GCCP RESOURCES LIMITED

2019 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 GCCP Gridland Quarry and Hyper Act Quarries, are located in Ipoh, in the state of Perak. Collectively, the quarries hold about 249 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: Rule of Catalist. The Sponsor has not verified the contents of this annual report. The Sponsor has also not drawn on any specific technical expertise in its review of this annual report.

This Annual Report has not been examined or approved by the SGX-ST. The 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 contact person for the Sponsor is Mr Joseph Au, Associate Director, Continuing Sponsorship (Mailing Address: 16 CollyerQuay, #10-00 Income at Raffles, Singapore 049318, and E-mail: sponsorship@ppcf.com.sg).

CHAIRMAN'S STATEMENT

Dear Shareholders,

The financial year ended 31 December 2019 ("FY2019") was a tough year as the Company struggled to overcome challenges both on the operational and financial fronts. Despite these challenges, one of our quarries, Gridland Quarry, continued to maintain its production to meet the demand of its customers for its precipitated calcium carbonate crushed stones ("PCC stones"). Due to major repair works for the access roads of Hyper Act Quarries during the year, there was minimal contribution from the sale of ground calcium carbonates crushed stones ("GCC stones").

Financial Review

During the year, Group's revenue recorded a drop of 52% to MYR9.5 million as compared to MYR19.8 million in the financial year ended 31 December 2018 ("FY2018"). The decrease was mainly due to the lower sales of GCC stones from Hyper Act Quarries due to the extensive repair works carried out during the year. Sales of the PCC stones from our Gridland Quarry also decreased amid the slowdown in the global economy.

Cost of sales decreased in line with the decline in revenue to MYR7.3 million, from MYR13.5 million in FY2018, resulting in a decrease in gross profit to MYR2.2 million, compared to MYR6.3 million a year ago.

General and administrative expenses declined 11% to MYR8.5 million, from MYR9.6 million a year ago. Also, selling and distribution expenses has reduced to MYR1.9 million from MYR3.5 million, which was in line with the lower sales recorded during the year.

The Group recorded lower finance costs of MYR1.0 million compared to MYR2.0 million a year ago as there was a significant repayment of bank loans made as at end of FY2018. Correspondingly, interest income decreased as funds were used to repay the said loans.

The Group's net loss attributable to shareholders was MYR9.2 million in FY2019, compared to MYR8.5 million in FY2018.

The Group's property, plant and equipment stood at MYR83.4 million as at 31 December 2019, compared to MYR89.6 million as at 31 December 2018. The difference is due to the depreciation of MYR5.3 million and the disposal of old machinery and motor vehicles of MYR0.9 million.

CHAIRMAN'S STATEMENT

Inventories remained relatively constant at MYR2.3 million as at 31 December 2019, and trade and other receivables decreased from MYR2.2 million a year ago to MYR1.3 million. The decrease in trade receivables was due to decrease in products ordered, which was in line with lower sales during the year.

As at 31 December 2019, there was an increase of MYR4.3 million in trade and other payables mainly due to accrued operating expenses as a result of the inactivity of Hyper Act Quarries during the year and the extension of credit terms by suppliers to allow the Group to delay payments.

The Group generated net cash from operating activities of MYR2.1 million in FY2019, compared to MYR3.2 million in FY2018. There was also a net increase in cash and cash equivalents of MYR0.1 million compared to a net decrease of MYR0.8 million in the corresponding year.

Operations Review

In FY2019, the Group stopped production in Hyper Act Quarries due to extensive repair works to the access roads at the quarries. As a result, minimal revenue was generated through Hyper Act Quarries. Despite the challenges encountered at Hyper Act Quarries, the Group was able to continue to operate and generate steady sales from the Gridland Quarry through the support of its customers during the year to survive through FY2019. Gridland Quarry has renewed the contract with the existing overseas buyer as well as continued to deliver the PCC stones to its local customers.

Over the years, the Group has continuously maintained its quality control process, so that it can ensure that its products are able to meet customers' expectations. The strict quality control during the quarry face selection process is always in place where the operators will dispose the stones that are deemed to be of low quality, such that these stones will not be sent to the crushing plant, which in turn, has significantly improved the efficiency of the picking process (after the crushing process). In addition, every batch of stones sent to the laboratory are tested to ensure that the chemical content is within the acceptable range offered to the customers.

At Hyper Act Quarries, the Group has stopped production since early FY2019, mainly due to the extensive repair works at the quarries. The Group needs to correct the gradient and widen the access roads leading to the various blasting platforms to facilitate better transportation of the boulders and slabs to the crushing plant at the foot of the hill. The various blasting platforms also need to be enlarged to reduce the yield loss after each blasting. With its strong

CHAIRMAN'S STATEMENT

partnerships with leading industry players, the Group is confident that it can secure new orders and contracts once operation is resumed at Hyper Act Quarries.

Future Prospects

The year 2020 started badly for all businesses, domestically, regionally and globally, due to the COVID-19 pandemic. The Group was not spared as well. The Movement Control Order ("MCO"), introduced by the Malaysia Government from 18 March 2020 to 8 June 2020, caused production and sales disruptions to the Group. Although the Group managed to secure approval from the local authorities for early resumption of operations (3 weeks before the end of the MCO period), the Group's inactivity during the MCO has caused delays in the Group's progress of the repair works at Hyper Act Quarries and the loss of income at Gridland Quarry. The pandemic is expected to stay for some time. However, with the resumption of activities at the Group and the strong support from its customers and suppliers, the Group is slowly picking up from where it has left-off before the pandemic, and will strive to overcome all challenges for the years ahead.

Apart from its current activities, the Group is evaluating the possibility of diversifying into the marble industry at its Hyper Act Quarries, mainly due to higher margins in comparison to the calcium carbonate industry. In addition, based on the Independent Qualified Person Report conducted by GCA Professional Services Group dated 6 April 2018, Hyper Act Quarries' resources qualify as marble grade. The Group will conduct more tests on its resources for further verification and perform market studies as part of its feasibility studies on the possibility of a business diversification. Updates will be provided at the appropriate time as required under the Catalist Rules to all shareholders.

A Word of Appreciation

During the year, there were several changes to the Board and the departure of the Group's Chief Operating Officer and Chief Financial Officer. Mr. Alex Loo, the founder of the Group, and I understand the need for these departures due to challenging times faced by the Group and would like to express our appreciation to our departed Directors and executives for their contribution in the years of their service. We would also like to take the opportunity to welcome the Group's new Independent Director, Mr. Shi Junhui, and the Group's Financial Controller, Mr. Wong Chun Keh, Edward. We would like to express our gratitude to the customers and suppliers, the staff and our fellow Board members who have given all the support to the Group.

CHAIRMAN'S STATEMENT

Last but not least, we also appreciate the shareholders for standing by us as we work hard to bring greater value to you.

Pay Cher Wee

Non-Executive Chairman and Lead Independent Director

BOARD OF DIRECTORS

LOO AN SWEE ("ALEX LOO")
Executive Director and Chief Executive Officer
Alex Loo, 52, founded the Group in 2009 through the incorporation of GCCP 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 as 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.

LOO WOOI HONG ("CHARLES LOO")
Executive Director and Deputy Chief Executive Officer
Charles Loo, 26, the son of Mr Loo An Swee (Alex Loo), begun his career as an Operations Trainee of the Company from 1 December 2014 to 30 June 2015; then became 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. He was appointed as the Executive Director on 28 May 2019 and was subsequently re-designated as Executive Director and Deputy Chief Executive Officer on 1 October 2019. Charles has been with the company since his graduation. He has spent almost 3 years in the operations of the Company and has accumulated knowledge in the production of limestone. He is also involved in the procurement department. He then moved to the marketing department and takes charge of customer sales and services.

Charles Loo holds a Bachelor's Degree in International Business from RMIT University, in Melbourne, Australia. During his time in university, he was awarded the Golden Key membership, which is the world's largest collegiate honour society. Membership into the Society is by invitation only and applies to the top 15% of college and university students.

PAY CHER WEE
Non-Executive Chairman and Lead Independent Director
Pay Cher Wee, 50, was appointed to the Board on 1 March 2016 and is the Chairman of the Audit Committee and a member Nominating and Remuneration Committees. Mr Pay possesses more than 25 years of experience in the audit, manufacturing, supply chain management, healthcare and private equity investment sectors. He is currently the Chief Financial Officer of Jurong Port Pte Ltd.

Prior to his current position at Jurong Port Pte Ltd, Mr Pay was one of the Founding Partners of Accion Capital Management Pte Ltd ("Accion"), a Monetary Authority of Singapore registered fund management company that was set up in 2009.

Before Mr Pay founded Accion, he 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 board of

BOARD OF DIRECTORS

Rizhao Port Jurong Co., Ltd, a Hong Kong listed company, and 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.

YANG ZHENG

Non-Executive and Independent Director

Yang Zheng, 33, 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, and 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 charter holder.

SHI JUN HUI

Non-Executive and Independent Director

Shi Jun Hui, 41, was appointed to the Board on 17 January 2020, and serves as Chairman of the Nominating Committee and a member of the Audit and Remuneration Committees. Mr. Shi has vast experiences in project management and strategic planning in different industries, such as natural resources trading, business investment and life care business.

He is currently the Director of Great East Natural Resources Investment Pte. Ltd. Also, Mr Shi is the Director of ATL Investment & Management Group Limited and he is the Director and Chief Operation Officer of ATL Group Limited, which is the holding company of ATL Investment & Management Group Limited. He is responsible for the IPO project for the ATL Group Limited.

Mr Shi holds a Bachelor of Arts (Honours) degree in Business Management from the Kingston University.

EXECUTIVE OFFICERS

WONG CHUN KEH ("Edward Wong")
Financial Controller
Edward Wong, 51, joined the Group as Financial Controller in April 2020 and is responsible for overseeing the financial and accounting management and reporting. Mr Edward possesses more than 20 years of experience in audit and accounting in various industries including oil and gas, property development and construction.

He commenced his career in SYK wong & Co in 1993 as an audit assistant and was subsequently promoted to its audit senior in PKF International, where he was responsible for assisting the firm in providing auditing service and other value-added services such as accounting, tax and secretarial services.

Mr. Edward was the Record to Reporting Manager in Genpact Malaysia Sdn Bhd before he joined the company and prior to that, he was the Financial Reporting Manager in Qatar Petroleum, an oil and gas company for approximately 9 years. Mr Edward obtained the Sijil Tinggi Pelajaran Malaysia (STPM; Malaysian Higher Education Certificate) in 1988 and is an Associate Member of the Association of Chartered Certified Accountants and a Chartered Accountant of the Malaysian Institute of Accountants.

LOH HENG KWAI ("Gary Loh")
Director of Operations for Gridland and Hyper Act Quarries
Loh Heng Kwai, 58, 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 Director and Chief Executive Officer
Loo Wooi Hong
Executive Director and Deputy Chief Executive Officer

Non-Executive:
Pay Cher Wee
Non-Executive Chairman and Lead Independent Director
Yang Zheng
Independent Director
Shi Junhui
Independent Director

AUDIT COMMITTEE
Pay Cher Wee (Chairman)
Yang Zheng
Shi Junhui

NOMINATING COMMITTEE
Shi Junhui (Chairman)
Pay Cher Wee
Yang Zheng

REMUNERATION COMMITTEE
Yang Zheng (Chairman)
Pay Cher Wee
Shi Junhui

COMPANY SECRETARY
Marilyn Tan Lay Hong

COMPANY'S REGISTERED OFFICE
P.O. Box 31119
Grand Pavilion, Hibiscus Way
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Cayman Islands

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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
Baker Tilly TFW LLP
600 North Bridge Road
#05-01 Parkview Square
Singapore 188778

AUDIT PARTNER-IN-CHARGE
Lim Kok Heng
(appointed since the audit of financial statements for the financial year ended 31 December 2019)

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

Through the Group's wholly owned subsidiaries, GCCP Gridland Sdn Bhd and Hyper Act Marketing Sdn Bhd, the Group owns Gridland Quarry and Hyper Act Quarries (consist of Hyper Act Quarry 1 and Hyper Act Quarry 2) , 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	1.8
Indicated resources	20
Probable ore reserves	3.5

Note: As at 31 December 2019. Please refer to the Summary of Reserves and Resources for more details.

Gridland Quarry has been consistently producing high-quality PCC-grade calcium carbonate stones over the years for our customers in various industries such as paper, quicklime, steel, etc. Its 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	55
Indicated resources	150
Proved ore reserves	2.2
Probable ore reserves	20

Note: As at 31 December 2019. Please refer to the Summary of Reserves and Resources for more details.

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

OPERATIONS REVIEW

Operational Updates

Since the commencement of the production at Gridland Quarry, the Group has built a strong customer base, both local and overseas, with its high-grade calcium carbonate stones. During the year, the Group has scaled down the production level from the targeted 60,000 tonnes per month to 45,000 tonnes per month due to the on-going hill-top development work carried out at the Gridland Quarry throughout the year and amid the slow-down in the global economy. Despite of such, in FY2019, the Group continues to receive orders from both local and overseas customers from the paper, steel, quicklime and cement industries.

In FY2019, the major repair works at Hyper Act Quarries were still in progress. After some thorough screenings and inspections, it was discovered that the works required were excessive and complicated. The Group needs to correct the gradient and expand the width of the access roads leading to the various blasting platforms to facilitate better transportation of the boulders and slabs to the crushing plant at the foot of the hill. The various blasting platforms also need to be enlarged to reduce the yield loss after each blasting. These repair works were expected to be completed by the 1H2020, but the progress has been delayed due to the Covid-19 pandemic, where a Movement Control Order (“MCO”) has been imposed by the government from March 2020 to June 2020. The Group is targeting to complete the repair job soonest possible after the MCO and resume the quarry activity.

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 quarries within the Group have successfully renewed the SKSK for future operations until FY2020.

Environmental Risks

There are three major environmental risks associated with quarry business, namely noise and vibration levels, air quality and water quality as highlighted by the Department of Environment (“DOE”). The Group monitors these environmental risks every time a blast is conducted at the quarries to ensure compliance. The Group also works closely with the independent environmental auditor to monitor all the risks raised by the DOE and submit the relevant reports to DOE as requested from time to time.

With the successful renewal of the SKSKs, it is also directly deemed that the Group has complied with the relevant environmental regulations as the environmental reports were verified and approved by the DOE during the review process.

OPERATIONS REVIEW

Safety, Health and Environment

The Safety, Health and Environment Committee ("SHE") is always committed to provide a safer and healthier workplace to all stakeholders of the Group in line with good governance practices.

Safety briefing at the sites is being carried out on a daily basis to remind the workers of the safety measures and to raise their safety awareness. In FY2019, the Group achieved zero injury and fatality accident for all its quarries.

In addition, with respect to environmental risks, SHE is putting efforts to avoid and minimise any environmental impacts from the quarry activities and has taken initiatives to promote environmental sustainability amongst its workers and contractors.

Quality Assurance and Control

The Group is committed to achieve and maintain high standards in terms of supplies' quality and responsive service to its customers.

The Group has conducted a study of the quarries with a world leading industry player, identified high quality raw material spots and worked on the quarry plan based on the study. This effort is to ensure that high quality raw materials are extracted for supply to the market, and as such assured that customers are able to obtain the best supplies from the Group.

Quarry face selection process is also practiced at the quarries, where stones that failed visually will be removed/disposed, to reduce the chances of processing low quality materials at the crushing plant. Random sampling is also in place to ensure the products' quality are consistent.

By attending the Crushing & Screening Course, the workers are able to implement new methods learned from the course, and resulting in optimizing the production level as well as the quality of finished products.

Corporate Social Responsibility

On top of the 3R (Reduce, Reuse and Recycle - Paper) initiative launched last year, the Group has also come out with new initiatives such as ethics training, where to reduce or prevent the chances of "dirty hands", and to make ethical decisions at any point of time. This will help to increase the pride and loyalty of the employees in the Group. In addition, the Group is also into the environmental sustainability where efforts have been put on the waste and water management. The Group has also engaged a third party to handle the used engine oil, scrap metal, etc., to ensure that these items are being taken care of properly so as not to cause damage to the environment and not to pollute the quarries' areas.

Also, the projects that have started since the commencement of business continues to be carried out, such as the new tree-planting project and the relocation and replanting of affected trees. Moreover, overburden materials and waste rock, if any, will be used for access road maintenance and rehabilitation purpose. Lastly, in order to have better dust emission control,

OPERATIONS REVIEW

the Group has always employed water trucks to continuously wet the haulage roads, spraying at all rock transfer points and roadways to reduce dust pollution. More information can be found in the Sustainability Report of the Company for FY2019 announced on the SGXNet 29 May 2020.

OPERATIONS REVIEW

Summary of Reserves and Resources

Date of report: 5 August 2020
Date of previous report (if applicable): 12 August 2019

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	3.5	98%	3.5	98%	-2%	
Total		3.5		3.5			
Resources*							
Measured	Limestone	1.8	98%	1.8	98%	N/A	
Indicated	Limestone	20	98%	20	98%	N/A	
Inferred	Limestone	17	98%	17	98%	N/A	
Total		39		39			

[1]Totals may appear to be inconsistent due to appropriate rounding. The resources reported are rounded to 2 significant figures. The resources estimation includes a 2% reduction factor for cavities and non-carbonate materials observed in drill core. This limestone resources statement of (Gridland) GLD Mine is accurate as at 31 December, 2019.

**Mineral Resources is inclusive of Ore Reserves.*

Name of Asset/Country/Project: Hyper Act Marketing Quarry (HAM) (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%	0%^	
Total		22		22			
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			

[1]Totals 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 figure). The resources estimation includes a 2% reduction factor for cavities and non-carbonate materials observed in drill core. This limestone resources statement of HAM Mine is accurate as at 31 December, 2019.

**Mineral Resources is inclusive of Ore Reserves.*

^Depletion in 2019 was minimal and insignificant for reporting.

Name of Qualified Person: Sergio Matteoli
Date: 5 August 2020
Professional Society Affiliation/Membership:

- Member of Italian National Council of Geologists
- Member of Italian Mining Engineers Association
- Member of the European Federation of Geologists
- Qualified Professional Member of the Mining and Metallurgical Society of America

CORPORATE GOVERNANCE REPORT

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 maintaining high standards of corporate governance and processes that will enhance the Group's effectiveness, ensure the appropriate degree of accountability and transparency and an increase in long term value and return to shareholders.

This report outlines the Company's corporate governance practices that were in place during the financial year ended 31 December 2019 ("**FY2019**") with specific references to the principles and provisions set out in the Code of Corporate Governance 2018 (the "**Code**").

The Board is pleased to confirm that the Company has generally adhered to the principles and provisions as set out in the Code as well as the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") Listing Manual Section B: Rules of Catalist ("**Catalist Rules**"), where appropriate and applicable, proper explanations have been provided for any deviations from the Code and/or the Catalist Rules in the relevant sections.

I. BOARD MATTERS

The Board's Conduct of Affairs

Principle 1: The Company is headed by an effective Board which is collectively responsible and works with Management for the long-term success of the company.

<u>Provision 1.1</u>

The Company is led by an effective board to lead and control its operations and affairs. Each Director brings to the Board his skills, experience and insights, together with strategic networking relationships, and serves to further the interests of the Company. All Directors, being fiduciaries, are required to act objectively in the best interests of the Company.

The primary role of the Board is to protect the interests of shareholders and to enhance long-term value and returns for its shareholders. It sets the overall strategy for the Group, establishing goals for executive management and supervises and monitors the achievement of these goals.

The Board's principal functions include the following:

- reviewing and approving corporate strategies, financial objectives and directions of the Group;
- establishing goals for management and monitoring the achievement of these goals;
- ensuring management leadership of high quality, effectiveness and integrity;
- approving annual budgets and investment and divestment proposals;
- reviewing internal controls, risk management, financial performance and reporting compliance by establishing a framework of prudent and effective controls which enables risks to be assessed and managed;
- assuming responsibility for good corporate governance; and
- approving corporate or financial restructuring, share issuance, dividends and other returns to shareholders and Interested Person Transactions.

CORPORATE GOVERNANCE REPORT

The Board puts in place a code of conduct and ethics, which set out a code of conduct and ethical standards for Directors and staff to adhere to, and sets appropriate tone-from-the-top and desired organizational culture, and ensures proper accountability within the Company.

The Board exercises due diligence and independent judgement in dealing with the business affairs of the Group and is obliged to act in good faith and to take objective decisions in the interest of the Group. When a potential conflict of interest situation arises, the affected Director will recuse himself from the discussion and decisions involving the areas of potential conflict, unless the Board is of the opinion that his participation is necessary. Where such participation is permitted, the conflicted Director shall excuse himself for an appropriate period during the discussions to facilitate full and frank exchange by the other Directors and shall in any event recuse himself from the decision-making.

<u>Provision 1.2</u>

All the Directors have a good understanding of the Group's business as well as their directorship duties (including their roles as executive, non-executive and independent Directors). Directors are expected to develop their competencies to effectively discharge their duties and provided with opportunities to develop and maintain their skills and knowledge 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 discussions on any aspects of the Group's operations or business issues.

On an ongoing basis, news releases issued by the SGX-ST that are relevant to the Group's business are regularly circulated by the Company Secretary to the Board.

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 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 appointment. Loo Wooi Hong who was appointed on May 2019, has attended the relevant training courses as prescribed by the SGX-ST in his first year of appoinment.

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.

CORPORATE GOVERNANCE REPORT

Provision 1.3

The Group has adopted a set of guidelines governing matters that require the Board's approval and clearly communicates this to Management in writing. Matters which are specifically reserved for the Board's decision include those involving business plans and budgets, material acquisitions and disposal of assets and investments, corporate or financial restructurings, corporate strategy, issuance of shares, declaration of dividends and other returns to shareholders.

Provision 1.4

To assist the Board in discharging its oversight functions and to enhance the Company's corporate governance framework, the Board has delegated specific responsibilities to its three (3) committees, namely Audit Committee ("**AC**"), Nominating Committee ("**NC**") and Remuneration Committee ("**RC**") (collectively, the "**Board Committees**").

The composition of the Board Committees throughout the year are as follows:

1 January 2019 – 28 May 2019

	AC	**NC**	**RC**
Mr Kelvin Yau Kirk Min *Lead Independent Director*	Chairman	Member	Member
Mr Yang Zheng *Independent Non-Executive Director*	Member	Member	Chairman
Mr Teng Chang Yeow *Independent Non-Executive Director*	Member	Chairman	Member
Mr Pay Cher Wee *Non-Independent & Non-Executive Director*	Member	Member	Member
Mr Loo An Swee *Executive Chairman and Chief Executive Officer*	-	-	-
Mr Pang Kim Chon *Executive Director and Chief Operating Officer*	-	-	-

CORPORATE GOVERNANCE REPORT

29 May 2019 – 1 October 2019

	AC	NC	RC
Mr Pay Cher Wee *Lead Independent Director*	Chairman	Member	Member
Mr Yang Zheng *Independent Non-Executive Director*	Member	Member	Chairman
Mr Teng Chang Yeow *Independent Non-Executive Director*	Member	Chairman	Member
Mr Loo An Swee *Executive Chairman and Chief Executive Officer*	-	-	-
Mr Pang Kim Chon *Executive Director and Chief Operating Officer*	-	-	-
Mr Loo Wooi Hong *Executive Director*	-	-	-

2 October 2019 – 30 November 2019

	AC	NC	RC
Mr Pay Cher Wee *Non-Executive Chairman and Lead Independent Director*	Chairman	Member	Member
Mr Yang Zheng *Independent Non-Executive Director*	Member	Chairman	Chairman
Mr Pang Kim Chon *Non-Independent & Non-Executive Director*	Member	Member	Member
Mr Loo An Swee *Executive Director and Chief Executive Officer*	-	-	-
Mr Loo Wooi Hong *Executive Director and Deputy Chief Executive Officer*	-	-	-

CORPORATE GOVERNANCE REPORT

1 December 2019 – 31 December 2019

	AC	NC	RC
Mr Pay Cher Wee *Non-Executive Chairman and Lead Independent Director*	Chairman	Member	Member
Mr Yang Zheng *Independent Non-Executive Director*	Member	Chairman	Chairman
Mr Loo An Swee *Executive Director and Chief Executive Officer*	-	-	-
Mr Loo Wooi Hong *Executive Director and Deputy Chief Executive Officer*	-	-	-

These Board Committees have been constituted with clearly defined written terms of reference, which are reviewed on a regular basis. The Board Committees have the authority to examine and report to the Board on their decisions and/or recommendations made on particular issues but the ultimate responsibility and decision on all matters lie on the entire Board.

Further information with respect to the AC, NC and RC are set out in the relevant sections as indicated below:

(i) NC (Principle 4);
(ii) RC (Principle 6); and
(iii) AC (Principle 10).

Provision 1.5

The Board conducts scheduled meetings on a quarterly basis. Ad-hoc meetings are convened as and when required. The Company's Articles of Association ("**Articles**") allow a Board Meeting to be conducted via any form of audio or audio-visual communication.

The attendance of the Directors at meetings of the Board and Board committees during FY2019, as well as the frequency of such meetings held, is summarised in the table below:

CORPORATE GOVERNANCE REPORT

	Board	AC	NC	RC
Number of meetings held in FY2019	4	4	1	1
Name of Directors	**Number of meetings attended in FY2019**			
Loo An Swee	4	-	-	-
Pang Kim Chon (resigned on 30 November 2019)	4	1*	-	-
Loo Wooi Hong (appointed on 28 May 2019)	2	-	-	-
Kelvin Yau Kirk Min (resigned on 28 May 2019)	2	2	1	1
Teng Chang Yeow (resigned 1 October 2019)	3	3	1	1
Pay Cher Wee	4	4	1	1
Yang Zheng	3	3	1	1

Note:

** Re-designated as Non-Executive Non-Independent Director and appointed as an AC member on 1 October 2019.*

All Directors are required to declare their board representations on an annual basis and as soon as practicable after the relevant facts have come to his knowledge.

The NC has reviewed the time spent and attention given by each of the Directors to the Group's affairs, taking into account the size and composition of Board, multiple directorships and other principal commitments of each of the Directors (if any), and is satisfied that all Directors have discharged their duties adequately in FY2019. The Company does not have a formal guideline on the maximum number of listed company board representations and principal commitments which any Director may hold, as the NC and the Board are of the view that such number may not fairly reflect whether a Director could timely and diligently attend to the Company's matters and discharge his duties as a Director.

<u>Provision 1.6</u>

Management provides Directors with complete, adequate and timely information prior to Board and Board Committees meetings and on an on-going basis to enable them to make informed decisions and discharge their duties and responsibilities.

The Directors are regularly updated by Management on the developments within the Group and are supplied with such other information so that they are equipped to participate fully at Board and Board Committees meetings.

CORPORATE GOVERNANCE REPORT

Provision 1.7

The Directors have separate and independent access to Management and the Company Secretary at all times to address any enquiries. Should the Directors, whether as a group or individually, require independent professional advice, such professionals will be appointed at the Company's expense. The appointment and removal of the Company Secretary is subject to the approval of the Board.

The Company Secretary or her representative administers, attends and prepares minutes of all Board and Board Committees' meetings and assists the Chairman of the Board and/or the AC, NC and RC in ensuring that proper procedures at such meetings are followed and reviewed so that the Board and the Board Committees function effectively and that the relevant requirements of Catalist Rules are complied with.

Board Composition and Guidance

Principle 2: The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the company.

Provision 2.1

The independence of each Director is assessed and reviewed annually by the NC. Based on the criterion of independence provided by the Code, the Board adopted the view that an "independent" Director is one who is independent in conduct, character and judgement, and has no relationship with the Company, its related corporations, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent business judgement in the best interests of the Company.

Each Independent Director is required to complete a declaration form to confirm his independence based on the guidelines set out in the Code prior to their appointment and on an annual basis. The Directors must also confirm whether they consider themselves independent despite not having any relationship identified in the Code.

For FY2019, the NC has reviewed the declaration forms completed by each Independent Directors and confirmed the independence of each of Independent Directors. The Board, having taken into account the view of the NC and having considered whether the director in question is independent in character and judgement and whether there are any relationships or circumstances which are likely to affect, or could appear to affect, the Director's judgement, is of the view that all the Independent Directors are independent for the purposes of the Code.

None of the Independent Directors have served beyond nine (9) years since the date of his first appointment.

There are no Directors who are deemed independent by the Board, notwithstanding the existence of a relationship as stated in the 2018 Code or the Catalist Rules that would otherwise deem him not to be independent.

CORPORATE GOVERNANCE REPORT

Provision 2.2 and 2.3

As at 31 December 2019, the Company complies with Guideline 2.1 of Code 2012 as Independent Directors make up at least one-third of the Board. However, the Board notes that Provision 2.3 of the Code requires Non-Executive Director to make up a majority of the Board. After due deliberation, the Board has assessed and is satisfied that the current Board possesses a strong element of independence, and there are adequate checks and balances, facilitated by internal practices to ensure objective and independent decision making without excessive influence by the Management. The NC and Board will review the board composition as and when required and institute changes when the need arises. As at the date of this annual report, the Company has complied with Provision 2.2 of the Code.

Provision 2.4

Please refer to Provision 1.4 for the composition of FY2019.

The Board composition as at the date of this report is as follow:-

Executive:

Mr Loo An Swee	Executive Director and Chief Executive Officer ("**CEO**")
Mr Loo Wooi Hong	Executive Director and Deputy CEO

Non-Executive:

Mr Pay Cher Wee	Non-Executive Chairman and Lead Independent Director
Mr Yang Zheng	Independent Non-Executive Director
Mr Shi Junhui	Independent Non-Executive Director *(appointed on 17 January 2020)*

The Board and Board Committees are of an appropriate size, and comprise Directors who as a group provide the appropriate balance and mix of skills, knowledge, experience, and other aspects of diversity such as gender and age, so as to avoid groupthink and foster constructive debate.

The Board and the NC have considered and are satisfied that the current size and composition of the Board is appropriate and provides it with adequate ability to meet the existing scope of needs and the nature of operations of the Group, which facilitates effective decision-making.

In addition, majority of the Board are Independent Directors, the Board is of the view that the current Board membership is adequate and as recommended by the Code. Notwithstanding, the Board notes the importance of Board renewal in order to maintain fresh perspectives and shall bear in mind the possibility of appointing new directors at the appropriate juncture and when suitable and adequately qualified candidates can be identified.

The Board, taking into consideration the scope and nature of the operations of the Group, considered its current composition of five (5) Directors to be adequate for effective decision-making.

CORPORATE GOVERNANCE REPORT

As a Group, the Directors bring with their broad range of diverse skills, industry knowledge, expertise and experience in areas, such as accounting, finance, business and management, strategic planning and customer service, which are relevant to the direction of an expanding group.

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.

<u>Provision 2.5</u>

The Independent Non-Executive Directors, led by the Lead Independent Director, meet regularly in the absence of key management personnel to discuss concerns or matters such as the effectiveness of Management. In FY2019, the Independent Non-Executive Directors have met at least once without the presence of Management. The Lead Independent Director provided feedback to the Board and/or Chairman as appropriate.

CORPORATE GOVERNANCE REPORT

Chairman and Chief Executive Officer

Principle 3: There is a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision-making.

Provision 3.1

The functions of Chairman and CEO are assumed by two (2) individuals.

Mr Pay Cher Wee is the Independent Non-Executive Chairman of the Company and Mr Loo An Swee is the CEO of the Company.

There is a clear division of responsibilities between the Chairman and the CEO. Furthermore, the roles of the Chairman and the CEO are segregated to ensure an appropriate balance of power, increased accountability and greater capacity to the Board for independent decision-making. Mr Pay Cher Wee and Mr Loo An Swee are not family members.

Provision 3.2

The Non-Executive Chairman, Mr Pay Cher Wee is responsible for exercising control over the quality and timeliness of the flow of information between Management and the Board and ensuring compliance with the Group's guidelines on corporate governance. He ensures that Board meetings are held regularly in accordance with an agreed schedule of meetings.

The CEO, Mr Loo An Swee is responsible for the day-to-day management of the Company and works with the Board on strategic planning, business development and charting the growth of the Group. All major decisions made by CEO are endorsed by the Board. His performance is reviewed periodically by the NC and his remuneration package is also reviewed periodically by the RC. As such, the Board believes that there are adequate safeguards in place against an imbalance concentration of power and authority in any single individual.

The Company is in the process of formalising in writing the division of responsibilities between the Chairman and the CEO.

Provision 3.3

Mr Pay Cher Wee was appointed as the Lead Independent Director on 28 May 2019. As the Lead Independent Director, Mr Pay Cher Wee is available to shareholders of the Company when they have concerns and for which contact through the normal channels of communication with Management are inappropriate or inadequate.

CORPORATE GOVERNANCE REPORT

Board Membership

Principle 4: The Board has a formal and transparent process for the appointment and re-appointment of directors, taking into account the need for progressive renewal of the Board.

Provision 4.1

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

(a) reviewing and recommending the nomination or re-nomination of the Directors (including alternate directors, if any) 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;

(f) deciding whether or not a Director is able to and has been adequately carrying out his duties as a Director;

(g) reviewing and approving any new employment of persons whom are related to the Directors and the proposed terms of their employment; and

(h) reviewing of training and professional development programmes for the Board and its Directors.

Provision 4.2

Please refer to Provision 1.4 for composition of FY2019.

As at the date of this report, the NC comprises three (3) members, all of whom are independent. The Lead Independent Director is also a member of the NC. The members of the NC as at the date of this report are as follows:

Mr Shi Junhui (Chairman) (appointed on 17 January 2020)

Mr Pay Cher Wee (Member)

Mr Yang Zheng (Member)

CORPORATE GOVERNANCE REPORT

Provision 4.3

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 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.

The Company's Articles require 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 to hold office until they 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
Mr Shi Junhui	Independent Non-Executive Director	85(6)
Mr Loo An Swee	Executive Director	86(1)

Pursuant to the Article 85(6) of the Articles, Mr Shi Junhui who was appointed by the Board on 17 January 2020, 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 Shi Junhui

CORPORATE GOVERNANCE REPORT

will remain as an Independent Non-Executive Director of the Company. Upon re-election as Director, Mr Shi Junhui will remain as the Chairman of the NC and a member of the AC and the RC and he is considered to be independent by the Board (save for Mr Shi Junhui himself) for the purpose of Rule 704(7) of the Catalist Rules.

Pursuant to the Article 86(1) of the Articles, Mr Loo An Swee 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 Loo An Swee will remain as an Executive Director of the Company.

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.

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.

Provision 4.4

The NC is also responsible for determining annually, the independence of Directors. In doing so, the NC takes into account the criteria set forth in the Code and in particular, the circumstances set forth in Provision 2.1 and any other salient factors. Following its review, the NC has determined that the three (3) Independent Directors, Mr Pay Cher Wee, Mr Yang Zheng and Mr Shi Junhui are independent.

Provision 4.5

Based on the attendance of the Directors and their contributions at meetings of the Board and Board Committees and their time commitment to the affairs of the Company, the NC believes that the Directors continue to meet the demands of the Group and are able to discharge their duties adequately.

The information in respect of each Director's academic and professional qualifications is set out in the "Board of Directors" section of the Annual Report and the information on shareholdings 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 as follows:

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Name of Director	Pay Cher Wee	Loo An Swee	Loo Wooi Hong
Role	Non-Executive Chairman and Lead Independent Director	Executive Director and Chief Executive Officer	Executive Director and Deputy Chief Executive Officer
Board Committee(s) serve on	• Audit Committee (Chairman) • Nominating Committee (Member) • Remuneration Committee (Member)	None	None
Date of first appointment as Director	1 March 2016	2 December 2013	28 May 2019
Date of last re-election as a Director	14 September 2019	28 April 2017	14 September 2019
Present directorship in other listed companies	Rizhao Port Jurong Co., Ltd	Nil	Nil
Past directorship in other listed companies over the preceding three (3) years	Nil	Nil	Nil
Other principal commitments	CFO of Jurong Port Pte Ltd	Nil	(1) GCCP Gridland Sdn. Bhd. (2) Hyper Act Marketing Sdn. Bhd. (3) Gridland Global Sdn. Bhd.

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Name of Director	Yang Zheng	Shi Junhui
Role	Independent Director	Independent Director
Board Committee(s) serve on	• Remuneration Committee (Chairman) • Audit Committee (Member) • Nominating Committee (Member)	• Nominating Committee (Chairman) • Audit Committee (Member) • Remuneration Committee (Member)
Date of first appointment as Director	3 May 2017	17 January 2020
Date of last re-election as a Director	27 April 2018	Not applicable
Present directorship in other listed companies	Nil	Nil
Past directorship in other listed companies over the preceding three (3) years	Nil	Nil
Other principal commitments (excluding directorships in listed companies)	Responsible Officer of Phoenician Advisory Ltd	(1) ATL investment & Management Group Ltd. (2) Hua Long Yuan International Group Holding Pte. Ltd. (3) DPS INT'L Pte. Ltd. (4) Great East Natural Resources Investment Pte. Ltd.

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Board Performance

Principle 5: The Board undertakes a formal annual assessment of its effectiveness as a whole, and that of each of its board committees and individual directors.

Provisions 5.1 and 5.2

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 FY2019, 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 FY2019.

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 the Non-Executive Directors have 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, the Board Committees and each Director without the appointment of an external facilitator.

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II. REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

Principle 6: The Board has a formal and transparent procedure for developing policies on director and executive remuneration, and for fixing the remuneration packages of individual directors and key management personnel. No director is involved in deciding his or her own remuneration.

Provision 6.1

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

(a) to recommend to the Board a framework of remuneration for Directors and Executive Officers;

(b) 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;

(c) 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

(d) 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.

Provision 6.2

Please refer to Provision 1.4 for composition of FY2019

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

Mr Yang Zheng (Chairman)

Mr Pay Cher Wee (Member)

Mr Shi Junhui (Member) (appointed on 17 January 2020)

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Provision 6.3

All aspects of remuneration, including but not limited to Directors' fees, salaries, allowances, bonuses and other benefits-in-kind shall be considered by the RC to ensure that they are fair. 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 and/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.

Provision 6.4

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 FY2019. 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 7: The level and structure of remuneration of the Board and key management personnel are appropriate and proportionate to the sustained performance and value creation of the company, taking into account the strategic objectives of the company.

Provisions 7.1 and 7.3

The RC and the Board are of the view that the remuneration of the Directors and key management personnel is adequate and appropriate but not excessive in order to attract, retain and motivate them to provide good stewardship of the Group and successfully manage the Group for the long term. The RC has also reviewed the performance-based compensation package for Executive Directors where the remuneration structure for Executive Directors is based on service contracts. The remuneration packages of the Executive Directors and key management personnel (who are not Directors and/or the CEO) are based on key performance indicators including but not limited to the financial performance, operational efficiency targets as well as compliance with all relevant laws and regulations. The RC believes that such performance indicators provide a comprehensive measurement of the Group's performance across financial, operational and compliance objectives.

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The Company has put in place long term incentive plans such as the GCCP Performance Share Plan and GCCP Employee Share Option Scheme, so as to further motivate employees and link compensation with the long-term performance of the Group.

Currently, the Company does not use contractual provisions to allow the Company to reclaim incentive components of remuneration from the Executive Directors and key management personnel in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the Company.

<u>Provision 7.2</u>

The Directors' fees are appropriate to the level of contribution, taking into account factors such as effort, time spent and responsibilities. The RC has recommended to the Board that the Independent Directors be paid Directors' fees for the financial year ending 31 December 2020 ("**FY2020**") quarterly in arrears. The Board has considered and has recommended the proposed payment of Directors' fees for shareholders' approval at the forthcoming AGM. There was no increment in fees to be paid to each of our Non-Executive Directors for FY2020. No external remuneration consultant was engaged to assist in the review of remuneration packages.

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Disclosure on Remuneration

Principle 8: The Company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.

Provisions 8.1 and 8.3

The breakdown (in percentage terms) of the remuneration of Directors of the Company in FY2019 is set out below

Remuneration Band and Name of Directors	Directors' Fees[5]	Salary and Allowance [6]	Bonus	Benefits in Kind	Total
	%	%	%	%	%
S$0 to S$250,000					
Executive:					
Mr Loo An Swee	-	95	5	-	100
Mr Pang Kim Chon[1]	-	95	5	-	100
Mr Loo Wooi Hong[2]	-	100	-	-	100
Non-Executive:					
Mr Kelvin Yau Kirk Min[3]	100	-	-	-	100
Mr Pay Cher Wee	100	-	-	-	100
Mr Teng Chang Yeow[4]	100	-	-	-	100
Mr Yang Zheng	100	-	-	-	100

Notes:

(1) Mr Pang Kim Chon resigned as a Director on 30 November 2019.
(2) Mr Loo Wooi Hong was appointed as a Director on 28 May 2019.
(3) Mr Kelvin Yau Kirk Min resigned as a Director on 28 May 2019.
(4) Mr Teng Chang Yeow resigned as a Director on 1 October 2019.
(5) The Directors' fees were approved by shareholders at the last AGM.
(6) The salary and allowance shown are inclusive of Employees Provident Funds contributions respectively.

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

CORPORATE GOVERNANCE REPORT

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.

The breakdown (in percentage terms) of the remuneration of the two (2) top Key Management Personnel of the Group in FY2019 are set out below:

Remuneration Band and Name of Key Management Personnel[(1)]	Salary and Allowance [(2)]	Bonus	Benefits in Kind	Total
	%	%	%	%
S$0 to S$250,000				
Mr Ian Lim Koh Huat[(3)] (Chief Financial Officer)	95	5	-	100
Mr Loh Heng Kwai (Director of Operations for Gridland and Hyper Act Quarries)	93	7	-	100

Notes:

(1) The Group has only 2 Key Management Personnel in FY2019.
(2) The salary and allowance shown are inclusive of Employees Provident Funds contributions respectively.
(3) Mr Ian Lim Koh Huat has resigned as the CFO of the Company effective from 31 December 2019.

In aggregate, the total remuneration paid to the 2 top Key Management Personnel was S$226,000 in FY2019.

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 FY2019. 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 FY2019.

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:

CORPORATE GOVERNANCE REPORT

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.

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.

CORPORATE GOVERNANCE REPORT

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.

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.

CORPORATE GOVERNANCE REPORT

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 and in FY2019, no options have been granted under the ESOS, and no awards have been granted under the Performance Share Plan.

Provision 8.2

Save for Mr Loo Han Hwa, who is the brother of the Executive Director and CEO, Mr Loo An Swee, in respect of his employment as a general worker with GCCP Gridland Sdn Bhd since August 2012, there were no other employees, who are immediate family members of the Directors, the CEO, substantial shareholders or controlling shareholders in FY2019. The remuneration paid to Mr Loo Han Hwa did not exceed S$50,000 in FY2019.

III. ACCOUNTABILITY AND AUDIT

Risk Management and Internal Controls

Principle 9: The Board is responsible for the governance of risk and ensures that Management maintains a sound system of risk management and internal controls, to safeguard the interests of the company and its shareholders.

Provisions 9.1 and 9.2

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.

CORPORATE GOVERNANCE REPORT

Notwithstanding that the Group currently does not have a Risk Management Committee, 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 also assesses and addresses the sustainability risks with compliance to the relevant laws and regulations to mitigate any negative impact of its operations to the environment. In addition, the Group also sets policies which are based on ethical considerations on issues related to corporate social responsibility.

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.

Notwithstanding that the position of the Chief Financial Officer ("**CFO**") had been vacant since 1 January 2020 after the departure of Mr Lim Koh Huat, Mr Wong Chun Keh ("**Mr Wong CK**") has been appointed as the Group's Financial Controller ("**FC**") of the Company with effect from 17 April 2020.

The Board has received an assurance confirmation statement from Mr Loo An Swee (CEO) and Mr Wong CK (FC) assuring the following, in respect of the Group's FY2019:

- that the financial records, accounting and other records have been properly maintained and the financial statements of the Group in FY2019 give a true and fair view of the Group's operations and finances; and
- that the Group's risk management and internal control systems are adequate and effective.

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 FC, 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.

CORPORATE GOVERNANCE REPORT

Audit Committee

Principle 10: The Board has an Audit Committee ("AC") which discharges its duties objectively.

Provision 10.1

The AC has explicit authority to investigate any matter within its terms of reference. It has full access to and co-operation by Management and full discretion to invite any Executive Directors or key management personnel to attend its meetings. The AC has reasonable resources, including access to external consultants and auditors, to enable it to discharge its functions properly.

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, terms of engagement 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, terms of engagement 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 adequacy, effectiveness, independence, scope and results of the external audit and the issuer's internal audit function;

(d) review the assurance from the CEO and the CFO (and in the absence of a CFO, the head of finance) on the financial records and financial statements;

(e) review the adequacy and effectiveness of the Group's system of internal accounting controls and procedures established by Management at least on an annual basis 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);

CORPORATE GOVERNANCE REPORT

(f) review the assistance and co-operation given by the Company's officers to the internal and external auditors;

(g) review the quarterly and annual 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;

(h) 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;

(i) review transactions falling within the scope of Chapter 9 and Chapter 10 of the Catalist Rules (if any);

(j) review and approve the review procedures for interested person transactions on a quarterly basis, if any;

(k) quarterly review of the Interested Person Transactions register as maintained by the Company;

(l) review potential conflicts of interest (if any) and to set out a framework to resolve or mitigate any potential conflicts of interests;

(m) review the effectiveness and adequacy of our administrative, operating, internal accounting and financial control procedures;

(n) 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;

(o) 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;

(p) 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;

(q) review arrangements where both internal and external parties may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters and to ensure that arrangements are in place for the independent investigations of such matter and for appropriate follow-up; and

CORPORATE GOVERNANCE REPORT

(r) 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.

Provision 10.2

Please refer to Provision 1.4 for the composition of FY2019.

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:

Mr Pay Cher Wee (Chairman)

Mr Yang Zheng (Member)

Mr Shi Junhui (Member) (appointed on 17 January 2020)

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. Besides that, Mr Yang Zheng, holds a Master of Finance from University of New South Wales in Australia and he is a Chartered Financial Analyst charter holder.

Provision 10.3

Neither any member of the AC nor the AC Chairman is a former partner or Director of the Company's existing auditing firm or audit corporation.

Provision 10.4

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

Pursuant to Catalist Rule 719(3), the Company must establish and maintain on an ongoing basis, an effective internal audit function that is adequately resourced and independent of the activities it audits in FY2019. However, no internal audit was conducted due to the financial constraints of the Group, but the Group has implemented tight internal control and systems to provide reasonable assurance as to the integrity and reliability of the financial information, and to safeguard and maintain accountability of assets. Procedures has been 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 internal audit function will be restored once there is improvement of cash flows of the Company.

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Provision 10.5

Ernst & Young LLP ("**EY**") did not seek re-appointment at the last AGM held on 14 September 2019 and therefore retired at the conclusion of the last AGM.

The change of the Company's auditors from EY to Baker Tilly TFW LLP ("**Baker Tilly**") was approved by the shareholders at an extraordinary general meeting held on 22 May 2020. Baker Tilly was appointed to perform the audit of the Group for FY2019.

For FY2019, the AC had met with the external auditors, Baker Tilly once, without the presence of Management.

The aggregate amount of audit fees paid or payable to Baker Tilly for FY2019 is S$106,000. There were no non-audit fees paid or payable to Baker Tilly for FY2019.

For FY2019, 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 Baker Tilly 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 Baker Tilly for re-appointment as external auditors of the Company at the forthcoming AGM.

The Company has adopted a whistle-blowing policy whereby staff of the Group or 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, 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. No incidence or report of whistle-blowing was noted by the AC during FY2019.

CORPORATE GOVERNANCE REPORT

IV. SHAREHOLDER RIGHTS AND ENGAGEMENT

Shareholder Rights and Conduct of General Meetings

Principle 11: The company treats all shareholders fairly and equitably in order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the company. The company gives shareholders a balanced and understandable assessment of its performance, position and prospects.

Provision 11.1

All shareholders are encouraged to attend the general meetings of the Company to ensure a greater level of accountability and to stay informed of the Group's strategies and goals. If the shareholders are unable to attend the meetings, the shareholder is allowed to appoint proxy(ies) to attend and vote on their behalf. The Articles of the Company 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.

Provision 11.2

Resolutions at general meetings are on each substantially separate issue. All the resolutions at the general meetings are single item resolutions. "Bundling" of resolutions are kept to a minimum and are done only where the resolutions are interdependent and linked so as to form one significant proposal.

Provision 11.3

All the Directors and Board Committees, including the Chairman of the Board and the respective Chairman of the Board Committees, Management, and Company Secretary will be present and available at the general meetings to address questions from the shareholders relating to the Group. The Company's former external auditors had been present at the annual general meeting of the Company in respect of the financial year ended 31 December 2018 on 14 September 2019. The Company's external auditors, Messrs Baker Tilly TFW LLP, will also be present at the forthcoming AGM and available to assist the Directors in addressing any shareholders' queries relating to the conduct of audit and the preparation and contents of the auditors' report.

Save for Mr Yang Zheng and Mr Teng Chang Yeow, who were residing in Australia and Malaysia respectively, all the other Directors were present at the last AGM held on 14 September 2019.

CORPORATE GOVERNANCE REPORT

Provision 11.4

The Company has not amended its Articles to provide for absentia voting methods. Voting in absentia and by electronic mail may only be possible following careful study to ensure that integrity of the information and authentication of the identity of shareholders through digital media or the internet is not compromised.

Provision 11.5

The Company prepares minutes of all general meetings that include substantial and relevant comments or queries from shareholders together with the responses from the Board and Management. These minutes are available to shareholders upon their request. The Company will consider publishing minutes of general meetings of shareholders on its corporate website as soon as practicable in FY2020.

To promote greater transparency in the voting process, the Company puts all resolutions proposed at the general meetings to vote by poll. Shareholders who are present in person or represented by proxies will be entitled to one vote for each share held. A scrutineer is appointed to validate the votes cast at the general meetings. The detailed results showing the total number of votes cast for and against each resolution and the respective percentages are announced and released to the SGX-ST via SGXNet.

Provision 11.6

The Company does not have a fixed dividend policy at present. The declaration and payment of dividends by the Company from time to time is subject to many factors, including but not limited to, the Company's results of operations, cash flows and financial position, the Company's expansion requirements and working capital requirements. The Company did not declare dividends for FY2019 due to the losses recorded, as well as the conditions in which it operates in remains challenging and competitive and a conservative approach to cash flow would be prudent.

CORPORATE GOVERNANCE REPORT

Engagement with Shareholders

Principle 12: The Company communicates regularly with its shareholders and facilitates the participation of shareholders during general meetings and other dialogues to allow shareholders to communicate their views on various matters affecting the Company.

Provisions 12.1, 12.2 and 12.3

The Company currently does not have an investor relations policy but considers advice from its continuing sponsor, corporate lawyers and professionals on appropriate disclosure requirements before announcing material information to shareholders. The Company will consider the appointment of a professional investor relation officer to manage the function should the need arises.

The Board also ensures that shareholders are fully informed of all major developments that impact the Group. The results and other relevant information of the Group are disseminated to the shareholders and public on a timely basis through the following channels:

(i) SGXNET announcements and press releases;

(ii) Annual Report and Notice of AGM that are issued to all shareholders;

(iii) Company's website at http://www.gccpresources.com; and

(iv) Press and analysts briefings as appropriate.

The Company ensures that it does not practice selective disclosure of material information. Material information is publicly released before the Company meets with investors or analysts or simultaneously with such meetings. In the event an investor relations briefing is held, the Company will engage an external investor relations consultant to facilitate and gather the exchange of views and queries of shareholders at such events.

Shareholders are also encouraged to attend the AGM, to ensure a high level of accountability and to stay informed of the Group's strategies and goals. The notice of the AGM together with the annual report will be released to shareholders via SGXNet. At the AGM, shareholders are given the opportunity to communicate their views to the Directors and Management on matters relating to the Company and the Group. Before and after AGM, the Board will engage in dialogue with shareholders, to gather views or inputs, and address shareholders' concerns.

CORPORATE GOVERNANCE REPORT

V. MANAGING STAKEHOLDERS RELATIONSHIPS

Engagement with Stakeholders

Principle 13: The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the company are served.

Provisions 13.1 and 13.2

The Company has regularly engaged with its stakeholders through various channels to ensure that the business interests are aligned with those of the stakeholders to understand and address the concerns so as to improve services and products' standards, as well as to sustain business operations for long-term growth.

The stakeholders have been identified as those who have potential impact and influence on the Group's businesses and operations. Through the assessment of the level of significance of the stakeholders' interest in sustainability issues, the five (5) key stakeholders' groups have been identified, such as employees, customers, suppliers, regulators and shareholders.

The Group's sustainability efforts are led by the CEO and reviewed by the operations working group in assessing and reviewing the Group's sustainability efforts. The working group comprises of representatives from the operations, sales and marketing and finance departments ("**Sustainability Working Group**"). The Sustainability Working Group meets every quarter to plan and review the progress and updating of the sustainability efforts.

With the support from the Board, Management establishes a framework for its sustainability efforts in identifying, managing and addressing environmental, social and governance ("**ESG**") factors that are material to the Group's business. The Board considers sustainability issues as part of its strategic formulation, and determines the material ESG factors, oversees the management and monitors the material ESG factors. Owing to its extensive global acceptance, the Group has adopted the globally-recognized GRI Sustainability Reporting Guidelines, which allows for comparability of the Group's performance against industry peers.

The Company's strategy and key areas of focus in relation to the management of stakeholder relationships during FY2019 are set out on page 45 of the Annual Report 2019. The Sustainability Report released on 29 May 2020 can be referred for further information on sustainability practices of the Company.

Detailed approach to the stakeholder engagement and materiality assessment are disclosed in the Sustainability Report 2019.

CORPORATE GOVERNANCE REPORT

Provision 13.3

The Company maintains a current corporate website at http://www.gccpresources.com to communicate and engage with the stakeholders.

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.

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 ("IPTs")

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 FY2019. The Company does not have an existing IPT General mandate.

MATERIAL CONTRACTS

Save as disclosed above and in the Directors' Statement and Audited Financial Statements of the Company, there were no material contracts entered into by the Company and any of its subsidiaries, involving the interest of the CEO, any Director or controlling shareholders which are either still subsisting as at 31 December 2019 or if not then subsisting, entered into since the end of the previous financial year.

CORPORATE GOVERNANCE REPORT

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

There was no non-sponsor fee paid/payable to the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. during FY2019.

ADDITIONAL INFORMATION ON DIRECTORS PROPOSED FOR RE-ELECTION

Mr Shi Junhui (retiring pursuant to Article 85(6) of the Articles of Association of the Company) and Mr Loo An Swee (retiring pursuant to Article 86(1) 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 Thursday, 27 August 2020 under Resolutions 2 and 3 as set out in the Notice of AGM dated 12 August 2020.

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	**Loo An Swee**	**Shi Junhui**
Date of Appointment	2 December 2013	17 January 2020
Date of last re-appointment (if applicable)	28 April 2017	Not applicable
Age	52	41
Country of principal residence	Malaysia	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The re-election of Mr Loo as an Executive Director was recommended by the Nominating Committee and the Board has 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.	The re-election of Mr Shi as an Independent Non-Executive Director was recommended by the Nominating Committee and the Board has accepted the recommendation, after taking into consideration Mr Shi'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	Executive, responsible for the day-to-day management of the Company and works with the Board on strategic planning, business development and charting the growth of the Group	Non-executive
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	• Executive Director	• Independent Non-Executive Director • Nominating Committee Chairman • Audit Committee Member • Remuneration Committee Member
Professional qualifications	Not applicable	Not applicable

ADDITIONAL INFORMATION ON DIRECTORS PROPOSED FOR RE-ELECTION

Name of Director	**Loo An Swee**	**Shi Junhui**
Working experience and occupation(s) during the past 10 years	2013 to present: Director and CEO of GCCP Resources 2010 to 2013: Founder of Gridland Sdn Bhd	2017 to present: Director and Chief Operating Officer, ATL Investment & Management Group Ltd. 2008 to 2017: Director and General Manager, Great East Natural Resources Investment Pte. Ltd.
Shareholding interest in the listed issuer and its subsidiaries	Mr Loo An Swee holds a direct interest in 1,648,000 (representing 0.14% interest) shares in the share capital of the Company (excluding treasury shares).	Nil
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	Mr Loo An Swee is the father of Mr Loo Wooi Hong, the Executive Director and Deputy Chief Executive Officer, and Substantial Shareholder of the Company.	Nil
Conflict of interest (including any competing business)	Nil	Nil
Undertaking (in the format set out in Appendix 7H) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes
Other Principal Commitments including Directorships		
Past (for the last 5 years)	Nil	• An Tai Le Life Memorial Hall Investment Management Group Pte. Ltd. • Great East Natural Resources Investment Group Pte. Ltd. • Elite Returnees Pte. Ltd.
Present	Nil	• ATL Investment & Management Group Ltd. • Hua Long Yuan International Group Holding Pte. Ltd. • DPS INT'L Capital Pte. Ltd. • Great East Natural Resources Investment Pte. Ltd.

ADDITIONAL INFORMATION ON DIRECTORS PROPOSED FOR RE-ELECTION

Name of Director	Loo An Swee	Shi Junhui
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
(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No	No
(c) Whether there is any unsatisfied judgment against him?	No	No
(d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No
(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

ADDITIONAL INFORMATION ON DIRECTORS PROPOSED FOR RE-ELECTION

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

ADDITIONAL INFORMATION ON DIRECTORS PROPOSED FOR RE-ELECTION

Name of Director	Loo An Swee	Shi Junhui
(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
(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
(iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	No	No
(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No	No
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, Mr Loo is proposed to be re-appointed as a Director of the Company.	Not applicable, Mr Shi is proposed to be re-appointed as a Director of the Company.

DIRECTORS' STATEMENT

The directors hereby present their statement to the members together with the audited consolidated financial statements of GCCP Resources Limited (the "Company") and its subsidiaries (the "Group") and the statement of financial position and statement of changes in equity of the Company for the financial year ended 31 December 2019.

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 as set out on pages 61 to 112 are properly drawn up so as to give a true and fair view of the financial position of the Group and the Company as at 31 December 2019 and of the financial performance, changes in equity and cash flows of the Group and the changes in equity of the Company for the financial year then ended in accordance with International Financial Reporting Standards; and

ii) at the date of this statement, after considering the measures taken by the Group and the Company with respect to the Group's and the Company's ability to continue as going concerns as described in Note 3 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 in office at the date of this statement are:

Loo An Swee
Pay Cher Wee
Loo Wooi Hong (Appointed on 28 May 2019)
Yang Zheng
Shi Junhui (Appointed on 17 January 2020)

Arrangement to enable directors to acquire benefits

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 in or debentures of the Company or any other body corporate.

DIRECTORS' STATEMENT

Directors' interest in shares or debentures

The directors of the Company holding office at the end of the financial year had no interests in the shares and debentures of the Company and related corporations as recorded in the Register of Directors' Shareholdings kept by the Company except as follows:

	Number of ordinary shares					
	Direct interest			Deemed interest		
Name of directors	At 1.1.2019 or date of appointment	At 31.12.2019	At 21.1.2020	At 1.1.2019 or date of appointment	At 31.12.2019	At 21.1.2020
The Company						
Loo An Swee	411,440,880	43,648,000	43,648,000	178,719,080	–	–
Pay Cher Wee	2,800,500	2,800,500	2,800,500	27,189,800	27,189,800	27,189,800
Loo Wooi Hong	45,500	337,838,380	337,838,380	–	–	–

The deemed interest of Mr Pay Cher Wee in the shares of the Company are indirectly held through a nominee.

Share options

No options to take up unissued shares of the Company or its subsidiary corporations were granted during the financial year.

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

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

Audit Committee

The Audit Committee comprises three members, all of whom are independent directors. The members of the Audit Committee during the financial year and at the date of this statement are:

Pay Cher Wee (Chairman)
Yang Zheng
Shi Junhui (Appointed on 17 January 2020)
Kelvin Yau Kirk Min (Resigned on 28 May 2019)
Teng Chang Yeow (Resigned on 1 October 2019)

DIRECTORS' STATEMENT

Audit Committee (cont'd)

The Audit Committee carried out its functions in accordance with Singapore Exchange Limited ("SGX") Listing Manual and Code of Corporate Governance. The functions performed are detailed in the Report on Corporate Governance, as set out in the Annual Report.

The Audit Committee is satisfied with the independence and objectivity of the independent auditor and has recommended to the Board of Directors that Baker Tilly TFW LLP be nominated for re-appointment as independent auditor of the Company at the forthcoming Annual General Meeting.

Independent auditor

The independent auditor, Baker Tilly TFW LLP, has expressed its willingness to accept re-appointment.

On behalf of the Board of Directors

Loo An Swee Director	Loo Wooi Hong Director

11 August 2020

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF GCCP RESOURCES LIMITED

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 (the "Group") as set out on pages 61 to 112, which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2019, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group and the statement of changes in equity of the Company 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 statement of financial position and 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) Appropriateness of going concern assumption

We draw attention to Note 3 to the financial statements with respect to the Group's and the Company's ability to continue as going concerns. The Group and the Company incurred a net loss of RM9,204,735 (2018: RM8,490,184) and RM1,649,235 (2018: RM2,435,246) respectively during the financial year ended 31 December 2019. As at 31 December 2019, the Group's current liabilities exceeded its current assets by RM20,915,382 (2018: RM14,306,356). In addition, the COVID-19 pandemic has brought about uncertainties to the Group's and the Company's operating environments and has impacted the Group's operations in Malaysia and its financial performance, cash flows and liquidity subsequent to the financial year end as disclosed in Note 30 to the financial statements. These factors indicate the existence of material uncertainties which may cast significant doubt about the ability of the Group and the Company to continue as going concerns and therefore they may not be able to realise their assets and discharge their liabilities in the ordinary course of business.

In the preparation of the financial statements, the Board of Directors believes that the use of going concern assumption is appropriate after taking into consideration of the factors as disclosed in Note 3 to the financial statements. However, as the factors are dependent on certain assumptions and the probability of sustaining the assumptions are inherently uncertain, we are unable to obtain sufficient appropriate audit evidence to conclude as to the appropriateness of the use of the going concern assumption in the preparation of these financial statements. Consequently, we are unable to determine whether any adjustments in respect of these financial statements for the financial year ended 31 December 2019 are necessary.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF GCCP RESOURCES LIMITED

Report on the Audit of the Financial Statements (cont'd)

Basis for Disclaimer of Opinion (cont'd)

(1) Appropriateness of going concern assumption (cont'd)

The financial statements did not include any adjustments that may result in the event that the Group and the Company are unable to continue as going concerns. In the event that the Group and the Company are unable to continue in operational existence for the foreseeable future, the Group and the Company may be unable to discharge their liabilities in the ordinary 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 ordinary course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the statements of financial position. In addition, the Group and the Company may have to provide for further liabilities that may arise, and to reclassify non-current assets as current assets and non-current liabilities as current liabilities respectively. No such adjustments have been made to the financial statements.

(2) Impairment assessment of property, plant and equipment

As disclosed in Note 10 to the financial statements, the net carrying values of the Group's property, plant and equipment as at 31 December 2019 amounted to RM83,408,447 (2018: RM89,647,641). The Group's property, plant and equipment are mainly attributable to the Group's mining operations.

During the financial year, management performed an impairment assessment to determine the recoverable amounts of the Group's property, plant and equipment. The recoverable amounts of the Group's property, plant and equipment were determined based on value in use computations. The key assumptions used in the value in use computations are disclosed in Note 3 to the financial statements. Management determined that no impairment is required on the Group's property, plant and equipment as their recoverable amounts exceeded the net carrying values as at 31 December 2019.

Based on the information available to us, we are unable to obtain sufficient appropriate audit evidence to assess the reasonableness of the key assumptions used in the determination of the recoverable amounts of the Group's property, plant and equipment. Given the material uncertainties over the going concern of the Group, we are also unable to assess the reasonableness and appropriateness of the net carrying values of the Group's property, plant and equipment as at 31 December 2019.

(3) Impairment assessment of investments in subsidiaries and amounts due from subsidiaries

As disclosed in Note 11 to the financial statements, the net carrying amount of the Company's investments in subsidiaries as at 31 December 2019 amounted to RM2,414,000 (2018: RM2,414,000). As disclosed in Note 13 to the financial statements, the net carrying amount of the Company's amounts due from subsidiaries amounted to RM92,756,366 (2018: RM92,328,872). Management determined that no further impairment loss is required on the Company's investments in subsidiaries and amounts due from subsidiaries as at 31 December 2019.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF GCCP RESOURCES LIMITED

Report on the Audit of the Financial Statements (cont'd)

Basis for Disclaimer of Opinion (cont'd)

(3) Impairment assessment of investments in subsidiaries and amounts due from subsidiaries (cont'd)

As explained in paragraph (2) above, we are unable to obtain sufficient appropriate audit evidence regarding the key assumptions used in the value in use calculations applied in the determination of the recoverable amounts of the property, plant and equipment of the Group's mining operations. Consequently, we are also unable to obtain sufficient appropriate audit evidence to assess the reasonableness of the key assumptions used in the determination of the recoverable amount of the Company's investments in subsidiaries and if further impairment on the Company's amounts due from subsidiaries as at 31 December 2019 is required. Given the material uncertainties over the going concern of the Group, we are also unable to assess the reasonableness and appropriateness of the net carrying amounts of the Company's investments in subsidiaries and amounts due from subsidiaries as at 31 December 2019 and the classification of amounts due from subsidiaries as current assets. In addition, we are unable to assess if the disclosure of credit risk with respect to the Company's amounts due from subsidiaries in Note 23(b) is appropriate.

(4) Comparative figures

The independent auditor's report dated 30 August 2019 expressed a disclaimer of opinion on the financial statements for the financial year ended 31 December 2018. The basis for disclaimer of opinion on the financial statements for the financial year ended 31 December 2018 are disclosed in Note 28 to the financial statements.

Since opening balances as at 1 January 2019 entered into the determination of the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year ended 31 December 2019, we are unable to determine whether adjustments might have been found necessary in respect of the Group's and the Company's financial statements for the financial year ended 31 December 2019.

In addition, because of the possible effects of the above and other matters disclosed in Note 28 to the financial statements, the current financial year's figures may not be comparable to that of the corresponding figures.

Other Matter

The consolidated financial statements of 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 were audited by another firm of auditors whose report dated 30 August 2019 expressed a disclaimer of opinion on those financial statements as detailed in Note 28 to the financial statements.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF GCCP RESOURCES LIMITED

Report on the Audit of the Financial Statements (cont'd)

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 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 an audit of the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company 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 not able 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 the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code.

The engagement partner on the audit resulting in this independent auditor's report is Lim Kok Heng.

Baker Tilly TFW LLP
Public Accountants and
Chartered Accountants
Singapore

11 August 2020

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

		Group	
	Note	**2019** **RM**	2018 RM
Revenue	4	**9,527,156**	19,799,701
Cost of sales		**(7,282,761)**	(13,459,674)
Gross profit		**2,244,395**	6,340,027
Other income	5	**316,475**	467,812
Expenses			
Selling and distribution expenses		**(1,859,734)**	(3,513,204)
General and administrative expenses		**(8,457,900)**	(9,637,432)
Finance costs	6	**(952,069)**	(1,965,345)
Other expenses		**(438,519)**	–
Loss before tax	7	**(9,147,352)**	(8,308,142)
Income tax expense	8	**(57,383)**	(182,042)
Loss and total comprehensive loss for the year attributable to equity holders of the Company		**(9,204,735)**	(8,490,184)
Loss per share attributable to equity holders of the Company (cents per share)			
Basic	9	**(0.79)**	(0.73)
Diluted	9	**(0.79)**	(0.73)

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

STATEMENTS OF FINANCIAL POSITION
AT 31 DECEMBER 2019

		Group		Company	
	Note	**2019 RM**	2018 RM	**2019 RM**	2018 RM
ASSETS					
Non-current assets					
Property, plant and equipment	10	**83,408,447**	89,647,641	**–**	–
Investments in subsidiaries	11	**–**	–	**2,414,000**	2,414,000
Total non-current assets		**83,408,447**	89,647,641	**2,414,000**	2,414,000
Current assets					
Inventories	12	**2,340,827**	2,613,410	**–**	–
Trade and other receivables	13	**1,280,439**	2,202,581	**92,762,116**	92,401,859
Fixed deposits	14	**1,242,054**	1,204,221	**–**	–
Cash and bank balances	14	**87,088**	268,155	**6,466**	7,826
Tax recoverable		**–**	2,300	**–**	–
Total current assets		**4,950,408**	6,290,667	**92,768,582**	92,409,685
Total assets		**88,358,855**	95,938,308	**95,182,582**	94,823,685
EQUITY AND LIABILITIES					
Equity attributable to equity holders of the Company					
Share capital	15	**164,587,851**	164,587,851	**164,587,851**	164,587,851
Treasury shares	16	**(9,086,355)**	(9,086,355)	**(9,086,355)**	(9,086,355)
Other reserves	17	**4,307,382**	4,307,382	**4,307,382**	4,307,382
Accumulated losses		**(100,746,826)**	(91,542,091)	**(69,779,241)**	(68,130,006)
Total equity		**59,062,052**	68,266,787	**90,029,637**	91,678,872
Non-current liabilities					
Borrowings	19	**3,431,013**	7,074,498	**–**	–
Current liabilities					
Trade and other payables	18	**16,558,701**	12,315,508	**5,152,945**	3,144,813
Borrowings	19	**9,253,206**	8,281,515	**–**	–
Tax payable		**53,883**	–	**–**	–
Total current liabilities		**25,865,790**	20,597,023	**5,152,945**	3,144,813
Total liabilities		**29,296,803**	27,671,521	**5,152,945**	3,144,813
Total equity and liabilities		**88,358,855**	95,938,308	**95,182,582**	94,823,685

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

	Share capital RM	Treasury shares RM	Other reserves RM	Accumulated losses RM	Total equity RM
Group					
Balance at 1 January 2018	164,587,851	(9,086,355)	4,307,382	(83,051,907)	76,756,971
Loss and total comprehensive loss for the year	–	–	–	(8,490,184)	(8,490,184)
Balance at 31 December 2018	164,587,851	(9,086,355)	4,307,382	(91,542,091)	68,266,787
Loss and total comprehensive loss for the year	–	–	–	(9,204,735)	(9,204,735)
Balance at 31 December 2019	**164,587,851**	**(9,086,355)**	**4,307,382**	**(100,746,826)**	**59,062,052**

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

STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

	Share capital RM	Treasury shares RM	Other reserves RM	Accumulated losses RM	Total equity RM
Company					
Balance at 1 January 2018	164,587,851	(9,086,355)	4,307,382	(65,694,760)	94,114,118
Loss and total comprehensive loss for the year	–	–	–	(2,435,246)	(2,435,246)
Balance at 31 December 2018	164,587,851	(9,086,355)	4,307,382	(68,130,006)	91,678,872
Loss and total comprehensive loss for the year	–	–	–	(1,649,235)	(1,649,235)
Balance at 31 December 2019	**164,587,851**	**(9,086,355)**	**4,307,382**	**(69,779,241)**	**90,029,637**

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

	Group	
	2019	2018
	RM	RM
Cash flows from operating activities		
Loss before tax	**(9,147,352)**	(8,308,142)
Adjustments for:		
Depreciation of property, plant and equipment	**5,351,194**	5,520,319
Property, plant and equipment written off	**–**	1,868
Inventories written down	**725,912**	119,473
Loss on disposal of property, plant and equipment	**377,532**	–
Other receivables written off	**164,692**	–
Write-back of allowance for expected credit losses of trade receivables	**(35,551)**	–
Allowance for expected credit losses of trade receivables	**–**	35,551
Interest income	**(37,897)**	(349,741)
Unrealised foreign exchange loss	**–**	12,287
Interest expenses	**952,069**	1,965,345
Operating cash flows before movements in working capital	**(1,649,401)**	(1,003,040)
Changes in working capital:		
Inventories	**(453,329)**	1,250,527
Trade and other receivables	**793,001**	2,414,600
Trade and other payables	**3,324,921**	358,804
Cash generated from operations	**2,015,192**	3,020,891
Interest received	**37,897**	349,741
Income tax paid	**(1,200)**	(182,142)
Net cash generated from operating activities	**2,051,889**	3,188,490
Cash flows from investing activities		
Purchase of property, plant and equipment (Note 10)	**(6,446)**	(42,259)
Proceeds from disposal of property, plant and equipment	**551,000**	–
Net cash generated from/(used in) investing activities	**544,554**	(42,259)
Cash flows from financing activities		
Advances from directors	**1,120,585**	1,211,650
Repayment to directors	**(504,203)**	(1,211,650)
Advances from related parties	**301,890**	–
(Increase)/decrease in pledged fixed deposits	**(37,833)**	20,994,274
Repayment of bank loans	**(1,617,426)**	(22,350,313)
Repayment of lease liabilities/finance lease liabilities	**(778,077)**	(634,013)
Interest expense on bank overdrafts paid	**(433,735)**	(338,978)
Interest expense on lease liabilities/finance lease liabilities paid	**(57,299)**	(91,851)
Interest expense on bank loans paid	**(461,035)**	(1,534,516)
Net cash used in financing activities	**(2,467,133)**	(3,955,397)
Net increase/(decrease) in cash and cash equivalents	**129,310**	(809,166)
Cash and cash equivalents at beginning of financial year	**(5,079,038)**	(4,269,872)
Cash and cash equivalents at end of financial year (Note 14)	**(4,949,728)**	(5,079,038)

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

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

1 Corporate information

The Company (Co. Reg. No. OI-282405) is incorporated and domiciled in Cayman Islands. The address of its registered office is at P.O. Box 31119 Grand Pavilion Hibiscus Way, 802 West Bay Road, Grand Cayman, KY1-1205 Cayman Islands. The principal place of business 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 that of investment holding.

The principal activities of the Company's subsidiaries are disclosed in Note 11.

2 Summary of significant accounting policies

a) Basis of preparation

The financial statements are expressed in Malaysian Ringgit ("RM"), which is the Company's functional currency. The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB"). The financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the financial year. Although these estimates are based on management's best knowledge of current events and actions and historical experiences and various other factors that are believed to be reasonable under the circumstances, actual results may ultimately differ from those estimates.

Use of estimates and judgements

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The areas involving a higher degree of judgement in applying accounting policies, or areas where assumptions and estimates have a significant risk of resulting in material adjustment within the next financial year are disclosed in Note 3.

The carrying amounts of the fixed deposits, cash and bank balances, trade and other receivables and payables, amounts due to directors and related parties and current borrowings approximate their respective fair values due to the relatively short-term maturity of these financial instruments.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2 Summary of significant accounting policies (cont'd)

a) Basis of preparation (cont'd)

New and revised standards

In the current financial year, the Group has adopted all the new and revised IFRS issued by the IASB and Interpretations of the International Financial Reporting Standards Interpretations Committee ("IFRIC Interpretations") that are relevant to its operations and effective for the current financial year. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective IFRS and IFRIC Interpretations.

The adoption of these new and revised IFRS and IFRIC Interpretations did not have any material effect on the financial results or position of the Group and the Company except as disclosed below:

IFRS 16 Leases

When the Group is the lessee

IFRS 16 replaces the existing IAS 17 *Leases* for financial periods beginning 1 January 2019. It reforms lessee accounting by introducing a single lessee accounting model. Lessees are required to recognise all leases on their statements of financial position to reflect their rights to use leased assets (a "right-of-use" asset) and the associated obligations for lease payments (a lease liability), with limited exemptions for short-term leases (less than 12 months) and leases of low value items. In addition, the nature of expenses related to those leases will change as IFRS 16 replaces the straight-line operating lease expense with depreciation charge on right-of-use asset and interest expense on lease liability.

On adoption of IFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as "Operating Leases" under IAS 17 *Leases*. These liabilities were measured at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate as at 1 January 2019. The Group's incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 7.82% per annum.

	Group 2019 RM
Operating lease commitments disclosed as at 31 December 2018 (Note 21)	36,000
Less: discounted using the lessee's incremental borrowing rate	(1,914)
Add: finance lease liabilities recognised as at 31 December 2018	1,567,299
Lease liability recognised as at 1 January 2019	**1,601,385**

The associated right-of-use assets were measured at the amount equal to the lease liability (adjusted for any prepaid or accrued lease payment) on adoption. Arising from the adoption of IFRS 16, certain assets and liabilities previously included under property, plant and equipment and borrowings respectively were reclassified as right-of-use assets and lease liabilities under property, plant and equipment and borrowings respectively.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2 Summary of significant accounting policies (cont'd)

a) Basis of preparation (cont'd)

New and revised standards (cont'd)

IFRS 16 Leases (cont'd)

When the Group is the lessee (cont'd)

In applying IFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- account for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases;
- exclude initial direct costs for the measurement of the right-of-use asset at the date of initial application; and
- use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The effects of adoption of IFRS 16 on the Group's financial statements on 1 January 2019 are summarised as follows:

	Increase Group RM
Property, plant and equipment – right-of-use asset	66,144,723
Property, plant and equipment	(66,110,637)
Borrowings – finance lease liabilities	(1,567,299)
Borrowings – lease liabilities	1,601,385

When the Group is the lessor

There are no material changes to accounting by the Group as a lessor.

New standards, amendments to standards and interpretations that have been issued at the end of the reporting period but are not yet effective for the financial year ended 31 December 2019 have not been applied in preparing these financial statements. None of these are expected to have a significant effect on the financial statements of the Group and the Company in the period of initial application.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2 Summary of significant accounting policies (cont'd)

b) Revenue recognition

Revenue from sale of limestone

The Group sells limestone directly to customers. The Group transfers control and recognises a sale when they deliver limestone to their customers. The amount of revenue recognised is based on the limestone listed prices, net of sales discounts. No element of financing is deemed present as the sales are made with a credit term of 30 days, which is consistent with market practice. A receivable is recognised when the limestones are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

Interest income

Interest income is recognised using the effective interest method.

Rental income

Lease payments from operating leases are recognised on a straight-line basis over the lease term.

c) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

In the Company's statement of financial position, investments in subsidiaries are accounted for at cost less accumulated impairment losses, if any. On disposal of the investment, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

d) 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. Subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

The financial statements of the subsidiaries are prepared for the same reporting date as the parent company. Consistent accounting policies are applied for like transactions and events in similar circumstances.

Intragroup balances and transactions, including income, expenses and dividends, are eliminated in full. Profits and losses resulting from intragroup transactions that are recognised in assets, such as inventory and property, plant and equipment, are eliminated in full.

Business combinations are accounted for using the acquisition method. The consideration transferred for the acquisition comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2 Summary of significant accounting policies (cont'd)

d) Basis of consolidation (cont'd)

The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary. Acquisition-related costs are recognised as expenses as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

Any excess of the fair value of the consideration transferred in the business combination, the amount of any non-controlling interest in the acquiree (if any) and the fair value of the Group's previously held equity interest in the acquiree (if any), over the fair value of the net identifiable assets acquired is recorded as goodwill. In instances where the latter amount exceeds the former and the measurement of all amounts has been reviewed, the excess is recognised as gain from bargain purchase in profit or loss on the date of acquisition.

e) Property, plant and equipment

Property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses, if any.

The cost of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised.

Dismantlement, removal or restoration costs are included as part of the cost of property, plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the asset.

On disposal of a property, plant and equipment, the difference between the net disposal proceeds and its carrying amount is taken to profit or loss.

Depreciation is calculated on a straight-line basis to write off the cost of all property, plant and equipment over their expected useful lives. The estimated useful lives are as follows:

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2 Summary of significant accounting policies (cont'd)

e) Property, plant and equipment (cont'd)

	Years
Leasehold quarry lands	27 - 92
Office equipment	10
Furniture and fittings	10
Renovation	10
Motor vehicles	5
Water tank and pump	10
Sign board	10
Plant and machinery	5 - 15
Crusher plants	10 - 15
Office units	90

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at the end of each reporting period. The effects of any revision are recognised in profit or loss when the changes arise.

Fully depreciated assets are retained in the financial statements until they are no longer in use.

f) Impairment of non-financial assets

At the end of each reporting period, the Group assesses the carrying amounts of its non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A previously recognised impairment loss for an asset other than goodwill is only reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. A reversal of an impairment loss is recognised immediately in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2 Summary of significant accounting policies (cont'd)

g) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs, other direct costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is determined on a weighted average basis. Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses.

h) Leases

The accounting policy for leases before 1 January 2019 are as follows:

When a Group entity is the lessee

Finance leases

Leases of property, plant and equipment in which the Group assumes substantially all the risks and rewards incidental to ownership are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of fair value of the leased asset or the present value of the minimum lease payments. Each lease payment is allocated between reduction of the outstanding liability and finance charges. The corresponding lease liabilities, net of finance charges, are included in borrowings. The finance charge is taken to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The asset acquired under finance leases are depreciated over the shorter of the useful life of the asset or the lease term.

Operating leases

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

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

When a Group entity is the lessor

Operating leases

Leases where the Group retains substantially all the risks and rewards incidental to ownership of the asset are classified as operating leases. Rental income (net of any incentives given to lessees) is recognised on a straight-line basis over the lease term.

The accounting policy for leases after 1 January 2019 are as follows:

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2 Summary of significant accounting policies (cont'd)

h) Leases (cont'd)

The accounting policy for leases after 1 January 2019 are as follows (cont'd):

When a Group entity is the lessee

The Group applies a single recognition and measurement approach for all contracts that are, or contain, a lease, except for short-term leases (i.e. for leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option) and leases of low-value assets (e.g. leases of tablet and personal computers, small items of office equipment and telephones). For these exempted leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

Lease liabilities

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise fixed lease payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

The lease liability is presented within "borrowings" in the statements of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability using the effective interest method, and reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever there is a modification such as a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2 Summary of significant accounting policies (cont'd)

h) Leases (cont'd)

The accounting policy for leases after 1 January 2019 are as follows (cont'd):

When a Group entity is the lessee (cont'd)

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement date, initial direct cost, less any lease incentive received.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*. To the extent that the cost relates to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are subsequently measured at cost, less accumulated depreciation and accumulated impairment losses, if any, and adjusted for any remeasurement of lease liabilities. Right-of-use assets are depreciated on a straight-line basis over the shorter period of the lease term and useful life of the underlying asset. If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are included in property, plant and equipment in the statements of financial position.

The Group applies IAS 36 *Impairment of Assets* to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in Note 2(f).

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease component as a single arrangement. The Group has applied this practical expedient to all its leases.

When a Group entity is the lessor

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct cost incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2 Summary of significant accounting policies (cont'd)

h) Leases (cont'd)

The accounting policy for leases after 1 January 2019 are as follows (cont'd):

When a Group entity is the lessor (cont'd)

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group's net investment in the leases. Finance income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

When a contract includes both lease and non-lease components, the Group applies IFRS 15 *Revenue from Contracts with Customers* to allocate the consideration under the contract to each component.

i) Income taxes

Income tax on the profit or loss for the year comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that they relate to items recognised outside profit or loss, either in other comprehensive income or directly in equity in which the tax is also recognised outside profit or loss (either in other comprehensive income or directly in equity respectively).

Current tax is the expected tax payable or recoverable on the taxable income for the current year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable or recoverable in respect of previous years. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided using the liability method, on all temporary differences at the end of the reporting period arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference can be controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilised.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2 Summary of significant accounting policies (cont'd)

i) Income taxes (cont'd)

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

j) Financial assets

Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date - the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

Financial assets are initially measured at fair value. Transaction costs that are directly attributable to the acquisition of financial assets (other than financial assets at fair value through profit or loss) are added to the fair value of the financial assets on initial recognition. Transaction costs directly attributable to acquisition of financial assets at fair value through profit or loss are recognised immediately in profit or loss. Trade receivables without a significant financing component is initially measured at transaction prices.

Classification and measurement

All financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

The Group classifies its financial assets at amortised cost. The classification is based on the Group's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

The Group reclassifies financial assets when and only when its business model for managing those assets changes.

Subsequent measurement

Debt instruments include fixed deposits, cash and bank balances and trade and other receivables (excluding prepayments and sales and service tax ("SST") receivables). These are subsequently measured at amortised cost based on the Group's business model for managing the asset and cash flow characteristics of the asset.

The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2 Summary of significant accounting policies (cont'd)

j) Financial assets (cont'd)

Subsequent measurement (cont'd)

Financial assets at amortised cost are subsequently measured using the effective interest rate ("EIR") method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired. Interest income from these financial assets is included in interest income using the EIR method.

Impairment

The Group recognises an allowance for expected credit losses ("ECLs") for financial assets carried at amortised cost. 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 effective interest rate.

The impairment methodology applied depends on whether there has been a significant increase in credit risk. 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-months 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 that do not have a significant financing component, the Group applies a simplified approach to recognise a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted as appropriate for current conditions and forward-looking factors specific to the debtors and the economic environment.

If the Group has measured the loss allowance for a financial asset at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12-months ECL at the current reporting date.

The Group recognises an impairment gain or loss in profit or loss for all financial assets with a corresponding adjustment to their carrying amount through a loss allowance account.

Offset

Financial assets and liabilities are offset and the net amount presented on the statements of financial position when, and only when the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the assets and settle the liability simultaneously.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2 Summary of significant accounting policies (cont'd)

k) Cash and cash equivalents in the consolidated statement of cash flows

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand, deposits with financial institutions which are subject to insignificant risk of change in value, bank overdrafts that form an integral part of the Group's cash management, other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value and excludes pledged fixed deposits. Bank overdrafts are presented within "borrowings" under current liabilities on the statements of financial position.

l) Financial liabilities

Financial liabilities are recognised on the statements of financial position when, and only when, the Group becomes a party to the contractual provisions of the financial instruments.

Financial liabilities are recognised initially at fair value, plus, in the case of financial liabilities other than derivatives, directly attributable transaction costs.

Subsequent to initial recognition, derivatives are measured at fair value. Other financial liabilities (except for the financial guarantees) are measured at amortised cost using the effective interest method.

For financial liabilities other than derivatives, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process. Any gains or losses arising from changes in fair value of derivatives are recognised in profit or loss. Net gains or losses on derivatives include exchange differences. A financial liability is derecognised when the obligation under the liability is extinguished.

m) Financial guarantees

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantee contracts are initially recognised at their fair values plus transaction costs. Financial guarantees are classified as financial liabilities.

Subsequent to initial measurement, the financial guarantees are stated at the higher of the amount initially recognised less cumulative amount of income recognised in accordance with the principles of IFRS 15 and the amount of expected loss computed using the impairment methodology under IFRS 9 *Financial Instruments*.

n) Share capital

Ordinary shares

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2 Summary of significant accounting policies (cont'd)

n) Share capital (cont'd)

Treasury shares

When any entity within the Group purchases the Company's ordinary shares ("treasury shares"), the consideration paid including any directly attributable incremental cost is presented as a component within equity attributable to the Company's equity holders, until they are cancelled, sold or reissued.

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

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

o) Provisions for other liabilities

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past event, and it is probable that an outflow of economic resources will be required to settle that obligation and the amount can be estimated reliably. Provisions are measured at management's best estimate of the expenditure required to settle the obligation at the end of the reporting period. Where the effect of the time value of money is material, the amount of the provision shall be discounted to present value using a pre-tax discount rate that reflects the current market assessment of the time value of money and risks specific to the obligation.

When discounting is used, the increase in the provision due to passage of time is recognised as a finance cost in profit or loss.

p) Borrowing costs

Borrowing costs, which comprise interest and other costs incurred in connection with the borrowing of funds, are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the asset is substantially completed for its intended use or sale. All other borrowing costs are recognised in profit or loss using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2 Summary of significant accounting policies (cont'd)

q) Employee benefits

Defined contribution plans

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. Contributions to national pension schemes are recognised as an expense in the period in which the related service is performed.

Such state-managed retirement benefit schemes are dealt with as payments to defined contribution plans where the Group's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

Employee leave entitlement

Employee entitlements to annual leave and long-service leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long-service leave as a result of services rendered by employees up to the end of the reporting period.

r) Foreign currencies

Functional and presentation currency

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which that entity operates (the "functional currency"). The financial statements of the Group and the Company are presented in Malaysian Ringgit, which is the Company's functional currency.

Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Currency translation gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

s) Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with other components of the Group. Operating segments are reported in a manner consistent with the internal reporting provided to the Group's chief operating decision maker for making decisions about allocating resources and assessing performance of the operating segments.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

3 Critical accounting judgements and key sources of estimation uncertainty

Critical judgements in applying the Group's accounting policies

In the process of applying the Group's accounting policies, which are described in Note 2, management has made the following judgement that has the most significant effect on the amounts recognised in the financial statements (apart from those involving estimations).

Going concern assumption

The Group and the Company incurred a net loss of RM9,204,735 (2018: RM8,490,184) and RM1,649,235 (2018: RM2,435,246) respectively during the financial year ended 31 December 2019. As at 31 December 2019, the Group's current liabilities exceeded its current assets by RM20,915,382 (2018: RM14,306,356). In addition, the COVID-19 pandemic has brought about uncertainties to the Group's and the Company's operating environments and has impacted the Group's operations in Malaysia and its financial performance, cash flows and liquidity subsequent to the financial year end as disclosed in Note 30. These factors indicate the existence of material uncertainties which may cast significant doubt about the Group's and the Company's ability to continue as going concerns.

The Board of Directors of the Company is of the view that the going concern assumption is appropriate for the preparation of these financial statements after taking into consideration (i) the continual support from the Group's and the Company's lenders and stakeholders such as the creditors, vendors and suppliers who extended their credit terms to the Group and the Company and continue to provide uninterrupted supplies and services which will ease the cash outflow at this critical time face by the Group and the Company; (ii) the existing stream of revenue generated from sales of the limestones at Gridland Quarry and the expected revenue from Hyper Act Quarries are able to provide for the costs of operations for the Group and the Company; and (iii) the monitoring of headcounts, operating costs and overheads to reduce unnecessary costs in the Group and the Company as disclosed in Note 30. Hence, the Board of Directors is of the opinion that the Group and the Company are able to operate as going concerns and able to meet their obligations as they fall due and the Group's and the Company's working capital are sufficient to meet their present requirements at least for the next twelve months.

If the Group and the Company are unable to continue in operational existence for the foreseeable future, the Group and the Company may be unable to discharge their liabilities in the ordinary 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 ordinary course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the statements of financial position. In addition, the Group and the Company may have to provide for further liabilities that may arise, and to reclassify non-current assets as current assets and non-current liabilities as current liabilities respectively. No such adjustments have been made to these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

3 Critical accounting judgements and key sources of estimation uncertainty (cont'd)

Key sources of estimation uncertainty

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

Impairment of non-financial assets

The Group and the Company assess whether there are any indicators of impairment for all non-financial assets at the end of each reporting period. Non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use.

When value in use calculations are undertaken, management is required to estimate the expected future cash flows from the asset or cash-generating unit and a suitable discount rate, in order to determine the present value of those cash flows. These value in use calculations require the use of considerable judgements, estimates and assumptions. Changes in these assumptions and estimates could have a material effect on the determination of the recoverable amount of the asset or cash generating unit.

Property, plant and equipment

In view of the net loss incurred by the Group during the financial year ended 31 December 2019, which indicates that the Group's property, plant and equipment may be impaired, management carried out a review of the recoverable amounts of the Group's property, plant and equipment, which are all attributable to the Group's mining operations as at 31 December 2019.

The recoverable amounts of the Group's property, plant and equipment are determined from value in use calculations using cash flow projections from forecasts approved by management covering a period till 2043, upon expiry of the q quarry lands. 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 quarries within the Group have successfully renewed the SKSK for future operations until 2020, and management believe that the renewals of the SKSK are probable till the end of the leases. The key management's assumptions used in value in use calculations are as follows:

- Average limestone price of RM43.5/tonne, price varies based on the type (precipitated calcium carbonate or ground calcium carbonate) and form (chips and lumps, uncoated powder or coated powder);

- Annual production rate for the quarries held by GCCP Gridland Sdn. Bhd.;

	Tonnes
2020	236,000
2021	390,000
2022 to 2043	445,000

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

3 Critical accounting judgements and key sources of estimation uncertainty (cont'd)

Key sources of estimation uncertainty (cont'd)

Impairment of non-financial assets (cont'd)

<u>Property, plant and equipment (cont'd)</u>

The key management's assumptions used in value in use calculations are as follows (cont'd):

- New revenue stream expected to be generated by Hyper Act Marketing Sdn. Bhd.; and
- Pre-tax discount rate for Hyper Act Marketing Sdn. Bhd. and GCCP Gridland Sdn. Bhd. of 15% (2018: 19% and 14% respectively).

Based on above assessment, management determined that no impairment is required on the Group's property, plant and equipment as their recoverable amounts exceeded the net carrying values as at 31 December 2019. The net carrying values of the Group's property, plant and equipment at the end of the reporting period are disclosed in Note 10.

<u>Investments in subsidiaries</u>

During the financial year, the Company carried out a review of the recoverable amounts of the Company's investments in subsidiaries at 31 December 2019 due to indications of impairment loss where the subsidiaries are in capital deficiency positions.

The recoverable amounts of the investments in subsidiaries were determined based on the same set of value in use calculations prepared for the subsidiaries' mining operations, which is used in the impairment assessment of the Group's property, plant and equipment above.

Based on management's assessment, no further impairment on the Company's investments in subsidiaries are necessary at the end of the reporting period. The net carrying values of the Company's investments in subsidiaries are disclosed in Note 11.

Calculation of allowance for impairment for financial assets at amortised cost

When measuring ECL, the Group uses reasonable and supportable forward-looking information, which is based on assumptions and forecasts of future economic conditions. Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

As the calculation of loss allowance on trade and other receivables is subject to assumptions and forecasts, any changes to these estimations will affect the amounts of loss allowance recognised and the carrying amounts of trade and other receivables. Details of ECL measurement and carrying values of trade and other receivables at the end of the reporting period are disclosed in Note 23.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

4 Revenue

The principal activities of the Group are quarrying, processing and sale of limestone.

Revenue are recognised at point in time when the limestones are delivered to the customers.

	Group	
	2019	2018
	RM	RM
Primary geographical markets		
Malaysia	**2,133,079**	6,319,840
Indonesia	**7,394,077**	13,479,861
	9,527,156	19,799,701

5 Other income

	Group	
	2019	2018
	RM	RM
Foreign exchange gain (net)	**61,667**	96,657
Interest income from fixed deposits and deposits with banks	**37,897**	349,741
Rental income	**92,769**	–
Insurance claims income	**86,638**	–
Others	**37,504**	21,414
	316,475	467,812

6 Finance costs

	Group	
	2019	2018
	RM	RM
Interest expense on:		
- bank loans	**461,035**	1,534,516
- lease liabilities/finance lease liabilities	**57,299**	91,851
- bank overdrafts	**433,735**	338,978
	952,069	1,965,345

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

7 Loss before tax

Loss before tax is arrived at after charging/(crediting) the following:

	Group	
	2019	2018
	RM	RM
Audit fees payable to:		
- auditor of the Company	**212,408**	300,000
- other auditors*	**152,306**	162,000
Fees for non-audit services payable to:		
- auditor of the Company	–	–
Cost of inventories included in cost of sales	**3,431,663**	7,346,853
Depreciation of property, plant and equipment (Note 10)	**5,351,194**	5,520,319
Exploration expenditure	**684,786**	1,118,663
Remuneration of the directors of the Company:		
- salaries and related costs	**1,208,115**	1,175,902
- fees	**350,000**	480,000
- contribution to defined contribution plans	**88,196**	95,447
Remuneration of key management personnel (non-directors):		
- salaries and related costs	**628,918**	584,884
- contribution to defined contribution plans	**61,127**	45,147
Remuneration of staff:		
- salaries and related costs	**1,957,036**	1,822,495
- contribution to defined contribution plans	**211,433**	150,178
Loss on disposal of property, plant and equipment, net	**377,532**	–
Rental expenses - short-term leases and low value assets leases (Note 22)	**253,560**	–
Rental expenses - operating leases	**–**	975,448
Other receivables written off	**164,692**	–
Inventories written down	**725,912**	119,473
Property, plant and equipment written off	**–**	1,868
Allowance for expected credit losses of trade receivables	**–**	35,551
Write-back of allowance for expected credit losses of trade receivables (Note 13)	**(35,551)**	–

*Includes independent member firm of the Baker Tilly International network in 2019.

8 Income tax expense

	Group	
	2019	2018
	RM	RM
Tax expense attributable to losses is made up of:		
- current income tax provision	**9,080**	–
Under provision in respect of previous financial years		
- current income tax	**48,303**	182,042
	57,383	182,042

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

8 Income tax expense (cont'd)

The income tax expense on the results of the financial year differs from the amount of income tax determined by applying the domestic rates applicable to loss before tax in the countries where the Group entities operates due to the following factors:

	Group	
	2019	2018
	RM	RM
Loss before tax	**(9,147,352)**	(8,308,142)
Notional tax expense on loss before tax, calculated at the domestic rates applicable in the tax jurisdictions concerned	**(1,799,548)**	(1,345,592)
Income not subject to tax	**(8,532)**	–
Expenses not deductible for tax purposes	**863,243**	958,990
Under provision of income tax in respect of previous financial years	**48,303**	182,042
Deferred tax assets not recognised	**1,014,454**	386,602
Utilisation of unrecognised deductible temporary differences	**(60,537)**	–
	57,383	182,042

The statutory income tax rate applicable is 0% (2018: 0%) for the Company incorporated in Cayman Islands and 24% (2018: 24%) for companies incorporated in Malaysia.

At the end of the reporting period, the Group has potential tax benefits arising from unabsorbed tax losses of approximately RM20,720,000 (2018: RM18,670,000) and unabsorbed capital allowances of approximately RM25,100,000 (2018: RM22,290,000), that are available for carry-forward to offset against future taxable income of the companies in which the unabsorbed tax losses and unabsorbed capital allowances arose, subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the companies operate.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

8 Income tax expense (cont'd)

The deductible temporary differences and taxable temporary differences are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority. After offsetting the taxable temporary differences against the deductible temporary differences, deferred tax assets on the following temporary differences have not been recognised in the financial statements at the end of the reporting period:

	Group	
	2019 RM	2018 RM
Unabsorbed tax losses	**20,720,000**	18,666,000
Unabsorbed capital allowances	**6,326,000**	4,405,000
	27,046,000	23,071,000

Deferred tax assets are not recognised because it is not probable that future taxable profits will be available against which those tax losses and capital allowances can be utilised.

9 Loss per share

The calculation of the basic and diluted loss per share attributable to equity holders of the Company is based on the following data:

	2019 RM	2018 RM
Loss for the year attributable to equity holders of the Company	**(9,204,735)**	(8,490,184)

	2019	2018
Weighted average number of ordinary shares outstanding for basic and diluted loss per share	**1,169,445,976**	1,169,445,976
Basic loss per share (RM cents)	**(0.79)**	(0.73)
Diluted loss per share (RM cents)	**(0.79)**	(0.73)

Basic and diluted loss per share is calculated by dividing loss for the year attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial year.

As at 31 December 2019 and 31 December 2018, diluted loss per share is similar to basic loss per share as there were no dilutive potential ordinary shares.

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

10 Property, plant and equipment

	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 machinery RM	Crusher plants RM	Office units RM	Total RM
Group											
2019											
Cost											
At 1 January 2019	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
Recognition of right-of-use assets on initial application of IFRS 16	34,086	–	–	–	–	–	–	–	–	–	34,086
Additions	–	6,446	–	–	–	–	–	–	–	–	6,446
Disposals	–	–	–	–	(646,524)	–	–	(1,039,450)	–	–	(1,685,974)
At 31 December 2019	**74,685,660**	**267,878**	**81,565**	**583,518**	**2,418,452**	**18,940**	**4,880**	**4,463,337**	**21,744,803**	**3,344,400**	**107,613,433**
Accumulated depreciation											
At 1 January 2019	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
Depreciation charge	2,662,263	26,084	8,280	58,352	549,348	1,894	488	563,983	1,443,648	36,854	5,351,194
Disposals	–	–	–	–	(471,593)	–	–	(285,849)	–	–	(757,442)
At 31 December 2019	**12,596,158**	**118,008**	**47,905**	**252,296**	**1,917,723**	**11,379**	**2,462**	**2,701,479**	**6,377,298**	**180,278**	**24,204,986**
Net carrying value											
At 31 December 2019	**62,089,502**	**149,870**	**33,660**	**331,222**	**500,729**	**7,561**	**2,418**	**1,761,858**	**15,367,505**	**3,164,122**	**83,408,447**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

10 Property, plant and equipment (cont'd)

	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 machinery RM	Crusher plants RM	Office units RM	Total RM
Group											
2018											
Cost											
At 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 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
Depreciation charge	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 value											
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

* In 2018, adjustment for prior years addition of RM459,825 was made due to lower actual cost incurred.

In 2018, the Group acquired plant and machinery with an aggregate cost of RM360,000 by means of finance leases. The cash outflow on acquisition of property, plant and equipment amounted to RM42,259.

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

10 Property, plant and equipment (cont'd)

(a) Included in property, plant and equipment are right-of-use assets of RM62,831,482 (1.1.2019: RM66,144,723) (Note 22).

(b) At 31 December 2018, the net carrying values of property, plant and equipment of the Group acquired under finance lease agreements (classified as finance lease under IAS 17) amounted to RM1,948,192.

(c) At the end of the reporting period, the following property, plant and equipment with net carrying values set out below were pledged to certain financial institutions for banking facilities (Note 19).

	Group	
	2019	2018
	RM	RM
Leasehold quarry lands	**38,313,561**	36,878,663
Office units	**3,164,122**	3,200,976
	41,477,683	40,079,639

11 Investments in subsidiaries

	Company	
	2019	2018
	RM	RM
Unquoted equity shares, at cost		
At beginning of financial year	**8,500,000**	8,500,000
Less: Allowance for impairment in value	**(6,086,000)**	(6,086,000)
At end of financial year	**2,414,000**	2,414,000

Movements in allowance for impairment in value during the financial year are as follows:

	Company	
	2019	2018
	RM	RM
At beginning and end of financial year	**6,086,000**	6,086,000

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

11 Investments in subsidiaries (cont'd)

Details of the Company's subsidiaries at 31 December 2019 are as follows:

Name of subsidiary	Principal activities	Country of incorporation	Group's effective equity holding 2019 %	2018 %
Held by the Company				
* GCCP Gridland Sdn. Bhd.	Quarrying, processing and sale of limestone	Malaysia	**100**	100
* Hyper Act Marketing Sdn. Bhd.	Quarrying, processing and sale of limestone	Malaysia	**100**	100
* GCCP Global Sdn. Bhd.	Processing and sale of limestone	Malaysia	**100**	100

* Audited by Baker Tilly Monteiro Heng, independent member firm of the Baker Tilly International network.

12 Inventories

	Group 2019 RM	2018 RM
Work-in-progress	**30,958**	52,824
Finished goods	**2,309,869**	2,560,586
	2,340,827	2,613,410

13 Trade and other receivables

	Group 2019 RM	2018 RM	Company 2019 RM	2018 RM
Trade receivables	**871,098**	1,149,715	**–**	–
Less: Allowance for expected credit losses	**–**	(35,551)	**–**	–
	871,098	1,114,164	**–**	–
Deposits	**386,830**	733,995	**5,750**	12,000
Prepayments	**805**	55,294	**–**	–
Other receivables	**21,706**	299,128	**–**	60,987
Amounts due from subsidiaries	**–**	–	**105,782,826**	105,355,332
Less: Allowance for expected credit losses	**–**	–	**(13,026,460)**	(13,026,460)
	–	–	**92,756,366**	92,328,872
	1,280,439	2,202,581	**92,762,116**	92,401,859

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

13 Trade and other receivables (cont'd)

Movements in allowance for expected credit losses of trade receivables during the financial year are as follows:

	Group		Company	
	2019	2018	**2019**	2018
	RM	RM	**RM**	RM
At beginning of financial year	**35,551**	–	**–**	–
Allowance made (Note 7)	**–**	35,551	**–**	–
Write-back of allowance made (Note 7)	**(35,551)**	–	**–**	–
At end of financial year	**–**	35,551	**–**	–

Movements in allowance for expected credit losses of amounts due from subsidiaries during the financial year are as follows:

	Group		Company	
	2019	2018	**2019**	2018
	RM	RM	**RM**	RM
At beginning and end of financial year	**–**	–	**13,026,460**	13,026,460

The amounts due from subsidiaries are non-trade in nature, unsecured, interest-free and repayable on demand.

14 Fixed deposits and cash and bank balances

For the purposes of presentation in the consolidated statement of cash flows, the consolidated cash and cash equivalents comprise the following:

	Group		Company	
	2019	2018	**2019**	2018
	RM	RM	**RM**	RM
Fixed deposits	**1,242,054**	1,204,221	**–**	–
Cash and bank balances	**87,088**	268,155	**6,466**	7,826
	1,329,142	1,472,376	**6,466**	7,826
Bank overdrafts (Note 19)	**(5,036,816)**	(5,347,193)	**–**	–
Pledged fixed deposits	**(1,242,054)**	(1,204,221)	**–**	**–**
Cash and cash equivalents per consolidated statement of cash flows	**(4,949,728)**	(5,079,038)	**6,466**	7,826

The fixed deposits of the Group are placed with banks and mature on varying dates within 12 months (2018: 12 months) from the end of the reporting period. The interest rates of these deposits at the end of the reporting period range from 2.45% to 3.25% (2018: 2.55% to 3.00%) per annum. The Group's fixed deposits are pledged to banks for banking facilities granted to the Group (Note 19).

NOTES TO THE FINANCIAL STATEMENTS

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15 Share capital

	Group and Company 2019 and 2018 Number of shares	RM
Issued and fully paid ordinary shares		
At beginning and end of financial year	**1,193,432,933**	**164,587,851**

The holders of ordinary shares, except for treasury shares, are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restriction. The ordinary shares have par value of one United States dollar per ordinary share.

16 Treasury shares

	Group and Company 2019 and 2018 Number of shares	RM
At beginning and end of financial year	**23,986,957**	**9,086,355**

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

17 Other reserves

Other reserves represent 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.

18 Trade and other payables

	Group		Company	
	2019	2018	**2019**	2018
	RM	RM	**RM**	RM
Trade payables	**7,687,601**	7,642,685	**–**	–
Other payables	**4,039,402**	2,228,490	**1,766,513**	1,259,880
Accrued operating expenses	**3,913,426**	2,444,333	**2,855,050**	1,884,933
Amounts due to directors	**616,382**	–	**531,382**	–
Amounts due to related parties	**301,890**	–	**–**	–
	16,558,701	12,315,508	**5,152,945**	3,144,813

Included in accrued operating expenses of the Group and the Company are accrued salaries and related costs and directors' fees due to current and former directors and former key management personnel totalled RM3,005,301 (2018: RM1,911,054) and RM2,855,050 (2018: RM1,884,912) respectively.

The amounts due to directors and related parties are non-trade in nature, unsecured, interest-free and repayable on demand. Related parties comprise close family members of the Company's directors.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

19 Borrowings

	Group	
	2019	2018
	RM	RM
Non-current		
Secured		
Bank loans	**3,082,423**	6,182,350
Lease liabilities	**348,590**	–
Finance lease liabilities	**–**	892,148
	3,431,013	7,074,498
Current		
Secured		
Bank overdrafts	**5,036,816**	5,347,193
Bank loans	**3,741,672**	2,259,171
Lease liabilities	**462,911**	–
Finance lease liabilities	**–**	675,151
Unsecured		
Lease liabilities	**11,807**	–
	9,253,206	8,281,515
	12,684,219	15,356,013

Bank overdrafts

The bank overdrafts are secured by a first party first and second legal charge on leasehold quarry lands and office units (Note 10), charge on fixed deposits (Note 14), personal guarantee executed by a director, corporate guarantee executed by the Company, joint and several guarantees of a director of the Company and a former director of the Company and debenture over fixed and floating charges. The bank overdrafts secured by corporate guarantee executed by the Company amounted to RM3,021,275 (2018: RM3,021,215).

Bank loans

	Group	
	2019	2018
	RM	RM
Bank loans represented by:		
Term loan 1	**1,301,672**	1,475,819
Term loan 2	**5,522,423**	6,965,702
	6,824,095	8,441,521

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

19 Borrowings (cont'd)

Bank loans (cont'd)

Term loan 1 - A loan of RM2,300,000 was granted by a bank and is repayable over 6 years. The loan carries interest at 1% plus Malaysia's Base Lending Rate ("BLR") per annum. The loan is secured by a first party first and second legal charge on leasehold quarry lands and office units (Note 10), charge on fixed deposits (Note 14), joint and several guarantees of a director of the Company and a former director of the Company and debenture over fixed and floating charges.

Term loan 2 - A loan of RM14,000,000 was granted by a bank and is repayable over 32 months. The loan carries interest at 2% plus the bank's prevailing 1 month effective cost of funds per annum. The loan is secured by a first party first and second legal charge on leasehold quarry lands (Note 10), personal guarantee executed by a director, corporate guarantee executed by the Company and debenture over fixed and floating charges.

The Group's borrowings are floating rate instruments that are repriced to market interest rates on or near the end of the reporting period. Accordingly, the fair values of these borrowings, determined from discounted cash flow analysis using discount rate which is the market lending rate that the management expects would be available to the Group at the end of the reporting period, would approximate their carrying amounts at the end of the reporting period. This fair value measurement for disclosure purposes is categorised in Level 3 of the fair value hierarchy.

Finance lease liabilities

Finance lease liabilities were reclassified to lease liabilities on 1 January 2019 arising from the adoption of IFRS 16. The impact of adoption is disclosed in Note 2(a).

	Group	
	2018	
	Minimum lease payments RM	Present value of lease payments RM
Not more than one year	738,258	675,151
Later than one year but not later than five years	937,342	892,148
Total minimum lease payments	1,675,600	1,567,299
Less: Future finance charges	(108,301)	–
Present value of finance lease liabilities	1,567,299	1,567,299

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

19 Borrowings (cont'd)

Finance lease liabilities (cont'd)

In 2018, the net carrying values of the Group's property, plant and equipment acquired and held as security under finance lease agreements were RM1,948,192. The effective interest rates of the finance lease liabilities ranged from 4.59% to 7.51% per annum.

Based on the discounted cash flow analysis using market interest rates for similar finance lease agreements at the end of the reporting period, the fair values of finance lease liabilities at the end of the reporting period approximated their carrying amounts as the market interest rate at the end of the reporting period was close to the effective interest rate of the Group's existing finance lease liabilities. This fair value measurement for disclosures purpose was categorised in Level 3 of the fair value hierarchy as at 31 December 2018.

Reconciliation of movements of liabilities to cash flows arising from financing activities

	Group				
	Amounts due to directors RM (Note 18)	**Amounts due to related parties RM (Note 18)**	**Bank loans RM**	**Lease liabilities RM**	**Finance lease liabilities RM**
At 1 January 2019	–	–	8,441,521	–	1,567,299
Reclassification on adoption of IFRS 16	–	–	–	1,567,299	(1,567,299)
Adoption of IFRS 16	–	–	–	34,086	–
Changes from financing cash flows:					
- Advances	1,120,585	301,890	–	–	–
- Repayments	(504,203)	–	(1,617,426)	(778,077)	–
- Interest paid	–	–	(461,035)	(57,299)	–
Non-cash changes:					
- Interest expense	–	–	461,035	57,299	–
At 31 December 2019	**616,382**	**301,890**	**6,824,095**	**823,308**	–
At 1 January 2018	–	–	30,791,834	–	1,841,312
Changes from financing cash flows:					
- Advances	1,211,650	–	–	–	–
- Repayments	(1,211,650)	–	(22,350,313)	–	(634,013)
- Interest paid	–	–	(1,534,516)	–	(91,851)
Non-cash changes:					
- Interest expense	–	–	1,534,516	–	91,851
- New finance leases	–	–	–	–	360,000
At 31 December 2018	–	–	8,441,521	–	1,567,299

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

20 Contingent liabilities

At the end of the reporting period, corporate guarantee given by the Company to a bank for facilities issued by the bank to the Company's subsidiaries amounted to RM8,543,698 (2018: RM9,986,917).

At the end of the reporting period, the directors of the Company are of the opinion that no significant expected credit losses are expected under these financial guarantees in view that the borrowings were secured by a first party first and second legal charge on leasehold quarry lands and office units under the property, plant and equipment (Note 10), fixed deposits of the subsidiaries (Note 14), personal guarantee executed by a director, joint and several guarantees of a director of the Company and a former director of the Company and debenture over fixed and floating charges as disclosed in Note 19. The financial effects of IFRS 9 relating to financial guarantee contracts issued by the Company are not material to the financial statements of the Company and therefore are not recognised as at 31 December 2019 and 31 December 2018.

21 Operating lease commitments

Lease commitments – where the Group is a lessee

The Group leases leasehold lands under non-cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights.

As at 31 December 2018, commitments in relation to non-cancellable operating leases contracted for but not recognised as liabilities at the end of the reporting period, are payable as follows:

	Group 2018 RM
Not later than one financial year	18,000
Later than one financial year but not later than five financial years	18,000
	36,000

Lease terms do not contain restrictions on the Group's activities concerning dividends, additional debt or further leasing.

As disclosed in Note 2(a), the Group has adopted IFRS 16 on 1 January 2019. These lease payments have been recognised as right-of-use asset under property, plant and equipment and lease liability under borrowings on the statements of financial position as at 1 January 2019, except for short-term and low value assets leases.

NOTES TO THE FINANCIAL STATEMENTS

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22 Leases

The Group as a lessee

Nature of the Group's leasing activities

The Group's leasing activities comprise the following:

i) The Group leases leasehold lands from non-related parties. The leases have an average tenure of 27 to 92 years.
ii) In addition, the Group leases certain equipment and office premises with contractual terms of up to two years. These leases are short-term and/or low value items. The Group has elected not to recognised right-of-use assets and lease liabilities for these leases.

The maturity analysis of the lease liabilities is disclosed in Note 23(b).

Information about leases for which the Group is a lessee is presented below:

Carrying amount of right-of-use assets

The carrying amount of right-of-use assets are as follows:

	Group	
	31.12.2019	1.1.2019
	RM	RM
Classified within property, plant and equipment		
Leasehold quarry lands	**62,089,502**	64,751,765
Motor vehicles	**495,313**	1,066,291
Plant and machinery	**246,667**	326,667
	62,831,482	66,144,723

Amounts recognised in profit or loss

	Group
	2019
	RM
Depreciation charge for the financial year for right-of-use assets	**3,138,310**
Lease expense not included in the measurement of lease liabilities	
Lease expense - short-term leases	**253,246**
Lease expense - low value assets leases	**314**
Total (Note 7)	**253,560**
Interest expense on lease liabilities	**57,299**

Total Group's cash flow for leases amounted to RM1,088,936.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

22 Leases (cont'd)

The Group as a lessor

Nature of the Group's leasing activities

The Group leased out its machineries to third parties for monthly lease payments. The lease is classified as an operating lease because the risk and rewards incidental to ownership of the assets are not substantially transferred.

Rental income from machines are disclosed in Note 5.

23 Financial instruments

(a) Categories of financial instruments

Financial instruments at their carrying amounts at the end of the reporting period are as follows:

	Group		**Company**	
	2019	2018	**2019**	2018
	RM	RM	**RM**	RM
Financial assets				
Financial assets at amortised cost	**2,590,878**	3,389,048	**92,768,582**	92,409,685
Financial liabilities				
Financial liabilities at amortised cost	**29,242,920**	27,671,521	**5,152,945**	3,144,813

(b) Financial risks management

The Group's overall risk management framework is set by the Board of Directors of the Company which sets out the Group's overall business strategies and its risk management philosophy. The Group's overall risk management approach seeks to minimise potential adverse effects on the financial performance of the Group.

There has been no change to the Group's exposure to these financial risks or the way in which it manages and measures financial risk. Market risk, credit risk and liquidity risk exposures are measured using sensitivity analysis indicated below.

Market risk

Foreign exchange risk

The Group and the Company do not have significant exposure to foreign currency risk as its transactions are mainly in Malaysian Ringgit.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

23 Financial instruments (cont'd)

(b) Financial risks management (cont'd)

Market risk (cont'd)

Interest rate risk

The Group's exposure to changes in interest rates relates primarily to the Group's borrowings and fixed deposits placed with financial institutions. The Group maintains its borrowings in either variable or fixed rate instruments depending on which terms are more favourable to the Group. The Group manages its interest rate risk on its interest income by placing the surplus funds in fixed deposits of varying maturities and interest rate terms.

An increase in interest rates by 50 basis points for fixed deposits and borrowings at variable rates is not expected to have a significant impact on the Group's loss after tax.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group's principal financial assets are fixed deposits, cash and bank balances and trade and other receivables.

For receivables, the Group adopts the policy of dealing only with customers of appropriate credit history to mitigate credit risk. For other financial assets, the Group adopts the policy of dealing only with high credit quality counterparties. The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

Maximum exposure and concentration of credit risk

At the end of the reporting period, 85% (2018: 67%) of the Group's trade receivables were due from 3 major debtors.

As the Group and the Company do not hold any collateral, the maximum exposure to credit risk is the carrying amount of each class of financial assets recognised on the statements of financial position and the corporate guarantees provided by the Company to banks as disclosed in Note 20.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

23 Financial instruments (cont'd)

(b) Financial risks management (cont'd)

Credit risk (cont'd)

The following sets out the Group's internal credit evaluation practices and basis for recognition and measurement of expected credit losses ("ECL"):

Description of evaluation of financial assets	**Basis for recognition and measurement of ECL**
Counterparty has a low risk of default and does not have any past due amounts	12-month ECL
Contractual payments are more than 30 days past due or where there has been a significant increase in credit risk since initial recognition	Lifetime ECL - not credit-impaired
Contractual payments are more than 90 days past due or there is evidence of credit impairment	Lifetime ECL - credit-impaired
There is evidence indicating that the Group has no reasonable expectation of recovery of payments such as when the debtor has been placed under liquidation or has entered into bankruptcy proceedings	Write-off

Significant increase in credit risk

In assessing whether the credit risk on a financial asset has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial asset as at the reporting date with the risk of a default occurring on the financial asset as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information such as future economic and industry outlook, that is available without undue cost or effort.

In particular, when assessing whether credit risk has increased significantly since initial recognition, the Group considers existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations and actual or expected significant deterioration in the operating results/key financial performance ratios of the debtor.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

23 Financial instruments (cont'd)

(b) Financial risks management (cont'd)

Credit risk (cont'd)

Significant increase in credit risk (cont'd)

Regardless of the evaluation of the above factors, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group also assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial asset is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if it has an internal or external credit rating of "investment grade" as per globally understood definition, or the financial asset has a low risk of default; the borrower has a strong capacity to meet its contractual cash flow obligations in the near term; and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

Definition of default

The Group has determined the default events on a financial asset to be when there is evidence that the borrower is experiencing liquidity issues or when there is a breach of contract, such as a default of payment.

The Group considers the above as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the above criteria are generally not recoverable.

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred, such as evidence that the borrower is in significant financial difficulty, there is a breach of contract such as default or past due event; there is information that it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; the disappearance of an active market for that financial asset because of financial difficulties; or the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

Estimation techniques and significant assumptions

There has been no change in the estimation techniques or significant assumptions made during the current financial year for recognition and measurement of credit loss allowances.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

23 Financial instruments (cont'd)

(b) Financial risks management (cont'd)

Credit risk (cont'd)

Movements in credit loss allowance

	Trade receivables RM
Group	
Balance at 1 January 2019	35,551
Loss allowance reversed:	
Lifetime ECL - simplified approach	(35,551)
Balance at 31 December 2019	–
Balance at 1 January 2018	–
Loss allowance measured:	
Lifetime ECL - simplified approach	35,551
Balance at 31 December 2018	35,551

Trade receivables

The Group has applied the simplified approach by using a provision matrix to measure the lifetime expected credit loss allowance for trade receivables.

The Group estimates the expected credit loss rates for each category of past due status of the debtors based on historical credit loss experience adjusted as appropriate to reflect current conditions and forecasts of future economic conditions affecting the ability of the customers to settle the receivables.

There has been no change in the estimation techniques or significant assumptions made during the current financial year.

The Group has recognised a loss allowance of 100% against all trade receivables over 365 days past due because historical experience has indicated that these receivables are generally not recoverable. A trade receivable is written off when there is information indicating that there is no realistic prospect of recovery from the debtor.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

23 Financial instruments (cont'd)

(b) Financial risks management (cont'd)

Credit risk (cont'd)

Credit quality of financial assets

The table below details the credit quality of the Group's and the Company's financial assets:

2019 **Group**	**12-month or lifetime ECL**	**Gross carrying amount RM**	**Loss allowance RM**	**Net carrying amount RM**
Trade receivables	Lifetime ECL	**871,098**	**–**	**871,098**
Other receivables and deposits (excluding SST receivables)	12-month ECL	**390,638**	**–**	**390,638**
Fixed deposits	Not applicable (Exposure limited)	**1,242,054**	**–**	**1,242,054**
Cash and bank balances	Not applicable (Exposure limited)	**87,088**	**–**	**87,088**
2018				
Trade receivables	Lifetime ECL	1,149,715	(35,551)	1,114,164
Other receivables and deposits (excluding SST receivables)	12-month ECL	802,508	–	802,508
Fixed deposits	Not applicable (Exposure limited)	1,204,221	–	1,204,221
Cash and bank balances	Not applicable (Exposure limited)	268,155	–	268,155

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

23 Financial instruments (cont'd)

(b) Financial risks management (cont'd)

Credit risk (cont'd)

Credit quality of financial assets (cont'd)

The table below details the credit quality of the Group's and the Company's financial assets (cont'd):

2019 **Company**	**12-month or lifetime ECL**	**Gross carrying amount RM**	**Loss allowance RM**	**Net carrying amount RM**
Deposits	Not applicable (Exposure limited)	**5,750**	**–**	**5,750**
Amounts due from subsidiaries	Lifetime ECL	**105,782,826**	**(13,026,460)**	**92,756,366**
Cash and bank balances	Not applicable (Exposure limited)	**6,466**	**–**	**6,466**
2018				
Other receivables and deposits	12-month ECL	72,987	–	72,987
Amounts due from subsidiaries	Lifetime ECL	105,355,332	(13,026,460)	92,328,872
Cash and bank balances	Not applicable (Exposure limited)	7,826	–	7,826

Credit risk exposure in relation to financial assets at amortised cost (except for trade receivables and amounts due from subsidiaries) under IFRS 9 as at 31 December 2019 and 31 December 2018 is not material, and accordingly no allowance for impairment is recognised as at 31 December 2019 and 31 December 2018.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

23 Financial instruments (cont'd)

(b) Financial risks management (cont'd)

Credit risk (cont'd)

Financial guarantee

The Company has issued financial guarantees to a bank for borrowings of its subsidiaries. These financial guarantees are subject to the impairment requirements of IFRS 9. The directors of the Company do not expect credit loss exposure arising from these financial guarantees in view that the borrowings were secured by a first party first and second legal charge on leasehold quarry lands and office units under the property, plant and equipment (Note 10), fixed deposits of the subsidiaries (Note 14), personal guarantee executed by a director, joint and several guarantees of a director of the Company and a former director of the Company and debenture over fixed and floating charges as disclosed in Note 19.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

23 Financial instruments (cont'd)

(b) Financial risks management (cont'd)

Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of the financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

In managing its liquidity, management monitors and reviews the Group's and the Company's forecasts of liquidity reserves (comprise cash and cash equivalents and available credit facilities) based on expected cash flows of the respective operating companies of the Group.

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

	2019 RM			2018 RM		
	Within 1 year	**Within 2 to 5 years**	**Total**	Within 1 year	Within 2 to 5 years	Total
Group						
Trade and other payables	**16,558,701**	**–**	**16,558,701**	12,315,508	–	12,315,508
Borrowings (excluding lease liabilities/ finance lease liabilities)	**9,060,226**	**3,147,957**	**12,208,183**	8,087,655	6,521,962	14,609,617
Lease liabilities/ finance lease liabilities	**503,431**	**357,787**	**861,218**	738,258	937,342	1,675,600
	26,122,358	**3,505,744**	**29,628,102**	21,141,421	7,459,304	28,600,725
Company						
Trade and other payables	**5,152,945**	**–**	**5,152,945**	3,144,813	–	3,144,813
Financial guarantee contracts (Note 20)	**8,543,698**	**–**	**8,543,698**	9,986,917	–	9,986,917
	13,696,643	–	**13,696,643**	13,131,730	–	13,131,730

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

24 Fair value of assets and liabilities

(a) Fair value hierarchy

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

Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 - inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

(b) Assets and liabilities not carried at fair value but which fair values are disclosed

The carrying amounts of non-current borrowings approximate their fair values at the end of the reporting period, as the market lending rates at the end of the reporting period were not significantly different from either their respective interest rates of the agreements or market lending rate at the initial measurement date.

The basis of determining fair value of the non-current borrowings for disclosure at the end of the reporting period is disclosed in Note 19.

The above does not include financial assets and financial liabilities whose carrying amounts measured on the amortised cost basis approximate their fair values due to their short-term nature and where the effect of discounting is immaterial.

25 Related party transactions

In addition to information disclosed elsewhere in the financial statements, the following transactions took place between the Group and related parties, who are not members of the Group during the financial year on terms agreed by the parties concerned:

	Group	
	2019	2018
	RM	RM
Directors		
Advances	**1,120,585**	1,211,650
Related parties		
Advances	**301,890**	–

Related parties comprise close family members of the Group's directors.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

26 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 of Directors as a single segment.

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

Geographical information

Revenue and non-current assets information based on the Group entities' country of domicile and locations in which the Group entities hold assets are as follows:

	Group			
	Sales to external customers		Non-current assets	
	2019	2018	**2019**	2018
	RM	RM	**RM**	RM
Malaysia	**2,133,079**	6,319,840	**83,408,447**	89,647,641
Indonesia	**7,394,077**	13,479,861	**–**	–
	9,527,156	19,799,701	**83,408,447**	89,647,641

Non-current assets information presented above are non-current assets as presented on the consolidated statement of financial position.

Information about major customer

Revenue is derived from 1 (2018: 3) external customer who individually contributed 10% or more of the Group's revenue.

	Group	
	2019	2018
	RM	RM
Customer 1	**7,394,077**	10,904,982
Customer 2	**784,308***	3,239,686
Customer 3	**–**	2,687,115
	8,178,385	16,831,783

*Included for comparative purpose.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

27 Capital management

The Group's primary objective when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value. In order to maintain or achieve an optimal capital structure, the Group may adjust the amount of dividend payment, return capital to shareholders, issue new shares, buy back issued shares, obtain new borrowings or sell assets to reduce borrowings.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less fixed deposits and cash and bank balances.

The capital structure of the Group consists of equity attributable to equity holders of the Company comprising share capital, treasury shares and accumulated losses. The Group's overall strategy remains unchanged from 2018.

	Group	
	2019	2018
	RM	RM
Borrowings (Note 19)	**12,684,219**	15,356,013
Less: Fixed deposits and cash and bank balances	**(1,329,142)**	(1,472,376)
Net debt	**11,355,077**	13,883,637
Equity attributable to equity holders of the Company	**59,062,052**	68,266,787
Less: Other reserves	**(4,307,382)**	(4,307,382)
Total capital	**54,754,670**	63,959,405

28 Basis for disclaimer of opinion on the financial statements for the financial year ended 31 December 2018

The independent auditor's report dated 30 August 2019 contained a disclaimer of opinion on the consolidated financial statements of 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. The extract of the basis for disclaimer of opinion is as follows:

i. Going Concern

The Group incurred losses amounting to RM8,490,184 for the financial year ended 31 December 2018. As at that date, the Group's current liabilities exceeded its current assets by RM14,306,356 and the Group's cash and short-term deposits amounted to RM268,155 as compared to RM1,130,175 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 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

28 Basis for disclaimer of opinion on the financial statements for the financial year ended 31 December 2018 (cont'd)

i. Going Concern (cont'd)

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.

ii. 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 RM86,602,473. 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 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.

iii. 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 RM500,000 and RM92,328,872 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.

29 Comparative figures

The consolidated financial statements of 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 were audited by another firm of auditors whose report dated 30 August 2019 expressed a disclaimer of opinion on those financial statements as detailed in Note 28.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

30 Subsequent events

The emergence of COVID-19 since early 2020 has brought about uncertainties to the Group's operating environment and has impacted the Group's operations in Malaysia and its financial performance, cash flows and liquidity subsequent to the financial year end.

As a result of the COVID-19 pandemic, the Malaysia Government introduced a Movement Control Order ("MCO") from 18 March 2020 to 8 June 2020. The impact includes, inter alia, the closure of the Group's physical office in Malaysia and production and sales disruptions to the Group. Although the Group managed to secure approval from the local authorities for early resumption of operations on 28 April 2020, the Group's inactivity during the MCO has caused delays in the Group's progress of the repair works at the leasehold quarry lands at Hyper Act Marketing Sdn. Bhd. and the loss of income at GCCP Gridland Sdn. Bhd..

With the resumption of activities at the Group and the strong support from its customers and suppliers, the Group is slowly back on track to its pre-pandemic days. In addition, the Group monitors its headcounts, operating costs and overheads closely with the aim of reducing unnecessary costs. The Group shall adopt initiatives that help to conserve cashflows and improve profits outcomes in the interests of the shareholders.

The Group will continuously assess the situation, work closely with the local authorities in Malaysia to support their efforts in containing the spread of COVID-19, and put in place measures to minimise impact to our business. As the situation is still evolving, the full effect of the outbreak is subject to uncertainty and could not be ascertained yet.

31 Authorisation of financial statements

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

STATISTICS OF SHAREHOLDINGS

AS AT 30 JULY 2020

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	12	2.36	638	0.00
100 - 1,000	9	1.77	6,047	0.00
1,001 - 10,000	37	7.27	276,916	0.02
10,001 - 1,000,000	397	77.99	84,422,975	6.57
1,000,001 AND ABOVE	54	10.61	1,084,739,400	93.41
TOTAL	**509**	**100.00**	**1,169,445,976**	**100.00**

SUBSTANTIAL SHAREHOLDERS

(as recorded in the Register of Substantial Shareholders)

		Direct Interest		Deemed Interest	
No.	Name of Substantial Shareholder	No. of Shares	%	No. of Shares	%
1	Loo Wooi Hong	337,838,380	28.89	-	-
2	Datuk Lim Soon Foo	-	-	84,837,000[1]	7.25
3	Wen International Limited[1]	67,500,000	5.77	-	-

Note:

1. Datuk Lim Soon Foo holds 67,500,000 shares through Wen International Limited and 17,337,000 shares through Joy Lead Consultants Limited.

STATISTICS OF SHAREHOLDINGS

AS AT 30 JULY 2020

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	OCBC SECURITIES PRIVATE LIMITED	386,873,009	33.08
2	CGS-CIMB SECURITIES (SINGAPORE) PTE. LTD.	143,406,926	12.26
3	UOB KAY HIAN PRIVATE LIMITED	98,357,353	8.41
4	RHB SECURITIES SINGAPORE PTE. LTD.	95,434,500	8.16
5	RAFFLES NOMINEES (PTE.) LIMITED	86,058,753	7.36
6	PANG KIM CHON	50,154,080	4.29
7	DBS NOMINEES (PRIVATE) LIMITED	46,323,714	3.96
8	PHILLIP SECURITIES PTE LTD	20,497,600	1.75
9	MAYBANK KIM ENG SECURITIES PTE. LTD.	16,663,724	1.42
10	POON YEW HOE	14,195,053	1.21
11	TENG CHANG YEOW	12,839,540	1.10
12	LAW CHOONG HOE	6,475,400	0.55
13	CHUA THIAM JOO	6,266,117	0.54
14	CHUA SIEW LAN	4,850,000	0.41
15	PROVIDENCE HGF3 LIMITED	4,514,355	0.39
16	YEONG YUEN JOO	4,500,000	0.38
17	TAY KOON CHUAN	4,357,000	0.37
18	CHONG SAU KWANG	4,299,600	0.37
19	CHAI SHWU HUEY	4,000,000	0.34
20	CHUA CHYE SUN	3,900,000	0.33
	TOTAL	**1,013,966,724**	**86.68**

PERCENTAGE OF SHAREHOLDING IN PUBLIC'S HANDS

Based on the information available to the Company as at 30 July 2020, approximately 58.65% 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 convened and held by way of electronic means on Thursday, 27 August 2020 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 2019 together with the Auditors' Report thereon.

   (Resolution 1)

2. To re-elect the following Directors of the Company retiring pursuant to Articles 85(6) and 86(1) of the Articles of Association of the Company:

Mr Shi Junhui	(Retiring under Article 85(6))	**(Resolution 2)**
Mr Loo An Swee	(Retiring under Article 86(1))	**(Resolution 3)**

   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 2019.
   [*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 2020, payable quarterly in arrears (2019: S$120,000, equivalent to MYR360,000*)*.

   (Resolution 4)

4. To re-appoint Messrs Baker Tilly TFW LLP as the Auditors of the Company and to authorise the Directors of the Company to fix their remuneration.

   (Resolution 5)

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,

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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; 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

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(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 (ii)*]

(Resolution 6)

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 (iii)*]

(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 (iv)*]

(Resolution 8)

By Order of the Board

Marilyn Tan Lay Hong
Company Secretary

Singapore, 12 August 2020

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Explanatory Notes:

(i) Mr Shi Junhui 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 Catalist Rules. There are no relationships (including family relationships) between Mr Shi Junhui and the other Directors, the Company and its ten per cent (10%) shareholders.

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

(ii) 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.

(iii) 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.

(iv) 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.

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Notes:

1. The Annual General Meeting ("**AGM**") is being convened and will be held by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternate Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. Printed copies of this Notice of AGM and the Annual Report 2019 will not be sent to members. Instead, this Notice of AGM and the Annual Report 2019 will be sent to members by electronic means via publication on the Company's website at the URL https://www.gccpresources.com. This Notice and the Annual Report 2019 will also be made available on the SGX website at the URL https://www.sgx.com/securities/company-announcements.

2. The proceedings of this AGM will be broadcasted "live" through an audio-and-video webcast and audio-only feed. Shareholders and investors holding shares through Supplementary Retirement Schedule ("**SRS**") ("**SRS Investors**") who wish to follow the proceedings must pre-register at https://gccpresources.aidaform.com/registration-form-agm-2020-webcast no later than 2.00 p.m. on 24 August 2020. Following verification, an email containing instructions on how to join the "live" broadcast will be sent to authenticated persons by 2.00 p.m. on 26 August 2020.

3. Investors holding shares through relevant intermediaries ("**Investors**") (other than SRS Investors) will not be able to pre-register at https://gccpresources.aidaform.com/registration-form-agm-2020-webcast for the "live" broadcast of the AGM. An Investor (other than SRS Investors) who wishes to participate in the "live" broadcast of the AGM should instead approach his/her relevant intermediary as soon as possible in order to make the necessary arrangements. The relevant intermediary is required to submit a consolidated list of participants (setting out in respect of each participant, his/her name, email address and NRIC/Passport number) to the Share Transfer Agent, Boardroom Corporate & Advisory Services Pte. Ltd., via email to agm@gccpresources.com no later than 2.00 p.m. on 24 August 2020.

   In this Notice of AGM, a "relevant intermediary" means:

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

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

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

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4. **Due to the current COVID-19 restriction orders in Singapore, a member will not be able to attend the AGM in person. A member (whether individual or corporate) must appoint the Chairman of the Meeting as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM if such member wishes to exercise his/her/its voting rights at the AGM.** The accompanying proxy form for the AGM of the Company may be accessed at the Company's website at the URL https://www.gccpresources.com, and will also be made available on the SGX website at the URL https://www.sgx.com/securities/company-announcements.
   Where a member (whether individual or corporate) appoints the Chairman of the Meeting as his/her/its proxy, he/she/it must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the form of proxy, failing which the appointment of Chairman of the Meeting as proxy for that resolution will be treated as invalid.

   SRS Investors who wish to appoint the Chairman of the Meeting as proxy should approach their SRS Operators to submit their votes by 5.00 p.m. on 19 August 2020.

5. The Chairman of the Meeting, as proxy, need not be a member of the Company.

6. The instrument appointing the Chairman of the Meeting as proxy must be submitted to the Company in the following manner:

   (a) if submitted by post, 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; or

   (b) if submitted electronically, be submitted via email to the Company at agm@gccpresources.com,

   in either case not less than forty-eight (48) hours before the time appointed for holding the Annual General Meeting.

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

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

7. Shareholders and Investors will not be able to ask questions "live" during the broadcast of this AGM. All Shareholders and Investors may submit questions relating to the business of this AGM no later than 2.00 p.m. on 19 August 2020:

   (a) by email to agm@gccpresources.com; or

   (b) by post to 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.

   The Company will endeavour to address all substantial and relevant questions received from shareholders prior to and/or at the AGM through live audio-visual webcast

   In view of the current COVID-19 situation and the related safe distancing measures which may make it difficult to submit questions by post, shareholders and Investors are strongly encouraged to submit their questions via email. The Company will answer all substantial and relevant questions prior to, or at this AGM.

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8. The Annual Report 2019 may be accessed at the Company's website at the URL https://www.gccpresources.com and https://www.sgx.com/securities/company-announcements.

Personal data privacy:

By submitting an instrument appointing the Chairman of the Meeting to attend, speak and vote at the Meeting and/or any adjournment thereof, a member of the Company consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing and administration and analysis by the Company (or its agents or service providers) of the appointment of the Chairman of the Meeting as proxy for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, take-over rules, regulations and/or guidelines.