



(Incorporated in the Republic of Singapore)  
(Company Registration No. 200613299H)

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## Sale of Shares Agreement with Joint Venture Partner

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### 1. INTRODUCTION

The Board of Directors (the “**Board**”) of MMP Resources Limited (the “**Company**”, and together with its subsidiaries, collectively, the “**Group**”) wishes to announce that its wholly owned subsidiary, Magnum Energy Pte Ltd (“**Magnum Energy**”), which has a joint venture with Primeforth Renewable Energy Limited (“**Primeforth**”), has entered into a binding Sale of Shares Agreement dated 13<sup>th</sup> November 2015 (“**SSA**”) to sell its 70% equity stake (the “**Sale Shares**”) in its joint venture company, Magnum Modular Power Generation Pte Ltd (“**MMPGPL**”), to Primeforth for a total consideration of S\$500,000 (the “**Disposal**”).

In conjunction with the Disposal, Magnum Energy entered a management services agreement dated 13<sup>th</sup> November 2015 (“**Management Agreement**”) with Primeforth and MMPGPL, pursuant to which Magnum Energy shall oversee finalised construction of the second 3MW Micro Power Plant (“**MPP**”) and manage the operations of the two South Korean MPPs for 24 months. Magnum Energy shall be paid a monthly management fee of S\$100,000 for its management services.

### 2. RATIONALE

The Board believes the sale is in line with the restructuring strategy implemented in February 2015, which focuses on heavily reducing debt, nullifying outstanding creditors and moving towards short-term profitability.

The Company intends to continue on a construction target of 150 MPP through 2016 and beyond, as disclosed in earlier announcements, however the incomplete placement exercise<sup>1</sup> has led to a review of the Group’s 2015/16 expansion program with the current joint venture entity MMPGPL. As previously announced, the ideal breakeven model for the Korean rollout was 5 MPPs, supported by the Company and Primeforth. Unfortunately, at the time the placement was completed, the Company stock price fell below the placement issue price, leading to only two placees subscribing for the Company’s new shares, something unforeseen by the Board.

Without sufficient funds to continue the construction of MPPs in 2016, the Company felt it prudent to avoid risking a breach of the terms of the current joint venture with Primeforth by failing to meet agreed commitments, while continuing to absorb losses by having an incomplete rollout model. The SSA also stipulates that Primeforth will bear MMPGPL’s operating costs and provide for any

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<sup>1</sup> Please refer to the Company’s announcement dated 10 September 2015 for more information on the incomplete placement exercise.

new funding it requires with effect from the date of the SSA, which heavily reduces the Group's current liabilities. Together with the Management Agreement, these transactions will move the Company to a more asset light business model with reliable monthly revenue, covering yearly operating cash flow projections.

The Board believes that under the current financial conditions, the Disposal and Management Agreement is in the best interests of the Company and its shareholders. The Group has delivered on the ability to build and manage the first two MPPs in Korea on time and budget, and will continue to generate revenue after the Disposal by providing management services to MMPGPL.

The Company is in the final stages of tendering to construct new MPP's in India and Cambodia, which will be paid for by the end user but managed under a management services agreement by the Group. Having shown a fully executable model in Korea, the Company is entering into new discussions with financiers to provide debt financing options for 2016. If the Company can secure sufficient funding for a renewed 2016 Korean strategy, the Company will enter into a new joint venture with Primeforth to continue the MPP roll, out simply in a new joint venture entity to be announced. Primeforth have additionally agreed to not enter into further joint venture relationships in Korea until June 30<sup>th</sup> 2016, without mutual consent, allowing the Company sufficient time to secure larger funding requirements.

### **3. KEY TERMS OF THE DISPOSAL**

#### **3.1 Consideration**

The consideration for the Disposal shall be S\$500,000 (the "**Consideration**"), payable in cash by Primeforth on completion of the Disposal ("**Completion**").

The Consideration was arrived at on a willing-buyer and willing-seller basis, and the Board took into consideration the Company's cost of investment in MMPGPL and its current losses, as well as the Management Agreement.

The net asset value of the Sale Shares is S\$695,780. There is no open market value for the Sale Shares as the shares of the MMPGPL are not publicly traded. Additionally, the Company shall write off S\$1.61 million amount owing by MMPGPL.

#### **3.2 Conditions Precedent**

Completion is conditional upon the Parties having received the relevant approvals necessary for the Disposal on or before 1 March 2016 (the "**Closing Date**").

#### **3.3 Other Terms**

Primeforth has agreed to bear:

- (a) all operating costs and expenses incurred; and
- (b) any new funding requirements required,

by MMPGPL with effect from the date of the SSA up to the Closing Date.

## **4. Key Terms of the Management Agreement**

### **4.1 Scope of Services**

Magnum Energy shall provide management services to MMPGPL, which shall entail managing all aspects of the operations, financial and accounting functions of MMPLGL (the “**Management Services**”). Magnum Energy shall provide MMPGPL with such employees, affiliates or agents as are required to perform the Services.

### **4.2 Term**

Magnum Energy shall provide the Services for a term of 24 months with effect from the date of the Management Agreement, unless terminated by Magnum Energy.

### **4.3 Fees and Expenses**

- (a) Magnum Energy shall be entitled to an aggregate management fee of S\$2,400,000, payable in 24 equal monthly installments of S\$100,000 each. If MMPGPL acquires or commences any additional business operations after the date of the Management Agreement, Magnum Energy and MMPGPL shall in good faith determine if and to what extent the fees should be increased as a result of the expansion of the scope of the Management Services.
- (b) Any expenses incurred by Magnum Energy in the course of providing the Management Services shall be reimbursed by MMPGPL.

## **5. FINANCIAL EFFECTS OF THE DISPOSAL AND MANAGEMENT AGREEMENT**

### **5.1 Bases and assumptions**

The financial effects of the Disposal and Management Agreement on (i) the consolidated net tangible assets (“**NTA**”) per Share; and (ii) the consolidated earnings per Share (“**EPS**”) have been prepared based on the audited consolidated financial statements of the Group for FY2014 and the unaudited accounts of the Group for the 9 months ended 30 September 2015 (“**3Q2015**”). The *pro forma* financial effects of the Disposal and Management Agreement are for illustrative purposes only and do not reflect the actual financial effects or the future financial performance and condition of the Group after the Disposal and Management Agreement.

These financial effects have been prepared based on, *inter alia*, the following assumptions:

- (a) the financial effects of the Disposal and Management Agreement on the NTA per Share of the Group are computed assuming that the Disposal and Management Agreement were completed on 31 December 2014 and 30 September 2015;

- (b) the financial effects of the Disposal and Management Agreement on the EPS of the Group are computed assuming that the Disposal and Management Agreement were completed on 1 January 2014 and 1 January 2015; and
- (c) the expenses in connection with the Disposal and Management Agreement are disregarded for the purposes of calculating the financial effects.

## 5.2 NTA per Share

	As at 31 December 2014		As at 30 September 2015	
	Before the Disposal and Management Agreement	After the Disposal and Management Agreement	Before the Disposal and Management Agreement	After the Disposal and Management Agreement
NTA attributable to the equity holders of the Group (S\$'000)	3,200	3,200	10,341	9,646
Number of Shares	1,316,763,799	1,316,763,799	1,561,763,799	1,561,763,799
NTA per Share (cents)	0.24	0.24	0.66	0.62

## 5.3 EPS

	FY2014		3Q2015	
	Before the Disposal and Management Agreement	After the Disposal and Management Agreement	Before the Disposal and Management Agreement	After the Disposal and Management Agreement
Group Loss after tax (S\$'000)	(2,611)	(2,611)	(25,601)	(27,108)
Weighted average number of Shares	1,316,763,799	1,316,763,799	1,370,719,843	1,370,719,843
EPS (cents)	(0.20)	(0.20)	(1.87)	(1.97)

## 6. RELATIVE FIGURES CALCULATED UNDER RULE 1006

Based on the unaudited financial statement of the Group for 3Q2015, the relative figure of the Disposal computed on the base set out in Rules 1006(a) of the Mainboard Rules exceeds five 5%. As such, the Disposal is a Discloseable Transaction and shareholder approval is not required.

Rule 1006	Bases of Calculation	Relative Figure (%)
(a)	Net asset value of the assets to be disposed of compared with the Group's net asset value	7.97%
(b)	The net loss <sup>(1)</sup> of approximately S\$616,695 attributable to the	2.41%

Target, compared with the Group's net loss of approximately S\$25,601,513 for 3Q2015

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| (c) | The Consideration compared with the Company's market capitalisation of approximately S\$27,174,690 as at 12 November 2015, being the last Market Day the Shares were traded on the SGX-ST immediately preceding the date the SSA was executed <sup>(2)</sup> | 1.84% |
| (d) | The number of Consideration Shares issued by the Company, compared with the number of Shares (excluding treasury shares) previously in issue   | N.A.  |
| (e) | The aggregate volume of proved and probable reserves to be disposed of compared with the Group's probable and proved reserves  | N.A.  |

**Notes:**

- (1) Under the Mainboard Rules, net profits or loss means profit or loss before income tax, minority interests and extraordinary items.
- (2) The market capitalisation of the Company was determined by multiplying the number of total issued Shares, being 1,561,763,799 Shares (excluding treasury shares) by S\$27,174,690 (being the volume-weighted average traded price of such Shares on 12 November 2015, being the last Market Day immediately preceding the date of the SSA).

**7. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS**

None of the Directors or controlling shareholders of the Company and/or their respective associates has any interest, direct or indirect, in the Disposal and Management Agreement, other than through their respective shareholdings in the Company.

**8. DOCUMENTS AVAILABLE FOR INSPECTION**

A copy of the SSA will be made available for inspection by Shareholders during normal business hours from 9.00 a.m. to 5.00 p.m. at the Company's registered office at 20 Martin Road, #10-02 Seng Kee Building, Singapore 239070, for a period of three (3) months from the date of this announcement.

**9. DIRECTORS' RESPONSIBILITY STATEMENT**

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this announcement and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this announcement constitutes full and true disclosure of all material facts about the Disposal and Management Agreement, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this announcement misleading. Where information in this announcement has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this announcement in its proper form and context.

By Order of the Board

**MMP RESOURCES LIMITED**

Drew Ethan Madacsi  
Executive Director

15 November 2015