INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MMP RESOURCES LIMITED

Report on the Audit of the Financial Statements

Disclaimer of Opinion

We were engaged to audit the accompanying financial statements of MMP Resources Limited (the "Company") and its subsidiary corporations (the "Group"), which comprise the consolidated balance sheet of the Group and the balance sheet 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 for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 11 to 58.

We do not express an opinion on the accompanying consolidated financial statements of the Group and the balance sheet of the Company. Because of the significance of the matters described in the Bases 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.

Bases for Disclaimer of Opinion

1) Going concern

As disclosed in Note 2.1 to the financial statements, the following circumstances give rise to material uncertainties as to the appropriateness of the use of the going concern assumption in the preparation of the accompanying consolidated financial statements of the Group and the balance sheet of the Company for the current financial year:

(i) The Group and the Company are in a net current liabilities position of S$9,145,000 and S$6,700,000 (2018: S$6,918,000 and S$4,823,000) and a net liabilities position of S$8,401,000 and S$6,639,000 (2018: S$6,125,000 and S$4,819,000) respectively.

(ii) The Group and the Company incurred a net loss of S$2,220,000 and S$1,820,000 (2018: S$2,232,000 and S$1,514,000) and incurred net operating cash outflows of S$1,147,000 and S$1,128,000 (2018: S$1,141,000 and S$927,000) respectively.

(iii) As disclosed in Note 23(a), the Group is currently engaged in a legal dispute for the full and immediate repayment of S$5,200,000 alleged loan given to the Group.

Bases for Disclaimer of Opinion (continued)

1) Going concern (continued)

The above conditions indicate the existence of material uncertainties which may cast significant doubt on the Group's and the Company's abilities to continue as going concerns. Notwithstanding the above, the Board of Directors of the Company believes that the use of the going concern assumption in the preparation of the financial statements for the financial year ended 31 December 2019 is appropriate after taking into consideration the following measures and assumptions:

(a) The substantial shareholder will continue to provide financial support to enable the Group and the Company to continue in operation and to meet its obligations as and when they fall due for at least the next twelve months.

(b) On 2 August 2019, the Group entered into a loan settlement agreement with Maiora Asian Structured Finance Segregated Portfolio ("MASFF") to extend the maturity date of the loans given to its subsidiary corporation, MMP Resources Japan K.K. ("MMPRJ") and waiver of all the outstanding amount, subject to the satisfaction of the following conditions precedent:

(i) completion of the transfer to MASFF all the shares held by the Company in MMPRJ.

(ii) completion of the acquisition of a new asset or business by the Company or any of its subsidiary corporations.

(c) The Company has also on the same date of (b) entered into a settlement agreement with Maiora Asset Management Pte. Ltd. ("MAM") and Solar Founders Limited ("SFL") to waive all the amounts owing and as may be owed in the future by the Company up to the mutually agreed date in writing.

As a consideration of the waivers and as a condition to this settlement agreement, the Company agrees to issue and allot:

(i) new shares to MASFF representing approximately 10.0% of the enlarged share capital of the Company upon completion of an acquisition by the Company or any new asset or business acquired by the Group.

(ii) new shares to MASFF with aggregate value of which shall be equivalent to 2.5% of the Company's market capitalisation of S$300,000,000.

The Group and the Company believes that if the conditions are fulfilled, this will reduce its current liabilities and eliminate the need for any cash payments and also improve the Company's net tangible assets value.

Bases for Disclaimer of Opinion (continued)

1) Going concern (continued)

(d) The Company has on 28 April 2020 entered into a conditional sale and purchase agreement with Majesty Asset Management Ltd in respect of the acquisition by the Company of all the shares in the entire issued and paid up share capital of GCM Ltd. ("Target Company") for a purchase consideration of S$118,000,000. This acquisition if undertaken and completed, is expected to result in a Reverse Takeover. The Target Company is a private company limited by shares incorporated under the laws of Japan and it is based in Tokyo, the business is in both the real estate and financial markets industries. The Company believes that with this acquisition it will allow the Group to achieve in a more consistent and sustainable financial growth in view of Target Company's strong financial position and also will potentially increase the market capitalisation of the Company.

(e) Based on discussions with the lawyer engaged by the Company, the Board of Directors believes that the outcome of legal litigation as disclosed in Note 23(a) would be favourable to the Group.

The ability of the Group and of the Company to continue in operational existence in the foreseeable future and to meet their financial obligations as and when they fall due are dependent upon the successful outcome of the measures and assumptions undertaken as disclosed above which cannot be determined at present. At the date of this report, we are unable to obtain sufficient audit evidence regarding the likely outcome of these measures and assumptions including the financial capability of the substantial shareholder that will provide continuing financial support to the Group and the Company. Therefore, we are not able to form an opinion as to whether the going concern basis of preparation of the accompanying financial statements of the Group and the Company is appropriate.

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 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 sheet. In addition, the Group and the Company may have to provide for further liabilities that might arise, and to reclassify non-current assets as current assets. The financial statements do not include any adjustment which may arise from these uncertainties.

(2) Impairment of property, plant and equipment ("PPE")

The carrying amount of the Group's PPE amounted to S$887,000 (2018: S$798,000) as at 31 December 2019. The performance of the Group during the financial year indicates that, other than the S$272,000 of the freehold land and building, the remaining carrying amount of the Group's PPE amounting to S$615,000 (2018: S$798,000) may be impaired. Management has not determined the recoverable amount of, nor assessed for any allowance for impairment of these PPE. Consequently, we were unable to perform alternative audit procedures to assess the appropriateness of the carrying amount of the Group's PPE. Therefore, we were unable to determine whether any adjustment to the carrying amount of PPE were necessary.

Bases for Disclaimer of Opinion (continued)

(3) Expected credit loss ("ECL") of the Company's other receivables from subsidiary corporation and related party

As disclosed in Note 13 to the financial statements, as at 31 December 2019, the Company has other receivables from subsidiary corporations and related party amounted to S$1,302,000 (2018: S$1,197,000) and S$1,050,000 (2018: S$948,000) respectively, of which, S$2,124,000 (2018: S$969,000) are receivables with significant increase in credit risk as at 31 December 2019 as there have been no subsequent receipts.

The Group did not measure the loss allowance for these other receivables at an amount equal to 12-month or lifetime ECL, as the management has determined that there was no increase in credit risk since initial recognition and has assessed the amount to be recoverable. We are unable to obtain sufficient appropriate audit evidence to ascertain the recoverability and the reasonableness of management's ECL assessment on these other receivables from subsidiary corporation and related party. Any impairment loss which might have been necessary as at 31 December 2019 would have increased the total comprehensive loss for the financial year and the net liabilities as at that date by the same amount.

(4) Opening balances

Our independent auditor's report on the consolidated financial statements of the Group and the balance sheet of the Company for the financial year ended 31 December 2018 dated 5 April 2019 included a disclaimer of opinion on the appropriateness of going concern assumptions of the Group and of the Company as there were existence of material uncertainties which may cast significant doubt about the ability of the Group and of the Company to continue as going concerns, and the inability to obtain sufficient appropriate audit evidence on the impairment of property, plant and equipment and the appropriateness and impairment of the carrying amount of the Company's other receivables from subsidiary corporation. As the matters mentioned above have not been resolved in the financial year ended 31 December 2019, we have considered the impact as below.

In view of the significance of the matters described in the bases for disclaimer of opinion paragraphs on the financial statements for the financial year ended 31 December 2018, we were unable to determine:

(a) Whether the opening balances of the Group and of the Company as at 1 January 2019 were fairly presented; and

(b) The impact on the current financial year's financial position of the Company and of the Group and the financial performance, changes in equity and cash flows of the Group.

Our opinion on the current financial year's consolidated financial statements of the Group and the balance sheet of the Company is a disclaimer of opinion because of the significance of these matters on the comparability of the current financial year's figures and the corresponding figures.

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act (the "Act") and Singapore Financial Reporting Standards (International) (the "SFRS(I)s"), 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 Group's financial statements in accordance with Singapore Standards of Auditing and to issue an auditor's report. However, because of the matters described in the Bases 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.

Report on Other Legal and Regulatory Requirements

In our opinion, except for those matters described in the Bases for Disclaimer of Opinion section of our report, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement director on the audit resulting in this independent auditor's report is Ms. Chan Siew Ting.

Nexia TS Public Accounting Corporation
Public Accountants and Chartered Accountants

Singapore
14 May 2020