

GCCP RESOURCES LIMITED

(Company Registration No. OI-282405)

(Incorporated in the Cayman Islands on 1 November 2013)

QUALIFIED OPINION BY THE INDEPENDENT AUDITOR ON THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

Pursuant to Rule 704(4) of the Singapore Exchange Securities Trading Limited 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 issued a qualified opinion and a material uncertainty related to going concern in their audited report for the Group for the financial year ended 31 December 2017 (“**FY2017**”) (“**Independent Auditor’s Report**”). Extracts of the Independent Auditor’s Report as provided as follows:

Extract of Independent Auditor’s Report: -

Basis for qualified opinion

“As disclosed in Note 13 to the financial statements, the Group has a refundable deposit amounting to RM 6,006,566. We were not provided with sufficient information and explanations we considered necessary to obtain adequate assurance to satisfy ourselves as to the recoverability of the refundable deposit. Consequently, we were unable to determine whether any adjustments to the carrying value of refundable deposit is required.”

Material uncertainty related to going concern

“We draw attention to Note 2.1 to the financial statements. The Group incurred losses amounting to RM 6,841,339 for the financial year ended 31 December 2017. As at that date, included in net current assets of RM 19,966,866 are restricted fixed deposits of RM 22,198,495. These fixed deposits were pledged against the Group’s total borrowings of RM 38,033,193. Of the Group’s loans and borrowings, the amount that are due for repayment within the next 12 months amounted to RM 7,936,211. 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. The ability of the Group to continue as a going concern is dependent on the Group continuing to receive support from the Bank in terms of availability of credit facilities and the Group generating 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.”

For further details on the Independent Auditor’s Report, please refer to Note 2.1 and Note 13 to the audited financial statements of the Group for FY2017, 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 fulfil its obligations for the next twelve months and continue as a going concern, based on the following reasons:-

- 1) The Group’s management (“**Management**”) had assessed and determined that there is no impairment of the refundable deposit approximately RM 6,006,566 (“**Deposit**”) as there was a

partial repayment during FY2017 of one third of the gross receivables outstanding and the value of the security received exceeds the carrying amount of the Deposit;

- 2) The Group will continue to receive support from its bankers in terms of availability of credit facilities to meet their working capital needs. In FY2017, the Group had obtained approval from its principal banker to defer repayments of certain loans and borrowings amounting to approximately RM 5,700,000 from August 2017 to November 2018, which was accordingly reclassified to non-current liabilities as at 31 December 2017; and
- 3) The Management believes that the Group is able to generate sufficient cash flows from its operating activities having reviewed its capital expenditure plan and to adopt a disciplined capital allocation 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 ("**Shareholders**") are advised to read this announcement in conjunction with the complete set of the Group's audited financial statements in its annual report for the financial year ended 31 December 2017, 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

11 April 2018

*This announcement has been prepared by the Company and its contents have been reviewed by PrimePartners Corporate Finance Pte. Ltd. (the "**Sponsor**") for compliance with the Singapore Exchange Securities Trading Limited ("**SGX-ST**") Listing Manual Section B: Rules of Catalyst. The Sponsor has not verified the contents of this announcement.*

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 (Mailing Address: 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318, and E-mail: sponsorship@ppcf.com.sg).

