

GCCP Resources Limited

(Company Registration No. OI-282405)

(Incorporated in the Cayman Islands on 1 November 2013)

Unaudited Financial Results for the Financial Year Ended 31 December 2020**PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3) AND FULL YEAR RESULTS**

- 1(a)(i) An income statement and statement of comprehensive income, or a statement of comprehensive income (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year

| | Group | | |
|---|--|--|-------------|
| | Financial Year Ended | | |
| | 31 December 2020 (Unaudited) MYR'000 | 31 December 2019 (Audited) MYR'000 | Change % |
| Revenue | 5,639 | 9,527 (Restated) ¹ | (41) |
| Cost of sales | (5,463) | (7,202) | (24) |
| Gross profit | 176 | 2,325 | (92) |
| Other items of income | | | |
| Interest income | 29 | 38 | (24) |
| Rental income of equipment | 261 | 92 | 184 |
| Other income | 261 | 99 | 164 |
| Insurance claim | - | 87 | n.m. |
| Gain on disposal of property, plant & equipment | - | 376 | n.m. |
| Items of expense | | | |
| Selling and distribution expenses | (1,801) | (1,860) | (3) |
| General and administrative expenses | (7,247) | (8,403) | (14) |
| Finance costs | (774) | (952) | (19) |
| Other expenses | (25) | (61) | (58) |
| Loss before tax | (9,120) | (8,259) | 10 |
| Income tax credit/(expense) | 10 | (57) | n.m. |
| Loss for the year, representing total comprehensive loss attributable to owners of the Company | (9,110) | (8,316) | 10 |

n.m. – not meaningful

1(a)(ii) Loss before tax for the year is arrived at after (charging)/crediting the following:

| | Group | | |
|---|---|---|---------------------|
| | Financial Year Ended | | |
| | 31 December 2020 (Unaudited) MYR'000 | 31 December 2019 (Audited) MYR'000 | Change % |
| | | (Restated)¹ | |
| Interest income | 29 | 38 | (24) |
| Rental income of equipment | 261 | 92 | 184 |
| Insurance claim | - | 87 | n.m. |
| Gain on disposal of property, plant & equipment | - | 376 | n.m. |
| Finance costs | (774) | (952) | (19) |
| Depreciation of leasehold quarry lands | (2,640) | (2,662) | - |
| Depreciation of property, plant and equipment | (2,324) | (2,553) | (10) |
| Exploration expenditure | - | (684) | n.m. |
| Other receivables written off | - | (165) | n.m. |
| Inventories write down | - | (726) | n.m. |

n.m. – not meaningful

1 Please refer to Paragraph 5 of this announcement for items where prior year adjustments had been performed.

1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year

| | Group | | Company | |
|---|---|--|---|---|
| | 31 December 2020 (Unaudited) MYR'000 | 31 December 2019 (Audited) MYR'000 (Restated) ¹ | 31 December 2020 (Unaudited) MYR'000 | 31 December 2019 (Audited) MYR'000 |
| ASSETS | | | | |
| Non-current assets | | | | |
| Property, plant and equipment | 79,321 | 84,297 | - | - |
| Investments in subsidiaries | - | - | 2,414 | 2,414 |
| | <u>79,321</u> | <u>84,297</u> | <u>2,414</u> | <u>2,414</u> |
| Current assets | | | | |
| Inventories | 2,030 | 2,341 | - | - |
| Trade and other receivables | 1,319 | 1,280 | 94,347 | 92,762 |
| Fixed deposits - pledged | 371 | 1,242 | - | - |
| Cash and bank balances | 137 | 87 | - | 6 |
| | <u>3,857</u> | <u>4,950</u> | <u>94,347</u> | <u>92,768</u> |
| Total assets | <u>83,178</u> | <u>89,247</u> | <u>96,761</u> | <u>95,182</u> |
| EQUITY AND LIABILITIES | | | | |
| Current liabilities | | | | |
| Trade and other payables | 20,821 | 16,559 | 8,130 | 5,152 |
| Tax payable | 48 | 54 | - | - |
| Borrowings | 7,009 | 9,253 | - | - |
| | <u>27,878</u> | <u>25,866</u> | <u>8,130</u> | <u>5,152</u> |
| Net current (liabilities)/assets | <u>(24,021)</u> | <u>(20,916)</u> | <u>86,217</u> | <u>87,616</u> |
| Non-current liabilities | | | | |
| Borrowings | 4,459 | 3,430 | - | - |
| Total liabilities | <u>32,337</u> | <u>29,296</u> | <u>8,130</u> | <u>5,152</u> |
| Net assets | <u>50,841</u> | <u>59,951</u> | <u>88,631</u> | <u>90,030</u> |
| Equity attributable to owners of the Company | | | | |
| Share capital | 164,588 | 164,588 | 164,588 | 164,588 |
| Treasury shares | (9,086) | (9,086) | (9,086) | (9,086) |
| Other reserves | 4,307 | 4,307 | 4,307 | 4,307 |
| Accumulated losses | (108,968) | (99,858) | (71,178) | (69,779) |
| Total equity | <u>50,841</u> | <u>59,951</u> | <u>88,631</u> | <u>90,030</u> |
| Total equity and liabilities | <u>83,178</u> | <u>89,247</u> | <u>96,761</u> | <u>95,182</u> |

¹ Please refer to Paragraph 5 of this announcement for items where prior year adjustments had been performed.

1(b)(ii) Aggregate amount of group's borrowings and debt securities

Amount repayable in one year or less, or on demand

| As at 31 December 2020 (Unaudited) | | As at 31 December 2019 (Audited) / (Restated) | |
|---------------------------------------|----------------------|--|----------------------|
| Secured MYR'000 | Unsecured MYR'000 | Secured MYR'000 | Unsecured MYR'000 |
| 7,009 | - | 9,253 | - |

Amount repayable after one year

| As at 31 December 2020 (Unaudited) | | As at 31 December 2019 (Audited)/ (Restated) | |
|---------------------------------------|----------------------|---|----------------------|
| Secured MYR'000 | Unsecured MYR'000 | Secured MYR'000 | Unsecured MYR'000 |
| 4,459 | - | 3,430 | - |

Details of any collateral

The secured loans and borrowings comprised:

| | As at 31 December 2020 (Unaudited) | As at 31 December 2019 (Audited)/ (Restated) | Secured by |
|--|---|---|---|
| | MYR'000 | MYR'000 | |
| Term loan | 4,617 | 5,522 | A first party first and second legal charge on leasehold quarry lands, personal guarantee executed by a director, corporate guarantee executed by the Company and debenture over fixed and floating charges. |
| Term loan for the purchase of office units | 1,226 | 1,302 | A first party first and second legal charge on leasehold quarry lands and office units, charge on fixed deposits, joint and several guarantees of a director of the Company and a former director of the Company and debenture over fixed and floating charges. |
| Lease liabilities | 563 | 823 | Charges on the assets bought under the leases and jointly and severally guaranteed by the executive directors of the Group. |
| Bank overdrafts | 2,026 | 2,015 | A first party first and second legal charge on leasehold quarry land and buildings, pledge of first party fixed deposit receipt together with Memorandum of Legal Charge over Deposit and Letter of Set-Off; and debenture over fixed and floating charge. |
| Bank overdrafts | 2,024 | 2,014 | A first party first and second legal charge on leasehold quarry land and buildings and debenture over fixed and floating charge. |
| Bank overdrafts | 1,012 | 1,007 | Charge on the leasehold quarry land of the Company, corporate guarantee by the Holding Company and guarantee by a director of the Company. |
| | <u>11,468</u> | <u>12,683</u> | |

1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

| | Group | |
|---|---|--|
| | Financial Year Ended | |
| | 31 December 2020 (Unaudited) MYR'000 | 31 December 2019 (Audited) MYR'000 (Restated)¹ |
| Operating activities | | |
| Loss before tax | (9,120) | (8,259) |
| Adjustments for: | | |
| Depreciation of leasehold quarry lands | 2,640 | 2,662 |
| Depreciation of property, plant and equipment | 2,324 | 2,553 |
| Gain on disposal of property, plant and equipment | - | (376) |
| Other receivables written off | - | 165 |
| Write back of allowance for expected credit losses of trade receivables | - | (34) |
| Inventories write down | - | 726 |
| Interest income | (29) | (38) |
| Finance costs | 774 | 952 |
| Operating cash flows before changes in working capital | (3,411) | (1,649) |
| Changes in working capital | | |
| (Increase)/Decrease in trade and other receivables | (34) | 793 |
| Increase in trade and other payables | 4,492 | 3,324 |
| Decrease/(Increase) in inventories | 310 | (453) |
| Net changes in working capital | 4,768 | 3,664 |
| Cash generated from operations | 1,357 | 2,015 |
| Interest received | 29 | 38 |
| Income tax received/(paid) | 10 | (1) |
| Net cash generated from operating activities | 1,396 | 2,052 |
| Investing activities | | |
| Purchase of property, plant and equipment | - | (6) |
| Proceeds from disposal of property, plant and equipment | - | 551 |
| Net cash generated from investing activities | 0 | 545 |
| Financing activities | | |
| Repayment of term loans | (980) | (1,617) |
| Repayment of lease liabilities | (261) | (778) |
| Loan (repaid to)/from director | (228) | 616 |
| Advance from related parties | - | 302 |
| Interest paid | (774) | (952) |
| Withdrawal/(Placement) of pledged deposits | 871 | (38) |
| Net cash used in financing activities | (1,372) | (2,467) |
| Net increase in cash and cash equivalents | 24 | 130 |
| Cash and cash equivalents at beginning of year | (4,949) | (5,079) |
| Effect of exchange rate changes on cash and cash equivalents | - | - |
| Cash and cash equivalents at end of the year (Note A) | (4,925) | (4,949) |

¹ Please refer to Paragraph 5 of this announcement for items where prior year adjustments had been performed.

Note A: Cash and cash equivalents

| | Group | |
|---|---|--|
| | 31 December 2020 (Unaudited) MYR'000 | 31 December 2019 (Audited) MYR'000 (Restated)¹ |
| Cash and bank balances as per statement of financial position | 137 | 87 |
| Bank overdraft | (5,062) | (5,036) |
| Cash and cash equivalents as per consolidated statement of cash flows | (4,925) | (4,949) |

¹ Please refer to Paragraph 5 of this announcement for items where prior year adjustments had been performed.

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year

Group

| FY2020 (Unaudited) | Share Capital MYR'000 | Accumulated Losses MYR'000 | Treasury Shares MYR'000 | Other Reserves MYR'000 | Total Equity MYR'000 |
|---|----------------------------------|---------------------------------------|------------------------------------|-----------------------------------|---------------------------------|
| Balance as at 1 January 2020, as previously reported | 164,588 | (100,747) | (9,086) | 4,307 | 59,062 |
| Prior year adjustments | - | 889 | - | - | 889 |
| Balance as at 1 January 2020, as restated ¹ | 164,588 | (99,858) | (9,086) | 4,307 | 59,951 |
| Loss for the year, representing total comprehensive loss for the year | - | (9,110) | - | - | (9,110) |
| Balance as at 31 December 2020 | 164,588 | (108,968) | (9,086) | 4,307 | 50,841 |

**FY2019 (Audited)
(Restated)¹**

| | | | | | |
|---|---------|----------|---------|-------|---------|
| Balance as at 1 January 2019 | 164,588 | (91,542) | (9,086) | 4,307 | 68,267 |
| Loss for the year, representing total comprehensive loss for the year | - | (9,205) | - | - | (9,205) |
| As previously reported | - | 889 | - | - | 889 |
| Prior year adjustment | - | (8,316) | - | - | (8,316) |
| As restated | - | (8,316) | - | - | (8,316) |
| Balance as at 31 December 2019 | 164,588 | (99,858) | (9,086) | 4,307 | 59,951 |

Company

| FY2020 (Unaudited) | Share Capital MYR'000 | Accumulated Losses MYR'000 | Treasury Shares MYR'000 | Other Reserves MYR'000 | Total Equity MYR'000 |
|---|----------------------------------|---------------------------------------|------------------------------------|-----------------------------------|---------------------------------|
| Balance as at 1 January 2020 | 164,588 | (69,779) | (9,086) | 4,307 | 90,030 |
| Loss for the year, representing total comprehensive loss for the year | - | (1,399) | - | - | (1,399) |
| Balance as at 31 December 2020 | 164,588 | (71,178) | (9,086) | 4,307 | 88,631 |

FY2019 (Audited)

| | | | | | |
|---|---------|----------|---------|-------|---------|
| Balance as at 1 January 2019 | 164,588 | (68,130) | (9,086) | 4,307 | 91,679 |
| Loss for the year, representing total comprehensive loss for the year | - | (1,649) | - | - | (1,649) |
| Balance as at 31 December 2019 | 164,588 | (69,779) | (9,086) | 4,307 | 90,030 |

1(d)(ii) Details of any changes in the company’s share capital arising from rights issue, bonus issue, subdivision, consolidation, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

Share Capital – Ordinary Shares

| | Number of issued shares (excluding treasury shares) | Share capital (MYR) |
|---|--|----------------------------|
| Balance as at 30 September 2020 and 31 December 2020 | 1,169,445,976 | 155,501,496 |

As at 31 December 2020, the Company held 23,986,957 treasury shares (31 December 2019: 23,986,957), equivalent to 2.05% of the total number of issued and paid up share capital of the Company.

The Company did not have any outstanding convertibles or subsidiary holdings as at 31 December 2020 and 31 December 2019. There have been no awards or options granted pursuant to the GCCP Performance Share Plan or GCCP Employee Share Option Scheme since adoption.

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial year and as at the end of the immediately preceding year.

| | As at 31 December 2020 | As at 31 December 2019 |
|--|------------------------|------------------------|
| Total number of issued shares excluding treasury shares | 1,169,445,976 | 1,169,445,976 |

1(d)(iv) A statement showing all sales, transfers, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

There were no sales, transfers, cancellation and/or use of treasury shares during and as at the end of the current financial year reported on.

1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.

Not applicable as the Company did not have any subsidiary holdings during and as at the end of the current financial year reported on.

2. Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice

The figures have not been audited or reviewed by the Company's auditors.

3. Where the figures have been audited or reviewed, the auditors' report (including any modifications or emphasis of a matter)

Not applicable.

3A. Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion: -

(a) Updates on the efforts taken to resolve each outstanding audit issues

The auditors have issued a disclaimer of opinion on the Group's financial statements for the financial year ended 31 December 2019 ("FY2019") the basis for which has been disclosed on pages 57 to 60 of the Company's Annual Report for FY2019 ("AR2019"). The same audit issues, save for the opening balances of 1 January 2019, were also the bases for the auditors of the Group's financial statements for the financial year ended 31 December 2018 ("FY2018") to issue a disclaimer of opinion for FY2018 as disclosed in Note 28 of AR2019.

Efforts taken to address and resolve each outstanding audit issue are as follows:

(1) Appropriateness of the Going Concern Assumption

- (i) The Group has obtained 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 for the Group and the Company;
- (ii) The Group continues to generate revenue from the sales of the crushed stones at Gridland Quarry and the expected revenue from Hyper Act Quarries, after the repair works are completed, to provide for the costs of operations for the Group and the Company; and
- (iii) The Group continues to monitor and optimize its headcounts, operating costs and overheads to reduce unnecessary costs in the Group and the Company.

(2) Impairment assessment of property, plant and equipment

For FY2019, management performed an impairment assessment to determine the recoverable amounts of the Group's property, plant and equipment based on value-in-use computations. Assumptions used for the computations, as disclosed in Note 3 of AR2019, were based on the going concern of the Group. Given the material uncertainties over the going concern of the Group, the auditors are unable to assess the reasonableness and appropriateness of the net carrying values of the Group's property, plant and equipment. Henceforth, this audit issue arises due to the Appropriateness of the Going Concern Assumption. As such, efforts taken to address and resolve this audit issue are identical to that for the Appropriateness of the Going Concern Assumption mentioned above.

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

The material uncertainties over the going concern of the Group leads to the auditors being unable to assess (i) the reasonableness and appropriateness of the net carrying values of the Company's investments in subsidiaries and amount due from subsidiaries, and (ii) if the disclosure of credit risk with respect to the Company's amounts due from subsidiaries, as disclosed in Note 23(b) of the AR2019, is appropriate. Henceforth, this audit issue arises due to the Appropriateness of the Going Concern Assumption. As such, efforts taken to address and resolve this audit issue are identical to that for the Appropriateness of the Going Concern Assumption mentioned above.

(4) Comparative figures

This audit issue arises due to the disclaimer of opinion on the financial statements for FY2018 by the Group's previous auditor, Ernst & Young LLP, which affects the opening balances as at 1 January 2019 entered into for the determination of the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for FY2019. As such, the auditors are unable to determine whether adjustments might have been found necessary in respect of the Group's and the Company's financial statements for FY2019. The root cause for the disclaimer of opinion for FY2018 was the Appropriateness of the Going Concern Assumption. As such, efforts taken to address and resolve this audit issue are identical to that for the Appropriateness of the Going Concern Assumption mentioned above.

(b) Confirmation from the board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed

The Board confirms that the impact of all outstanding audit issues on the financial statements of the Group for FY2019 have been adequately disclosed.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

Except for the adoption of the new International Financial Reporting Standards ("IFRSs") and amendments to and interpretations of IFRSs applicable for the financial period beginning on or after 1 January 2020 as disclosed in Paragraph 5 below, the same accounting policies and methods of computations have been applied in the financial statements for the current reporting period as those of the audited financial statements for the financial year ended 31 December 2019, being the latest audited financial statements of the Company as at the date of this announcement.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

The adoption of the new IFRSs and amendments to IFRSs did not result in any significant change to the Group's and the Company's accounting policies and has no significant impact on the financial statements of the Group and the Company for the current financial reporting period.

The 2019 comparatives have been restated to account for the adjusted gain on disposal of property, plant and equipment and its related depreciation, after taking into consideration the necessary adjustments to unrealised profits resulting from intragroup transactions at the consolidation level. The adjustments have no impact on the opening balances for all the statement of financial position items as of 1 January 2019. Accordingly, the statement of financial position as of 1 January 2019 was not presented.

The following tables set out the adjustments made to the 2019's consolidated statement of comprehensive income, consolidated statement of financial position and consolidated statement of cash flows:

| | As previously reported MYR'000 | Adjustments MYR'000 | As restated MYR'000 |
|--|--|-------------------------------|-------------------------------|
| Group | | | |
| At 31 December 2019 | | | |
| Statement of Financial Position | | | |
| Non-current assets | | | |
| Property, plant and equipment | 83,408 | 889 | 84,297 |
| Equity | | | |
| Accumulated losses | (100,747) | 889 | (99,858) |

Statement of Comprehensive Income
For the financial year ended
31 December 2019

| | | | |
|---|---------|-----|---------|
| Cost of sales | (7,283) | 81 | (7,202) |
| Other items of income | 316 | 376 | 692 |
| Interest income | 38 | - | 38 |
| Rental income of equipment | 92 | - | 92 |
| Other income | 99 | - | 99 |
| Insurance claim | 87 | - | 87 |
| Gain on disposal of property, plant & equipment | - | 376 | 376 |
| General and administrative expenses | (8,458) | 55 | (8,403) |
| Other expenses | (438) | 377 | (61) |
| Loss before tax | (9,148) | 889 | (8,259) |
| Profit for the year | (9,205) | 889 | (8,316) |

Consolidated Statement of Cash Flows

In view of the above changes, the restatements were made to the Consolidated Statement of Cash Flows.

| | As previously reported | Adjustments | As restated |
|--|-------------------------------|--------------------|--------------------|
| | MYR'000 | MYR'000 | MYR'000 |
| Group | | | |
| At 31 December 2019 | | | |
| Statement of Cash Flows | | | |
| Loss before tax | (9,148) | 889 | (8,259) |
| Depreciation of property, plant and equipment | 2,689 | (136) | 2,553 |
| Loss/(Gain) on disposal of property, plant and equipment | 377 | (753) | (376) |
| Operating Cash Flows before changes in working capital | (1,649) | 0 | (1,649) |

6. Loss per ordinary share of the group for the current period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends

| Loss per share "LPS" | Group | |
|--|---------------------------------|--|
| | Financial Year Ended | |
| | 31 December 2020 (Unaudited) | 31 December 2019 (Audited)/(Restated) |
| Loss attributable to owners of the Company (MYR'000) | (9,110) | (8,316) |
| Weighted average number of ordinary shares | 1,169,445,976 | 1,169,445,976 |
| Basic and diluted Loss per ordinary share (MYR cents) ⁽¹⁾ | (0.78) | (0.71) |

Notes:

(1) The basic and diluted Loss per ordinary share are the same as there were no potentially dilutive securities in issue as at 31 December 2020 and 31 December 2019 respectively.

7. **Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the**

- (a) **Current year reported on; and**
(b) **Immediately preceding financial year**

| Net asset value | Group | | Company | |
|---|------------------|--------------------------|------------------|------------------|
| | 31 December 2020 | 31 December 2019 | 31 December 2020 | 31 December 2019 |
| | (Unaudited) | (Audited) /(Restated) | (Unaudited) | (Audited) |
| Net asset value attributable to the owners of the Company (MYR'000) | 50,841 | 59,951 | 88,631 | 90,030 |
| Net asset per share at the end of the year (MYR)* | 0.04 | 0.05 | 0.08 | 0.08 |

* The calculation of net asset value per ordinary share was based on 1,169,445,976 ordinary shares (excluding treasury shares) as at 31 December 2020 and 31 December 2019.

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss on the following:-
- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
 - (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on

Review for the performance of the Group for the twelve months ended 31 December 2020 ("FY2020") as compared to the twelve months ended 31 December 2019 ("FY2019").

Consolidated Statement of Comprehensive Income

Revenue

The Group's revenue decreased in FY2020 was mainly due to two major factors:

- (1) the halt in production and sales of Precipitated Calcium Carbonate stones ("PCC") during the Movement Control Order period ("MCO") from 18 March 2020 to 8 June 2020; and
- (2) the sluggish sales as a result of uncertain global economic performance affected by the COVID-19 pandemic which lead to the low demand for PCC.

The decrease in revenue was also attributed by the temporary shutdown of the Group's operation in the production of Ground Calcium Carbonate stones ("GCC") at GCCP Marble Quarries (formerly known as Hyper Act Quarries) with major repair works required on the crusher plant and upgrade of access roads at quarry sites (collectively, the "Repair Works"). The progress of the Repair Works was also affected by the MCO and subsequently the worsened situation of the COVID-19 pandemic in Malaysia in the later part of the year.

Cost of sales

Cost of sales decreased mainly due to the decline in quarrying activities during the MCO period and corresponded with the drop in revenue.

Gross profit margin

The Gross Profit Margin in FY2020 amounted to MYR176,000 (Gross Profit Margin 3.1%), as compared to MYR2.3 million in FY2019 (Gross Profit Margin 24%).

The lower gross profit margin was mainly due to the lower margin of PCC stones in which incurrence of fixed costs such as depreciation and amortization expenses maintained despite the drop in sales volume. Additionally, there were no sales from the comparatively higher margin, GCC stones in FY2020.

Other items of income

The decrease of non-core business income in FY2020 was mainly due to the restatement of gain on disposal of property, plant & equipment for FY2019, offset by an increase in rental income of equipment in FY2020, as more equipment from GCCP Marble were rented out to the outsourced quarrying contractors, and solely used for GCCP Gridland operations.

The increase in other income was related to the Government Subsidies and Grant ("**Prihatin Rakyat Economic Stimulus Package (PRIHATIN)**") received by GCCP Gridland Sdn Bhd and Hyper Act Marketing Sdn Bhd then (now known as "GCCP Marble Sdn Bhd") during COVID-19 pandemic period.

Items of expense

-Selling and distribution expenses

The reduction in selling and distribution expenses was in line with the lower revenue recorded in FY2020.

-General and admin expenses

The decrease in general and admin expenses was mainly attributed to:

- (i) the right sizing and rationalization of headcount and related manpower expenses resulted from the inactivity of GCCP Marble Quarries (formerly known as Hyper Act Quarries), and
- (ii) decrease in Directors' expenses such as Directors' salaries and remuneration, staff expenses such as salaries, wages and bonus, as a result of the Group's initiative to contain costs.

-Finance costs

The decrease in finance cost was attributed to:

- (i) the automatic payment deferment grant ("**Deferment Grant**") offered from financial institutions in Malaysia to defer all borrowings repayments, for both principal and interest for a period of 6 months (from 1 April 2020 till 30 September 2020) as guided by the Malaysian Central Bank to ease the financial burden on companies during COVID-19 pandemic, and
- (ii) reduction in borrowing commitments due to repayment of term loans.

Consolidated Statement of Financial Position

Non-current assets

Non-current assets decreased mainly due to depreciation of property, plant and equipment and leasehold quarry lands.

Current assets

Current assets decreased mainly due to decrease in inventories and pledged fixed deposits. Decrease in inventories was due to lower production and lower stockpiles maintained as demand reduced. The decrease in fixed deposits was due to repayment of term loans, including the associated term loan interest and overdraft interests.

Non-current liabilities

Non-current liabilities increased mainly due to the rescheduling of repayment terms of the borrowings, which were extended to a longer repayment tenure, pursuant to the Deferment Grant.

Current liabilities

Current liabilities increased mainly due to an increase in trade and other payables as a result of slower payment as longer payment terms were granted by the creditors, and this was offset by the decrease in current borrowings which is due to repayment of term loan.

Negative Working Capital

As at 31 December 2020, the Group was at a negative working capital position of MYR24.0million. The increase in negative working capital was mainly due to the combination of the increase in trade payables and the decrease in inventories.

After taking into consideration of the following:-

- (a) continual support from the Group's lenders and stakeholders such as the creditors, vendors and suppliers who allow the Group to repay the debts in instalment basis and extended their credit terms to the Group while continue to provide uninterrupted supplies and services which will ease the cash outflow at this critical time faced by the Group;

- (b) existing stream of revenue generated from sales of the limestones at Gridland Quarry is able to provide for the costs of operations;
- (c) continuous monitoring and optimization of headcounts, operating costs and overheads to reduce unnecessary costs in the Group and the Company;
- (d) undertaking by a Director to provide interest-free financial support to the Company whenever necessary.

The Board is of the opinion that the Group is able to operate as a going concern and able to meet its obligations as they fall due and the Group's working capital is sufficient to meet its present requirements and for the next twelve months.

Consolidated Statement of Cash Flow

In FY2020, the Group recorded a net cash generated from operating activities of MYR1.4 million.

Operating Activities

The net cash generated from operating activities was mainly contributed from (1) the increase of trade and other payables as a result of extended credit terms by suppliers and creditors, and (2) increase in trade and other receivables due to slow collection and repayment from customers as a result of extension of credit terms extended to customers in view of the current pandemic situation, and (3) decrease in holding of stockpile of inventories due to lower demand anticipated.

Financing Activities

Net cash used in financing activities amounted to MYR1.4 million, primarily due to repayment of lease liabilities and term loans, including the associated finance interest, as well as repayment of an interest-free loan due to a Director. A significant portion of the cash used in this financing activities was derived from the withdrawal of pledged fixed deposits, which amounted to MYR871,000. The pledged fixed deposits withdrawn were mainly utilised for the repayment of term loans, including the associated term loan interest and overdraft interest.

Investing Activities

There is no cash generated from investing activity in FY2020.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results

Overall, the financial results are in line with previous discussion under Section 10 of the Company's unaudited financial results announcement for the third quarter ended 30 September 2020 dated 12 November 2020.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

In FY2020, the Group has suffered from the impact of COVID-19. Production and sales were moving slower due to different restrictions such as the controlled number of workers working onsite, limitation on working hours, etc., imposed by the Malaysian Government. Besides the curtailment measures mentioned, the change of work arrangements from office to work-from-home worldwide also led to a decrease in demand of paper, and therefore a decrease in sales for GCCP Gridland, whose products primarily go into the manufacturing of paper. However, to cushion the negative impact to the paper industry, the Group has responded to the situation by diversifying the sales of limestone to different industries, such as steel manufacturing and water treatment plants, to sustain the operations of the Group.

The pandemic situation will continue into FY2021 albeit with a slow recovery to normalcy. The Group will continue to reposition its mix of customers to improve revenue and margin while working under the continuing operational restrictions as imposed by the Malaysia government during this uncertain period.

As announced on 17 November 2020, GCCP Gridland has received a non-binding Expression of

Interest (EOI) to acquire the GCCP Gridland Quarry. The negotiations with the relevant party are in progress and the Company will update on the status through further announcement(s) when there are material developments.

The Repair Works at GCCP Marble Quarries (formerly known as Hyper Act Quarries) has gradually resumed since June 2020, albeit at a slower than expected pace due to the restrictions imposed as described above and are expected to complete by the end of 2QFY2021. Besides the ongoing Repair Works, GCCP Marble Quarries has also been working on improving the access road development for better efficiency in the future production of marble blocks.

The move into the marble industry for GCCP Marble is processing well and the tests on the marble-grade verification and marble industry market studies are expected to be completed by April 2021. The Company has gotten entry permits to geologists in early February 2021 to conduct the evaluation process, including site visits and tests on the marble-grade verification for the purposes of an independent qualified person's report. The Company will endeavour to conclude the evaluation process as soon as practicable and will update the shareholders once the report is ready.

11. Dividend

If a decision regarding dividend has been made:-

(a) Whether an interim (final) dividend has been declared (recommended); and

None.

(b)(i) Amount per share (cents)

Not applicable.

(b)(ii) Previous corresponding period (cents)

Not applicable.

(c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated).

Not applicable.

(d) The date the dividend is payable.

Not applicable.

(e) The date on which Registrable Transfers receive by the Company (up to 5.00pm) will be registered before entitlements to the dividend are determined.

Not applicable.

12. If no dividend has been declared/recommended, a statement to that effect, and the reason(s) for the decision.

No dividend has been recommended/declared for FY2020, as the Group was not profitable.

13. If the group has obtained a general mandate from shareholders for interested person transactions ("IPT"), the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

The Group has not obtained a general mandate from shareholders for IPT pursuant to Rule

920(1)(a)(ii). There were no IPTs that exceeded S\$100,000 during the financial year under review.

PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

14. Segmented revenue and results for operating segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year

(a) Revenue segment information

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

Revenue was derived from the sales of PCC stones from Gridland Quarry.

As at 31 December 2020, the Group has generated the following revenues from the sales of PCC stones from Gridland Quarry.

| Segment by product | FY2020 MYR'000 | FY2019 MYR'000 |
|--------------------------------|-------------------|-------------------|
| Gridland Quarry (PCC stone) | 5,639 | 9,376 |
| GCCP Marble Quarry (GCC Stone) | - | 151 |
| Total | 5,639 | 9,527 |

(b) Geographical segment information

| Segment by area | FY2020 MYR'000 | FY2019 MYR'000 |
|-----------------|-------------------|-------------------|
| Malaysia | 2,433 | 2,133 |
| Indonesia | 3,206 | 7,394 |
| Total | 5,639 | 9,527 |

15. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the operating segments

Please refer to Paragraph 8.

16. A breakdown of sales

| | <u>Group</u> | | |
|--|---------------------------------|---------------------------------|--|
| | <u>FY2020</u> <u>MYR'000</u> | <u>FY2019</u> <u>MYR'000</u> | <u>Increase/(decrease)</u> <u>%</u> |
| Sales reported for first half year | 3,208 | 5,210 | (38) |
| Loss after tax before deducting minority interests reported for first half year | (3,777) | (4,662) | (19) |
| Sales reported for second half year | 2,431 | 4,317 | (44) |
| Loss after tax before deducting minority interests reported for second half year | (5,333) | (3,654) | 46 |

17. **A breakdown of the total annual dividend (in dollar value) for the issuer’s latest full year and its previous full year.**

Not applicable. No dividend had been declared for FY2019 and FY2018.

18. **Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(10) in the format below. If there are no such persons, the issuer must make an appropriate negative statement**

| Name | Age | Family relationship with any director, CEO and/or substantial shareholder | Current position and duties, and the year the position was first held | Details of changes in duties and position held, if any, during the year |
|-----------------------------------|-----|---|---|---|
| Loo Wooi Hong (“ Loo WH ”) | 28 | Son of our CEO, Alex Loo | Executive Director and Deputy Chief Executive Officer – 2019 | <p>Loo WH was the Marketing Manager responsible for the marketing of the limestone products of the Companies. His role was to identify and formulate strategies to penetrate new customer base locally and overseas to increase the market shares of the Group.</p> <p>Loo WH had been promoted to the position of Executive Director on 28 May 2019 where he was responsible for the executive functions of the Group and in the area of marketing. He was subsequently re-designated as the Executive Director and Deputy CEO on 1 October 2019. His area of responsibility is to assist the CEO to for the overall management, operations, strategic planning and business</p> |

| | | | | |
|--|--|--|--|-------------------------|
| | | | | expansion of the Group. |
|--|--|--|--|-------------------------|

19. Disclosures on Acquisition and Realisation of Shares pursuant to Catalist Rule 706A

Not applicable. There was no incorporation of new entities, acquisition, and realisation of shares in FY2020.

ADDITIONAL DISCLOSURE REQUIRED FOR MINERAL, OIL AND GAS COMPANIES

20a. Rule 705 (6)(a) of the Catalist Listing Manual

i. Use of funds/cash for the year:-

| Purpose | Projected Usage Amount (MYR) | Actual Usage Amount (MYR) |
|------------------|-------------------------------------|----------------------------------|
| Development cost | 150,000 | 45,000 |
| Total | 150,000 | 45,000 |

Variance Explanation:

The actual development cost is lower than the projected amount, mainly due to the Company's cost-control measures in the development, in consideration of the Company's current tight cash flow position. As part of the Company's cost-control measures, the Company has redeployed some of the machines from Gridland Quarry to GCCP Marble Quarry for the mine development, instead of renting machines from a third-party.

ii. Projection on the use of funds/cash for the next immediate quarter, including principal assumptions:-

For the next immediate quarter (financial period from 1 January 2021 to 31 March 2021 ("1QFY2021")), the Company's use of funds/cash for development activities is expected to be as follows:-

| Purpose | Projected Usage Amount (MYR) |
|------------------|-------------------------------------|
| Development cost | 60,000 |
| Total | 60,000 |

20b. Rule 705 (6)(b) of the Catalist Listing Manual

The Board of Directors hereby confirms that to the best of their knowledge, nothing has come to their attention which may render the above information provided to be false or misleading in any material aspect.

21. Rule 705 (7) of the Catalist Listing Manual

Details of exploration (including geophysical surveys), mining development and/or production activities undertaken by the Company and a summary of the expenditure incurred on those activities, including explanation for any material variances with previous

projections, for the period under review. If there has been no exploration, development and/or production activity respectively, that fact must be stated;

GCCP Marble Quarries (formerly known as Hyper Act Quarries)

In the financial year under review, GCCP Marble Quarries (formerly known as Hyper Act Quarries) has incurred approximately MYR45,000 on the development of quarry, in order to have a better accessibility to the operational site, an improved gradient on the quarry terrain site will be constructed for future operation. The main priority of GCCP Marble Quarries is concentrating on the maintenance and repair works of the crusher plant and its access road. There was no production of crushed stones at GCCP Marble Quarries in FY2020.

Gridland Quarry

Gridland Quarry had equally not incurred exploration activities which involved blasting to open new faces in the current financial year under review. The Gridland Quarry produced 163,864MT of crushed stones for FY2020.

22. Disclosures on Incorporation, Acquisition and Realisation of Shares pursuant to Catalyst Rule 706A

Not Applicable. There was no incorporation of new entities, acquisition, and realisation of shares in FY2020.

23. Confirmation pursuant to Rule 720(1) of the Catalyst Listing Manual.

The Company confirms that it has procured undertakings from all its Directors and Executive Officers (in the format set out in Appendix 7H) pursuant to Rule 720(1) of the SGX-ST Listing Manual Section B: Rules of Catalyst.

24. Confirmation Pursuant to Rule 705(5) of the Catalyst Listing Manual.

The Board of Directors of the Company hereby confirms that to the best of their knowledge, nothing has come to the attention of the Board of Directors which may render the unaudited financial statements of the Company and the Group for year ended 31 December 2020 to be false or misleading in any material aspect.

**BY ORDER OF THE BOARD
GCCP RESOURCES LIMITED**

Loo An Swee, Alex
Executive Director and CEO
1 March 2021

This announcement has been reviewed by the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. (the "Sponsor"). It has not been examined or approved by the Singapore Exchange Securities Trading Limited (the "Exchange") and the Exchange assumes no responsibility for the contents of this document, including the correctness of any of the statements or opinions made or reports contained in this document.

The contact person for the Sponsor is Mr. Joseph Au, 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318, sponsorship@ppcf.com.sg.