Group. The loan is fully repayable in 2021.

(6) RM loan at KLIBOR + bank's costs of funds + 2.50% per annum

The loan was secured by an all monies facilities agreement of RM 3 million, a first party all monies first legal charge on certain leasehold quarry lands as disclosed in Note 10, an all monies debenture and power of attorney over a subsidiary's present and future assets and properties (both movable and immovable), corporate guarantee from the Company and guarantee from a director of the Group. During the year, part of the pledged deposits was used to fully settle the loan.

18. Share capital

	Group and Company			
	2018		2017	
	Number of shares	RM	Number of shares	RM
Issued and fully paid ordinary shares				
At 1 January and 31 December	1,193,432,933	164,587,851	1,193,432,933	164,587,851

The holders of ordinary shares, except treasury shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions.

19. Treasury shares

	Group and Company			
	2018		2017	
	Number of shares	RM	Number of shares	RM
At 1 January and 31 December	23,986,957	9,086,355	23,986,957	9,086,355

Treasury shares relate to ordinary shares of the Company that is held by the Company.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

20. Other reserves

This represents the gain arising from the reissuance of treasury shares. No dividend may be paid, and no other distribution (whether in cash or otherwise) of the Company's assets (including any distribution of assets to members on a winding up) may be made in respect of this reserve.

21. Employee benefits

	Group	
	2018	2017
	RM	RM
<i>Employee benefits expense (including directors):</i>		
Salaries and bonuses	3,932,163	3,649,763
Employees Provident Fund	387,008	338,241
Social Security Organisation ("SOCSO")	34,882	29,866
	<u>4,354,053</u>	<u>4,017,870</u>

22. Related party transactions

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transaction between the Group and related parties took place at term agreed between the parties during the financial year.

Compensation of key management personnel

	Group	
	2018	2017
	RM	RM
Salaries and bonuses	1,760,786	1,789,831
Employees Provident Fund	137,280	137,280
Social Security Organisation ("SOCSO")	3,314	3,314
Directors' fees	480,000	550,000
	<u>2,381,380</u>	<u>2,480,425</u>
<i>Comprise amounts paid to:</i>		
Directors of the Group	1,733,528	1,827,178
Other key management personnel	647,852	653,247
	<u>2,381,380</u>	<u>2,480,425</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

23. Commitments

(a) Operating lease commitment – as lessee

The Group entered into commercial lease for the rental of employees' accommodation. In 2017, the lease had a period of 10 months. There are no restrictions placed upon the Group by entering into the lease. Future minimum rentals payable under non-cancellable operating lease at the end of the reporting was as follows:

	Group	
	2018	2017
	RM	RM
Not later than one year	–	23,000

(b) Finance lease commitments

The Group has finance leases for motor vehicles and certain plant and machinery. Future minimum lease payments under finance leases together with the present value of the net minimum lease payments are as follows:

	2018		2017	
	Minimum lease payments	Present value of payments (Note 17)	Minimum lease payments	Present value of payments (Note 17)
	RM	RM	RM	RM
Group				
Not later than one year	738,258	675,151	710,940	634,072
Later than one year but not later than five years	937,342	892,148	1,286,916	1,207,240
Total minimum lease payments	1,675,600	1,567,299	1,997,856	1,841,312
Less: Amounts representing finance charges	(108,301)	–	(156,544)	–
Present value of minimum lease payments	1,567,299	1,567,299	1,841,312	1,841,312

(c) Contingent liabilities

The Company has provided corporate guarantees to a bank for banking facilities to two subsidiaries of which the outstanding amounts of facilities drawn down as at 31 December 2018 was RM 9,986,917 (2017: RM 31,939,360) (Note 17).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

24. Fair value of assets and liabilities

(a) Fair value hierarchy

The Group categorises fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

Level 1 – Quoted prices (unadjusted) in active market for identical assets or liabilities that the Group can access at the measurement date,

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, and

Level 3 – Unobservable inputs for the asset or liability.

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

(b) Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are not a reasonable approximation of fair value

The fair value of financial assets and liabilities by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value are as follows:

	2018		2017	
	Carrying amount RM	Fair value RM	Carrying amount RM	Fair value RM
Group				
Financial liabilities				
- Amount due to a director	–	–	4,932,686	**
- Obligations under finance leases (non-current)	892,148	937,342	1,207,240	1,286,916

** Amount due to a director

Fair value information was not disclosed for the Group's amount due to a director that was carried at cost because the fair value could not be measured reliably. As at 31 December 2017, there was no contractual repayment term for this amount and the Group did not intend to repay the amount in the next 12 months. As disclosed in Note 13, this amount due to a director was offset against a deposit in 2018.

(c) Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value

Trade and other receivables (Note 13), pledged deposits (Note 14), cash and short-term deposits (Note 15), trade and other payables (Note 16), current and non-current loans and borrowings (Note 17)

Except as disclosed above, management had determined that the carrying amounts of these financial assets and financial liabilities reasonably approximate their fair values because these are mostly short-term in nature or that they are floating rate instruments that are repriced to market interest rates on or near the balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

25. Financial instruments risk management objectives and policies

The Group is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk and interest rate risk. The board of directors reviews and agrees policies and procedures for the management of these risks. It is, and has been throughout the current and previous financial year, the Group's policy that no trading in derivatives for speculative purposes shall be undertaken.

The following sections provide details regarding the Group's exposure to the above-mentioned financial risks and objectives, policies and processes for the management of these risks.

(a) *Credit risk*

The Group has credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers. The Group does not require collateral in respect of trade and other receivables.

At statement of financial position date, other than trade receivable from 3 (2017: 3) major customers which accounted for approximately 67% (2017: 87%) of total trade receivables, there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position.

Trade receivables

The Group provides for lifetime expected credit losses for all trade receivables using a provision matrix. The provision rates are determined based on the Group's historical observed default rates analysed in accordance to days past due. The expected credit losses also incorporate forward looking information. Information regarding the Group's expected credit losses for trade receivables is disclosed in Note 13.

Credit risk concentration profile

The Group determines concentration of credit risk by monitoring the country profile of its trade receivables on an ongoing basis. The credit risk concentration profile of the Group's trade receivables at the end of the reporting period is as follows:

	2018		2017	
	RM	% of total	RM	% of total
By country:				
Malaysia	824,520	74	1,331,788	44
Indonesia	289,644	26	1,682,013	56
	<u>1,114,164</u>	<u>100</u>	<u>3,013,801</u>	<u>100</u>

At the end of the reporting period, approximately 67% (2017: 87%) of the Group's trade receivables were due from 3 (2017: 3) major customers.

Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are with creditworthy debtors with good payment record with the Group. Cash and short-term deposits that are neither past due nor impaired are placed with reputable financial institutions with high credit ratings and no history of default.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

25. Financial risk management objectives and policies (cont'd)

(b) *Liquidity risk*

Liquidity risk is the risk that the Group will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities.

The Group's going concern assumption is disclosed in Note 2.1.

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and of the Company's financial assets and financial liabilities at the end of the reporting period based on contractual undiscounted repayment obligations.

	One year or less RM	One to five years RM	Total RM
Group			
2018			
Financial assets:			
Trade and other receivables	2,063,669	—	2,063,669
Cash and short-term deposits	268,155	—	268,155
Pledged deposits	1,204,221	—	1,204,221
Total undiscounted financial assets	3,536,045	—	3,536,045
Financial liabilities:			
Trade and other payables	9,889,175	—	9,889,175
Accrued operating expenses	2,426,333	—	2,426,333
Loans and borrowings	8,732,122	7,750,942	16,483,064
Total undiscounted financial liabilities	21,047,630	7,750,942	28,798,572
Total net undiscounted financial liabilities	(17,511,585)	(7,750,942)	(25,262,527)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

25. Financial risk management objectives and policies (cont'd)**(b) Liquidity risk (cont'd)**

Group	One year or less RM	One to five years RM	Total RM
2017			
Financial assets:			
Trade and other receivables	10,144,751	–	10,144,751
Cash and short-term deposits	1,130,175	–	1,130,175
Pledged deposits	22,198,495	–	22,198,495
Total undiscounted financial assets	33,473,421	–	33,473,421
Financial liabilities:			
Trade and other payables	8,245,817	3,407,621	11,653,438
Amount due to a director	–	4,932,686	4,932,686
Accrued operating expenses	1,927,600	–	1,927,600
Loans and borrowings	9,870,407	33,672,561	43,542,968
Total undiscounted financial liabilities	20,043,824	42,012,868	62,056,692
Total net undiscounted financial assets/(liabilities)	13,429,597	(42,012,868)	(28,583,271)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

25. Financial risk management objectives and policies (cont'd)

(b) *Liquidity risk (cont'd)*

Analysis of financial instruments by remaining contractual maturities (cont'd)

	One year or less RM	One to five years RM	Total RM
Company			
2018			
Financial assets:			
Trade and other receivables	92,401,859	–	92,401,859
Cash and short-term deposits	7,826	–	7,826
Total undiscounted financial assets	92,409,685	–	92,409,685
Financial liabilities:			
Trade and other payables	1,259,880	–	1,259,880
Accrued operating expenses	1,884,933	–	1,884,933
Total undiscounted financial liabilities	3,144,813	–	3,144,813
Total net undiscounted financial assets	89,264,872	–	89,264,872
2017			
Financial assets:			
Trade and other receivables	93,591,804	–	93,591,804
Cash and short-term deposits	915,925	–	915,925
Total undiscounted financial assets	94,507,729	–	94,507,729
Financial liabilities:			
Trade and other payables	975,860	–	975,860
Accrued operating expenses	1,274,196	–	1,274,196
Amount due to a director	–	557,555	557,555
Total undiscounted financial liabilities	2,250,056	557,555	2,807,611
Total net undiscounted financial assets/(liabilities)	92,257,673	(557,555)	91,700,118

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

25. Financial risk management objectives and policies (cont'd)**(b) Liquidity risk (cont'd)**

The table below shows the contractual expiry by maturity of the Company's financial guarantees. The maximum amount of the financial guarantees are allocated to the earliest period in which the guarantee could be called.

	2018	2017
	RM	RM
	1 year or less	
Company		
Financial guarantees	9,986,917	31,939,360

(c) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of the Group's financial instruments will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises primarily from their interest-bearing loans and borrowings and deposits. The Group's policy is to obtain the most favourable interest rates available. Information relating to the Group's interest rate exposures for loans and borrowings and deposits are disclosed in Note 14.

Sensitivity analysis for interest rate risk

At the end of the reporting period, if interest rates had been 50 (2017: 50) basis points lower/higher with all other variables held constant, the Group's loss before tax would have been RM 63,000 (2017: RM 70,000) lower/higher, arising mainly as a result of lower/higher interest expense on floating rate loans and borrowings, and lower/higher interest income from floating rate deposits. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

26. Capital management

The primary objective of the Group's capital management is to ensure that it maintains a sufficient cash in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the financial years ended 31 December 2018 and 2017.

	Group	
	2018	2017
	RM	RM
Trade and other payables	9,889,175	16,586,124
Accrued operating expenses	2,426,333	1,927,600
Loans and borrowings	15,356,013	38,033,193
Less: Cash and short-term deposits	(268,155)	(1,130,175)
Net debt	27,403,366	55,416,742
Equity attributable to owners of the Company	68,266,787	76,756,971
Less: Other reserves	(4,307,382)	(4,307,382)
Total capital	63,959,405	72,449,589
Capital and net debt	91,362,771	127,866,331
Gearing ratio	30%	43%

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

27. Segment information

For management purposes, the Group is organised into one main operating segment, which involves operating a limestone mining business. All of the Group's activities are interrelated and discrete financial information is reported to the Board as a single segment.

Accordingly, all significant operating decisions are based upon analysis of the Group as one segment. The financial results from this segment are equivalent to the financial statements of the Group as a whole. Total expenditure incurred by the Group arises in Malaysia Ringgit ("RM") and all of the Group's non-current assets reside in Malaysia.

Geographical information

Revenue information based on the geographical location of customers is as follows:

	Group	
	2018	2017
	RM	RM
Malaysia	6,319,840	2,053,069
Indonesia	13,479,861	19,692,257
	<u>19,799,701</u>	<u>21,745,326</u>

The Group's non-current assets consist of property, plant and equipment as presented in the statement of financial position of the Group are located in Malaysia.

Information about major customers

Revenue from four major customers (2017: four) amounted to approximately RM 18,190,929 (2017: RM 20,939,000) arising from sale of limestone.

28. Authorisation of financial statements for issue

The financial statements for the years ended 31 December 2018 were authorised for issue in accordance with a resolution of the directors on 30 August 2019.

STATISTICS OF SHAREHOLDINGS

AS AT 31 JULY 2019

Class of shares	:	Ordinary
Number of Ordinary Shares in issue (excluding Treasury Shares and Subsidiary Holdings)	:	1,169,445,976
Voting rights (excluding Treasury Shares and Subsidiary Holdings)	:	One vote per ordinary share
Number of Treasury Shares	:	23,986,957 (2.05%)
Number of Subsidiary Holdings	:	Nil

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 – 99	9	1.83	449	0.00
100 – 1,000	10	2.03	7,047	0.00
1,001 – 10,000	35	7.10	261,716	0.02
10,001 – 1,000,000	392	79.51	76,869,075	6.57
1,000,001 AND ABOVE	47	9.53	1,092,307,689	93.41
TOTAL	493	100.00	1,169,445,976	100.00

SUBSTANTIAL SHAREHOLDERS

(as recorded in the Register of Substantial Shareholders)

NO.	NAME OF SUBSTANTIAL SHAREHOLDER	DIRECT INTEREST		DEEMED INTEREST	
		NO. OF SHARES	%	NO. OF SHARES	%
1	Loo Wooi Hong	337,838,380	28.89	–	–
2	Loo An Swee	73,648,000	6.30	178,719,080 ¹	15.28
3	Wilma Global Investments Limited ("Wilma Global")	178,719,080	15.28	–	–
4	Pang Kim Chon	–	–	178,719,080 ²	15.28

Notes:

- Mr Loo An Swee holds 50.4% shares in Wilma Global and is deemed interested in the shares held by Wilma Global.
- Mr Pang Kim Chon holds 49.6% shares in Wilma Global and is deemed interested in the shares held by Wilma Global.

STATISTICS OF SHAREHOLDINGS

AS AT 31 JULY 2019

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	OCBC SECURITIES PRIVATE LIMITED	363,187,209	31.06
2	RAFFLES NOMINEES (PTE) LIMITED	253,432,633	21.67
3	CGS-CIMB SECURITIES (SINGAPORE) PTE. LTD.	132,096,881	11.30
4	UOB KAY HIAN PRIVATE LIMITED	92,509,253	7.91
5	DBS NOMINEES (PRIVATE) LIMITED	67,533,254	5.77
6	RHB SECURITIES SINGAPORE PTE. LTD.	27,961,400	2.39
7	MAYBANK KIM ENG SECURITIES PTE.LTD	23,118,524	1.98
8	PHILLIP SECURITIES PTE LTD	15,965,700	1.37
9	POON YEW HOE	14,195,053	1.21
10	CHUA THIAM JOO	6,266,117	0.54
11	FONG KIM CHIT	5,858,683	0.50
12	CHUA SIEW LIAN	4,850,000	0.41
13	PROVIDENCE HGF3 LIMITED	4,514,355	0.39
14	YEE CHIA HSING	4,500,000	0.38
15	YEONG YUEN JOO	4,500,000	0.38
16	CHONG SAU KWANG	4,449,600	0.38
17	TAY KOON CHUAN	4,357,000	0.37
18	CHAI SHWU HUEY	4,000,000	0.34
19	CHUA CHYE SUN	3,900,000	0.33
20	LIM JOO SENG	3,642,200	0.31
TOTAL		1,040,837,862	88.99

PERCENTAGE OF SHAREHOLDING IN PUBLIC'S HANDS

Based on the information available to the Company as at 31 July 2019, approximately 45.26% of the issued ordinary shares (excluding treasury shares and subsidiary holdings) of the Company were held in the hands of public. Accordingly, the Company has complied with Rule 723 of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of GCCP Resources Limited (the “**Company**”) will be held at Temasek Club, 131 Rifle Range Road, Level 3, Seletar Room, Singapore 588406 on Saturday, 14 September 2019 at 2.00 p.m. (the “**AGM**”) for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors’ Report and the Audited Financial Statements of the Company for the financial year ended 31 December 2018 together with the Auditors’ Report thereon.

(Resolution 1)

2. To re-elect the following Directors of the Company retiring pursuant to the Articles of Association of the Company:

Mr Teng Chang Yeow (Retiring under Article 86(1))

(Resolution 2)

Mr Pay Cher Wee (Retiring under Article 86(1))

(Resolution 3)

Mr Loo Wooi Hong (Retiring under Article 85(6))

(Resolution 4)

The profiles of the abovementioned directors can be found under the sections entitled “Board of Directors”, “Additional Information on Directors Proposed for Re-Election” and the “Report on Corporate Governance” in the Annual Report 2018.

[Please refer to Explanatory Note (i)]

3. To approve the payment of Directors’ fees of S\$120,000 (*equivalent to MYR360,000*) for the financial year ending 31 December 2019, payable quarterly in arrears (2018: S\$143,300, equivalent to MYR429,990).

(Resolution 5)

4. To note the retirement of Messrs Ernst & Young LLP as the Auditors of the Company at the AGM.

[Please refer to Explanatory Note (ii)]

5. 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 any modifications:

6. **Authority to issue shares**

That pursuant to Rule 806 of the Singapore Exchange Security Trading Limited (the “**SGX-ST**”) Listing Manual Section B: Rules of Catalist (“**Catalist Rules**”), the Directors of the Company be authorised and empowered to:

- (a) (i) allot and issue shares in the capital of the Company (“**Shares**”) whether by way of rights, bonus or otherwise; and/or
- (ii) make or grant offers, agreements or options (collectively, “**Instruments**”) that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into Shares,

NOTICE OF ANNUAL GENERAL MEETING

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors of the Company may in their absolute discretion deem fit; and

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

provided that:

- (1) the aggregate number of shares (including shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) to be issued pursuant to this Resolution shall not exceed one hundred per centum (100%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares (including Shares to be issued in pursuant of the Instruments made or granted pursuant to this Resolution) to be issued other than on a pro rata basis to shareholders of the Company shall not exceed fifty per centum (50%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);
- (2) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (1) above, the total number of issued Shares (excluding treasury shares and subsidiary holdings) shall be based on the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time of the passing of this Resolution, after adjusting for:
 - (a) new Shares arising from the conversion or exercise of any convertible securities;
 - (b) new Shares arising from exercising share options or vesting of share awards which are outstanding or subsisting at the time of the passing of this Resolution, provided the share options or share awards were granted in compliance with Part VIII of Chapter 8 of the Catalist Rules ("**Rules**"); and
 - (c) any subsequent bonus issue, consolidation or subdivision of shares;
- (3) 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), the Cayman Companies Act and the Articles of Association, for the time being, of the Company; and
- (4) unless revoked or varied by the Company in a general meeting, such authority shall continue in force until the conclusion of the next Annual General Meeting ("**AGM**") of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is earlier.

[Please refer to Explanatory Note (iii)]

(Resolution 6)

NOTICE OF ANNUAL GENERAL MEETING

7. Authority to issue shares under the GCCP Employee Share Option Scheme (the “ESOS”)

That the Directors of the Company be authorised to offer and grant options in accordance with the provisions of the ESOS and to allot and issue from time to time such number of Shares in the capital of the Company as may be required to be allotted and issued pursuant to the exercise of options under the ESOS, provided always that the aggregate number of new Shares to be allotted and issued pursuant to the ESOS, when added to the aggregate number of Shares issued and issuable in respect of all options granted under the ESOS, all awards granted under the GCCP Performance Share Plan, and all outstanding options or awards granted under such other share-based incentive schemes or share plans implemented by the Company, shall not exceed fifteen per centum (15%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company on the day preceding the offer date of the option, as determined in accordance with the provisions of the ESOS.

[Please refer to Explanatory Note (iv)]

(Resolution 7)

8. Authority to issue shares under the GCCP Performance Share Plan

That the Directors of the Company be authorised to offer and empowered to grant awards in accordance with the provisions of the GCCP Performance Share Plan and to allot and issue from time to time such number of Shares in the capital of the Company as may be required to be issued pursuant to the vesting awards under the GCCP Performance Share Plan, when added to (i) the number of shares issued and issuable in respect of all awards granted or awarded thereunder; (ii) all shares issued and issuable in respect of all options granted or awards granted under ESOS; and (iii) all other shares issued and/or issuable under any other share-based incentive schemes or share plans implemented by the Company for the time being in force, shall not exceed fifteen per centum (15%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company on the day preceding the relevant date of the award, as determined in accordance with the provisions of the GCCP Performance Share Plan.

[Please refer to Explanatory Note (v)]

(Resolution 8)

By Order of the Board

Marilyn Tan Lay Hong
Company Secretary

Singapore, 30 August 2019

Explanatory Notes:

- (i) Mr Teng Chang Yeow will, upon re-election as a Director of the Company, remain as the Chairman of the Nominating Committee and a member of the Audit Committee and Remuneration Committee, and will be considered independent for the purposes of Rule 704(7) of the Catalyst Rules. There are no relationships (including family relationships) between Mr Teng Chang Yeow and the other Directors, the Company and its ten per cent (10%) shareholders.

Mr Pay Cher Wee, upon re-election as a Director of the Company, will remain as the Chairman of the Audit Committee and a member of the Nominating Committee and Remuneration Committee, and will be considered independent for the purposes of Rule 704(7) of the Catalyst Rules. There are no relationships (including family relationships) between Mr Pay Cher Wee and the other Directors, the Company and its ten per cent (10%) shareholders.

Mr Loo Wooi Hong will, upon re-election as a Director of the Company, remain as the Executive Director of the Company. Mr Loo Wooi Hong is the son of Mr Loo An Swee, the Executive Chairman and Chief Executive Officer, and Controlling Shareholder of the Company. Save as disclosed, there are no other relationships between Mr Loo Wooi Hong and the other Directors, the Company and its ten per cent (10%) shareholders.

NOTICE OF ANNUAL GENERAL MEETING

(ii) In accordance with Rule 712(3) of the Catalyst Rules:

- (1) Messrs Ernst & Young LLP ("**EY**") has confirmed, that they are not aware of any professional or other reasons why the new incoming auditor to be appointed should not accept the appointment as external auditors of the Company;
- (2) the Company confirms that there were no disagreements with EY on accounting treatments within the last 12 months up to the date of this Notice;
- (3) the Company confirms that it is not aware of any circumstances connected with the resignation of the auditors that should be brought to the attention of Shareholders which has not been disclosed in this Notice;
- (4) EY has declined to stand for re-appointment due to partial repayment of audit fees by the Company. The Company will settle remaining outstanding fees due to EY and seek to appoint a new auditor with a lower audit fees to better manage its business costs. The resignation of EY is not due to the dismissal of EY; and
- (5) the Company confirms that it will comply with Rule 712 and Rule 715 of the Catalyst Rules in relation to the appointment of its new external auditors.

(iii) The Ordinary Resolution 6 in item 6 above, if passed, will empower the Directors of the Company, effective until the conclusion of the next AGM of the Company, or the date by which the next AGM of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to allot and issue Shares, make or grant Instruments convertible into Shares and to issue Shares pursuant to such Instruments, up to a number not exceeding, in total, one hundred per centum (100%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company, of which up to fifty per centum (50%) may be issued other than on a pro-rata basis to shareholders.

For determining the aggregate number of Shares that may be issued, the percentage of issued Shares (excluding treasury shares and subsidiary holdings) will be calculated based on the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time this Ordinary Resolution is passed after adjusting for new Shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time when this Ordinary Resolution is passed and any subsequent bonus issue, consolidation or subdivision of shares.

- (iv) The Ordinary Resolution 7 in item 7 above, if passed, will empower the Directors to issue Shares up to an amount in aggregate not exceeding fifteen per centum (15%) of the issued share capital (excluding treasury shares and subsidiary holdings) of the Company pursuant to the ESOS (which was approved in via a written resolution of the members of the Company on 26 February 2015), and such other share-based incentive scheme or share plan, on the date preceding the offer date of the option. This authority is in addition to the general authority to issue Shares sought under Ordinary Resolution 7.
- (v) The Ordinary Resolution 8 in item 8 above, if passed, will empower the Directors of the Company, effective until the conclusion of the next AGM of the Company, or the date by which the next AGM of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to grant awards under the GCCP Performance Share Plan in accordance with the provisions of the GCCP Performance Share Plan and to allot and issue from time to time such number of fully-paid shares as may be required to be issued pursuant to the vesting of the awards under the GCCP Performance Share Plan subject to the maximum number of shares prescribed under the terms and conditions of the GCCP Performance Share Plan.

Notes:

- (1) A Member of the Company (other than The Central Depository (Pte) Limited (the "**CDP**")) entitled to attend and vote at the AGM and who is holder of two or more shares shall be entitled to appoint not more than two proxies to attend and vote in his stead by completing and signing the Member Proxy Form. A proxy need not be a member of the Company.
- (2) The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing; or if such appointer is a corporation under its common seal, if any, and, if none, then under the hand of some officer duly authorised in the behalf.
- (3) An individual Depositor whose name is shown in the records of the CDP as at a time not earlier than forty-eight (48) hours, may attend as a CDP's proxy and shall not be required to lodge any proxy form. A Depositor may appoint a nominee(s) to attend and vote in his stead by completing and signing the Depositor Proxy Form. Where a Depositor(s) is a corporation and wishes to be represented at the AGM, it must nominate an appointee(s) to attend and vote as a proxy for CDP at the AGM in respect of the number of the Depositor(s) Shares.
- (4) In the case where an instrument of proxy appoints more than one proxy (including the case when a Depositor Proxy Form is used), the proportion of the shareholding concerned (expressed of as a percentage of the whole) to be represented by each proxy shall be specified in the Instrument of proxy and if no percentage is specified, the first named proxy shall be treated as representing 100 per cent of the shareholding and the second named proxy shall be deemed to be an alternate to the first named.
- (5) The Member Proxy Form and Depositor Proxy Form must be lodged at the office of the Company's Singapore Share Transfer Agent, Boardroom Corporate & Advisory Services Pte. Ltd. at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623, not less than forty-eight (48) hours before the AGM.

NOTICE OF ANNUAL GENERAL MEETING

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company:

- (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the 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 in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**");
- (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes; and
- (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.



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