

GCCP RESOURCES LIMITED

(Company Registration No. OI-282405)

(Incorporated in the Cayman Islands on 1 November 2013)

EMPHASIS OF MATTER BY THE INDEPENDENT AUDITOR ON THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

Pursuant to Rule 704(4) of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) Listing Manual Section B: Rules of Catalist, the board of directors (the “**Board**”) of GCCP Resources Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) wishes to announce that the Company's independent auditor, Messrs Ernst & Young LLP (the “**Independent Auditor**”), has included an emphasis of matter to draw attention to the material uncertainty related to going concern in its independent auditor's report dated 10 April 2017 (“**Independent Auditor's Report**”) for the financial statements of the Group for the financial year ended 31 December 2016 (“**FY2016**”) (the “**Financial Statements**”).

Extract of Independent Auditor's Report

“We draw attention to Note 2.1 to the financial statements. As at 31 December 2016, the Group incurred a loss for the year of RM10,298,851 and negative operating cash flow of RM1,021,991 during the financial year ended 31 December 2016. As disclosed in that Note, the Group's loans and borrowings that are due for repayment in the next 12 months amounted to RM10,153,362 as at 31 December 2016. These factors indicate the existence of a material uncertainty which may cast significant doubt on the ability of the Group to continue as a going concern. As disclosed further in that Note, the ability of the Group to continue as a going concern is dependent on the timely recovery of the refundable deposit and the ability of the Group to generate sufficient cash flows from its operations as forecasted.”

For further details, please refer to the extracts of the Independent Auditor's Report and Note 2.1 to the Financial Statements which sets out, *inter alia*, the bases for the Board's opinion that the Group will be able to continue as a going concern, annexed to this announcement.

In the opinion of the Board, the Group will be able to continue as a going concern for the following reasons:

- 1) The Group's management (“**Management**”) believes that the Group is able to generate sufficient cash flows from its operating activities and recover a refundable deposit of approximately RM9,290,040 as set out in the Key Audit Matters of the Independent Auditor's Report to settle its obligations as and when they fall due; and
- 2) The Management does not expect the Group to have any significant capital expenditures in the next 12 months.

The Board (i) is of the opinion that sufficient information has been disclosed for trading of the Company's securities to continue in an orderly manner; and (ii) confirmed that all material disclosures have been provided for trading of the Company's shares to continue.

Shareholders of the Company are advised to read the Financial Statements in its FY2016 annual report, which will be despatched to Shareholders in due course.

By Order of the Board

GCCP RESOURCES LIMITED

Loo An Swee

Executive Chairman and Chief Executive Officer

10 April 2017

The Company was listed on Catalist of the Singapore Exchange Securities Trading Limited (the "SGX-ST") on 30 April 2015. The initial public offering of the Company was sponsored by PrimePartners Corporate Finance Pte. Ltd. (the "Sponsor").

This announcement has been prepared by the Company and its contents have been reviewed by the Sponsor for compliance with the SGX-ST Listing Manual Section B: Rules of Catalist. The Sponsor has not verified the contents of this announcement.

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

The contact person for the Sponsor is Mr Joseph Au, Associate Director, Continuing Sponsorship, at 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318, telephone (65) 6229 8088.

Annex

Extract from Independent Auditor's Report:

“Report on the audit of the financial statements Opinion

We have audited the financial statements of GCCP Resources Limited (the “Company”) and its subsidiaries (collectively the “Group”), which comprise the statements of financial position of the Group and the Company as at 31 December 2016, the statements of changes in equity of the Group and the Company, consolidated statement of comprehensive income and consolidated statement of cash flows of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Group and the Company as at 31 December 2016, and its consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (“IFRS”).

Basis for opinion

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

Material uncertainty related to going concern

We draw attention to Note 2.1 to the financial statements. As at 31 December 2016, the Group incurred a loss for the year of RM 10,298,851 and negative operating cash flow of RM 1,021,991 during the financial year ended 31 December 2016. As disclosed in that Note, the Group's loans and borrowings that are due for repayment in the next 12 months amounted to RM 10,153,362 as at 31 December 2016. These factors indicate the existence of a material uncertainty which may cast significant doubt on the ability of the Group to continue as a going concern. As disclosed further in that Note, the ability of the Group to continue as a going concern is dependent on the timely recovery of the refundable deposit and the ability of the Group to generate sufficient cash flows from its operations as forecasted.

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. Our opinion is not qualified in respect of this matter.

Key audit matters

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

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Impairment assessment of property, plant and equipment

The carrying amount of the Group's property, plant and equipment as at 31 December 2016 amounted to RM 96,695,902. The loss before tax of RM 10,106,741 incurred by the Group indicates that these assets may be impaired. Accordingly, the Group subjected its property, plant and equipment to an impairment test during the year. Management assessed the recoverable value of the assets, which included leasehold quarry lands and crusher plants ("production assets") amounting to RM 67,017,376 and RM 20,225,463 respectively. Management determined the recoverable amounts based on the higher of fair value less costs to sell and value in use.

This matter is significant to our audit due to the material size of the production assets' carrying amounts and the judgement involved in the impairment assessment. The assessment of recoverable amount involves management exercising significant judgement and making assumptions about future market and economic conditions.

For recoverable amount determined by an independent valuer engaged by management, our audit procedures included the following:

- We evaluated the valuation methodology adopted by the independent valuer and considered their independence, qualifications and experience.
- The key assumptions used in the independent valuer's model included revenue and cost projections, long term growth rates and discount rates. We involved our internal specialists to assess the appropriateness of the valuation methodology and reasonableness of certain assumptions used by the management and the independent valuer in their valuation process by comparing to acceptable market parameters and data.

For recoverable amount determined based on value in use calculation derived from cash flow projections, our audit procedures included the following:

- We assessed the appropriateness of the methodology used by management.
- We tested the reasonableness of key assumptions used in the value in use calculation, such as revenue and cost projections, long term growth rates and discount rates by comparing to contractual sales volume, prices and other relevant market data.
- We checked the arithmetical accuracy of the impairment computation.

We also assessed the adequacy of the disclosures on the property, plant and equipment in Note 10 of the financial statements.

Recoverability of refundable deposit

As stated in Note 13 of the financial statements, included in the deposits as at 31 December 2016 is an amount of RM 9,290,040 relating to a refundable deposit from a consultant firm ("Consultant") in relation to the Group's planned acquisition of a quarry in 2015. The refundable deposit is secured by a pledge of the entire shareholdings in the Consultant by its sole shareholder and an additional security in the form of a banker's guarantee provided by the Consultant, which expired in October 2016. Subsequent to 31 December 2016, the Group discontinued its acquisition plan for the quarry and requested for a refund of the refundable deposit.

Management has assessed and determined that there is no impairment of the refundable deposit as at 31 December 2016 as the value of the security exceeds the carrying amount of the refundable deposit. Management estimated the value of the security by reference to the sales consideration of a planned disposal of the Consultant's 7.1% equity holdings in its investee company ("Investee") as part

of a collective sale of up to 80% equity stake in the Investee by its shareholders to a company which is listed on Bursa Malaysia (the "Transaction").

This matter is significant to the audit as the amount of the refundable deposit is significant as it represents 25% of the Group's total current assets as at 31 December 2016. In addition, the assessment of the recoverability of the refundable deposit involves significant judgement on the value of the underlying security pledged by the Consultant.

Our audit procedures included the following:

- Sighted the Company's possession of the original share certificate of the Consultant and obtained a copy of the memorandum of deposit which details the deposit and charge by the Consultant's sole shareholder of his 100% shareholdings to the Company as security for the refundable deposit.
- Obtained a copy of the letter from the Company to the Consultant on its intention to discontinue with the acquisition and request for full refund of the refundable deposit paid.
- Sighted documents provided by management to assess for evidence that the Transaction is progressing based on the proposed timeline, the Transaction value is higher than the refundable deposit of RM 9,290,040 and the Consultant has ownership of the Investee.

We also assessed the adequacy of the disclosures on the refundable deposit in Note 13 of the financial statements.

Other information

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

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

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

Responsibilities of management and directors for the financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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 objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the

aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

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

Ernst & Young LLP
Public Accountants and
Chartered Accountants
Singapore
10 April 2017"

Extract from Note 2.1 of the Financial Statements:

“2.1 Basis of preparation

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

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

The financial statements of the Group have been prepared on a going concern basis notwithstanding that the Group incurred a loss for the year of RM 10,298,851 and negative operating cash flow of RM 1,021,991 during the financial year ended 31 December 2016 and as at that date, the Group’s net current assets amounted to RM 18,589,366 of which cash and bank balances amounted to RM 19,782 as the Group has restricted fixed deposits amounting to RM 21,336,308 which are pledged against the Group’s total borrowings of RM 36,213,753, of which RM 10,153,362 was classified as current. The Group’s loans and borrowings that are due for repayment in the next 12 months amounting to RM 10,153,362 exceed its cash and bank balances of RM 19,782 as at 31 December 2016. As at the date of this report, the Group has cash and short-term deposits of approximately RM 500,000 and unutilised banking facilities available for drawdown of approximately RM 1,700,000.

Management believes that the Group is able to generate sufficient cash flows from its operating activities and recover a refundable deposit of approximately RM 9,290,040 as set out in the Key Audit Matters to settle its obligations as and when they fall due. Management does not expect the Group to have any significant capital expenditures in the next 12 months.

In view of the above described in the preceding paragraph, management of the Group is confident that the continuing use of the going concern assumption in the preparation of the financial statements is appropriate.

Notwithstanding the above cash flow analysis, management acknowledges that there remain uncertainties over the ability of the Group to generate the necessary cash flows to discharge its liabilities in the normal course of business. These uncertainties include:

- The eventual conclusion and the timing of execution of sales contracts currently subject to ongoing negotiations with prospective customers; and*
- The successful collective sale of an 80% equity stake of Entity A as set out in the Key Audit Matters and recovery of the refundable deposit.*

The above-mentioned conditions are material uncertainties which may cast significant doubt on the Group’s ability to continue as a going concern. However, as described above, management has a reasonable expectation that the Group will be able to generate sufficient operating cash flows to meet their working capital needs.

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. Our opinion is not qualified in respect of this matter.”