

M M P RESOURCES LIMITED

ANNUAL REPORT 2019

DIRECTORS' STATEMENT AND FINANCIAL STATEMENTS


PIONEERING
RESOURCE AND
URBAN
DEVELOPMENT

Contents

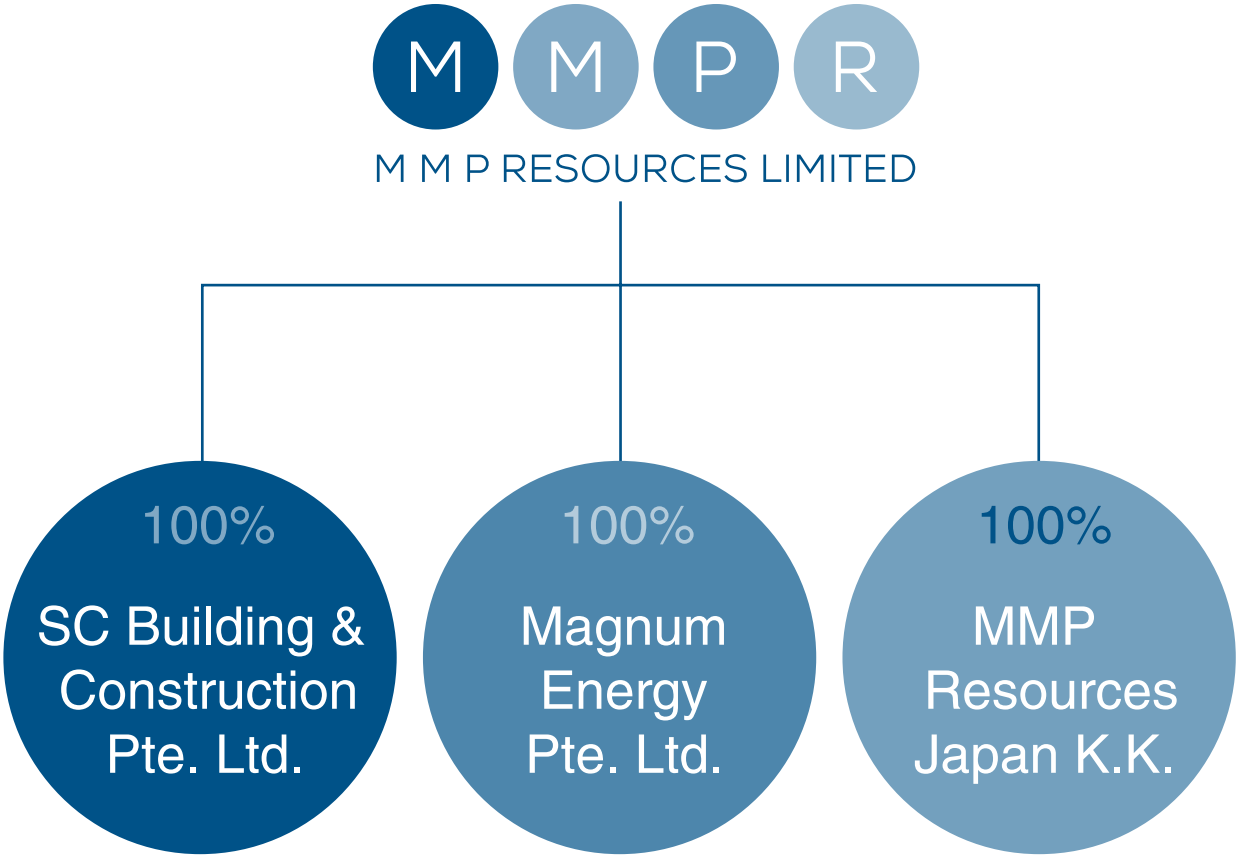
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Corporate **Profile**

MMP Resources Limited is a Singapore based, Asia focused construction company, built on dual revenue models - construction and operations. Revenue opportunities are generated through new construction, refurbishment and rebranding of existing or medium-term cash flow businesses, those with a regional or global significance in specific sectors but currently without operational or financial means for advancement. The Company has focused on acquisition and partnership opportunities predominantly within the Travel, Hospitality and Leisure Industry within Japan.

The Company has an experienced and well-versed Board and Management Team that span finance, branding, operations, strategy and PR, and are capable of steering and implementing these core business initiatives.

Group **Structure**



Board of **Directors**

Drew Ethan Madacsi
Non-Executive Chairman

Mr Madacsi currently holds a number of global leadership and advisory positions, specifically focused on strategy, construction, brand, and corporate restructuring. In addition to these leadership positions, he currently serves as Non-Executive Chairman of MMP Resources Limited.

Mr Madacsi's previous advisory experience has ranged the following industries – Business Services, Consulting, Food & Beverage, Mining, Retail, Venture Capital, and has developed a proven track record of managing multidimensional corporate structures, with specialty focus in Corporate Restructuring and Broad-based Business Strategy. Previously Mr Madacsi has consulted to multiple international companies, providing high-level oversight and established relationships within key jurisdictions; primarily Asia, North America and Africa over two decades.

Jason N Block
Non-Executive Director

Mr Block is currently a founding partner of Maiora Asset Management, a Registered Fund Management Company in Singapore, which is regulated by the Monetary Authority of Singapore.

Mr Block previously was a Director at Deutsche Bank in Tokyo where he helped establish Deutsche's mezzanine debt business for non-recourse commercial real estate loans. He has over 15 years experience in financial markets and has lived in Asia for over 20 years.

Mr Block holds a B.A from University of Massachusetts, Amherst and speaks English, Japanese and Chinese.

Chong Chee Meng Gerard
Lead Independent Director

Mr Chong is the Principal Consultant and Managing Partner of Radiant Communications, a Singapore based integrated communications consultancy firm.

Mr Chong has over 20 years of experience in communications, management and team leadership. He has initiated, driven and supervised integrated communications programmes targeting government and industry stakeholders; led and directed local and regional teams and agencies across the Asia-Pacific region; and provided strategic counsel to senior-level private and public sector executives in support of their business and organisational goals.

Mr Chong graduated with a BA in English (Literature) from the University of Calgary, Canada.

Board of **Directors**

Chan Ying Wei
Independent Director

Mr Chan has about 25 years of experience in areas of auditing, accounting and treasury in various industries. He is responsible for financial reporting, governance and compliance and treasury of a public listed company in Malaysia.

Mr Chan graduated from RMIT University, Melbourne Australia with a Bachelor of Business (Accountancy). He is also a Charted Accountant of the Malaysian Institute of Accountants and a member of Certified Practicing Accountants (CPA) Australia.

As the Chairman of the Audit Committee, Mr Chan's experience in financial reporting, governance and compliance would be invaluable to ensure adherence to good corporate governance practices.

Damian Paul Collins
Independent Director

Mr Collins has over 20 years Human Resource leadership experience across Asia, Australia & the Middle East. He is currently the Head of People & Organisation Development, APAC, of a global agripharma & biotechnology company.

Mr Collins is an Organisational Psychologist by profession with a Bachelor of Psychology from the University of Western Australia, a Masters in Organisational Psychology from Curtin University and a Master of Business Administration from Curtin University. He is also an alumni of Harvard Business School having completed the Program for Leadership Development, Alumni.

Statement by **Chairman**

The fiscal year of 2019 was an extremely difficult year for the Company in Japan, especially with the ongoing development strategy in Hokkaido, Japan, suffering through one of the worst snow seasons on record, a disappointing number of local and foreign tourists, and jeopardising a budding reputation as an international ski destination. Both the Singapore and Japan teams at MMP, supported by funding partners, worked extremely hard under tough circumstances to minimise losses, and continue to support ongoing operations.

The last several years have been difficult, with reduced funding capacity but the Board has continued to focus on financing and potential new deal flow, which have proved successful in the latter part of the year. The Board's responsibility is always to shareholders first and spent most of the year marketing the operating structure of the Company to prospective asset owners globally, culminating in two viable asset options, one resulting in an RTO opportunity in 2020.

The Board believes a strong turnaround future now exists for the Company's shareholders and will continue to focus on the operating profitability the Company.

Appreciation

On behalf of the Board, I would like to again extend my appreciation to our directors, staff, financial supporters and suppliers for their ongoing support of the Company.

However our biggest thank you is always to our shareholders, who have remained in support through the trials of the Company over the last period, it's again, truly appreciated by all associated to the Company.

Drew Ethan Madacsi
Non-Executive Chairman

Financial **Highlights**

	2019 S$'000	2018 S$'000	Increase / (Decrease) %
Consolidated statement of profit or loss and other comprehensive income			
Revenue	573	370	54.9
Net (loss)	(2,220)	(2,232)	(0.5)
Balance Sheet			
Total Assets	2,396	2,155	11.2
Total Liabilities	10,797	8,280	30.4

	2019 %	2018 %	Increase / (Decrease) %
Ratios			
Return on Equity	27.1	37.0	(26.8)
Return on Assets	(95.0)	(105.2)	(9.7)

	2019 cents	2018 cents	Increase / (Decrease) %
Per Ordinary Share			
Basic (loss) per share	(0.09)	(0.10)	(10.0)
Diluted (loss) per share	(0.09)	(0.10)	(10.0)

Corporate **Governance Report**

The Board of Directors (the "Board") of MMP Resources Limited (the "Company") recognises the importance of corporate governance and the offering of high standards of accountability to the shareholders of the Company by complying with the benchmark set by the Code of Corporate Governance 2018 (the "Code").

This report sets out the corporate governance practices that have been adopted by the Company with specific reference to the principles and provisions of the Code, as well as any deviation from the Code together with an explanation for such deviation.

STATEMENT OF COMPLIANCE

The Board confirms that for the financial year ended 31 December 2019 ("FY2019"), the Company has generally adhered to the principles and provisions as set out in the Code, save as otherwise explained below.

(A) BOARD MATTERS

THE BOARD'S CONDUCT OF AFFAIRS

Principle 1: The company is headed by an effective Board which is collectively responsible and works with the management for long-term success of the company.

The Board has five members comprising two non-executive directors and three non-executive independent directors. The directors as a group possess a wide range of skills, experience, knowledge of the Company and core competence such as accounting, finance, management experience, industry knowledge, strategic planning experience and customer based experience or knowledge. Such diversity of skills will ensure that the Board is equipped to deal with a range of issues enabling them to contribute effectively to the Company.

The Group has internal guidelines governing matters that require Board's approval which include:-

- approval of the Group's strategic objectives
- approval of the annual operating and capital expenditure budgets and any material changes to the budgets
- review of performance based on the Group's strategic objectives and business plans
- changes relating to the Group's capital structure including capital reduction, share issuance and share buyback
- major changes to the Group's corporate structure, including, but not limited to acquisitions and disposals
- changes to the Group's management and control structure
- approval of the quarterly/half-yearly/full year results announcements, annual report and accounts, including the corporate governance report
- approval of the dividend policy, declaration of the interim dividend and recommendation of the final dividend
- approval of any significant changes in accounting policies or practices
- approval of major capital projects

Corporate **Governance Report**

- contracts regarding acquisitions or disposals of fixed assets (including intangible assets such as intellectual property), substantial bank borrowings, etc.
- major investments
- approval of resolutions and corresponding documentations to be put forward to shareholders at a general meeting including approval of circulars, prospectuses, etc.
- approval of press releases concerning matters decided by the Board
- changes to the structure, size and composition of the board, including the approval of recommendations from the nominating committee pertaining to the appointment and cessation of directors, and nomination of members of Board Committees
- determine the remuneration policy for directors and other senior executives including the introduction of new share incentive plans or major changes to existing plans, to be put to shareholders for approval
- establish Board Committees and approving their terms of reference, and approving material changes thereto
- approval of Group policies such as code of conduct, share dealing code, whistle blowing policy, environment and sustainability policy, corporate social responsibility policy, etc.
- any decision that is likely to have material impact on the Company or Group from any perspective, including, but not limited to, financial, operational, strategic or reputational.

The Board has established three Board Committees, namely, the Audit Committee ("AC"), the Nominating Committee ("NC") and the Remuneration Committee ("RC") to assist in the execution of its responsibilities. These committees operate within clearly defined terms of reference.

The Board meets on a quarterly basis. Ad-hoc Board meetings will be convened when they are deemed necessary. In between Board meetings, other important matters will be put to the Board's approval by way of circulating resolutions in writing. The Company's Constitution provides for meetings of directors to be held by means of telephone conference or other methods of simultaneous communication by electronic or telegraphic means.

The number of meetings held and attendance at the meetings in FY2019 were as follows:

Name of Director	Board	Audit Committee	Remuneration Committee	Nominating Committee
Drew Ethan Madacsi	3/4	2/2*	–	–
Jason N Block	1/4	1/1*	1/1*	1/1*
Chan Ying Wei	4/4	4/4	1/1	1/1
Chong Chee Meng Gerard	4/4	4/4	1/1	1/1
Toshinori Tanabe [@]	0/1	0/1	0/1	0/1
Damian Paul Collins [#]	1/1	1/1	–	–

* By invitation

[@] Retired at AGM held on 29 April 2019

[#] Appointed as non-executive independent director on 16 September 2019

Corporate **Governance Report**

The Company recognises the importance of appropriate training for its directors. All newly appointed directors are given an orientation on the Group's business strategies and operations, as well as extensive information about the Company's history, missions and values. Directors are encouraged to constantly keep abreast of developments in regulatory, legal and accounting frameworks that are of relevance to the Group through the extensive opportunities for participation in training courses, seminars and workshops as relevant and/or applicable. In addition, directors who have no prior experience as directors of a listed company will undergo training and briefing on the roles and responsibilities as directors of a listed company.

Briefings and updates provided to the directors in FY2019 include:-

- the external auditors, Nexia TS Public Accounting Corporation, updated the AC members on the compliance with the Singapore Financial Reporting Standards (International) and other regulatory matters

- the non-executive directors updated the Board at each meeting on business and strategic developments pertaining to the Group's business

As part of the Company's continuing education for directors, the Company Secretary circulates to the Board articles, reports and press releases relevant to the Group's business to keep directors updated on current industry trends and issues. News releases issued by the Singapore Exchange Securities Trading Limited ("SGX-ST") and the Accounting and Corporate Regulatory Authority which are relevant to the directors are also circulated to the Board.

The Company has an on-going budget for all directors to attend appropriate courses, conferences and seminars in order to stay abreast of relevant business developments and market outlook.

All directors are provided with complete, adequate and timely information prior to Board meetings and on an on-going basis to enable them to make informed decisions and to discharge their duties and responsibilities.

All directors have separate and independent access to management. Detailed board papers are prepared for each meeting of the Board and are normally circulated three days in advance of each meeting. The Board papers include sufficient information from management on disclosure documents, budgets, forecasts, business and quarterly financial statements to brief the directors on issues to be considered at Board meetings.

In addition, directors are also entitled to request from management and provided with such additional information as needed to make informed decisions and the management has provided the requested information to the directors in a timely manner.

The Board has separate and independent access to the Company Secretaries (each the "Company Secretary"). Under the direction of the Chairman, the Company Secretary ensures good information flows within the Board and its Board committees and between the management and independent directors.

The Company Secretary assists the Chairman and the Chairman of each Board Committees in the development of the agendas for the various Board and Board Committees meetings. She administers and attends all Board and Board Committees meetings of the Company and prepares minutes of meetings. She is also responsible for, among other things, ensuring that Board procedures are observed and that the relevant rules and regulations, including requirements of the Companies Act, Securities and Futures Act and the SGX-ST Listing Manual (the "SGX-ST Listing Manual" or the "Listing Rules of the SGX-ST"), are complied with. Her responsibilities also include advising the Board on all governance matters as well as facilitating orientation and assisting with professional developments as directed by the Chairman.

The appointment and the removal of the Company Secretary are subject to the approval of the Board.

Where the directors, whether individually or collectively, require independent professional advice in the furtherance of their duties, the Chairman of the Board and the Company Secretary will assist the directors to

Corporate **Governance Report**

appoint an independent professional advisor, if necessary, to render the professional advice and to keep the Board informed of the advice. The cost of such professional advice will be borne by the Company.

BOARD COMPOSITION AND GUIDANCE

Principle 2: The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the company.

As at the date of this report, the Board and Board Committees comprise the following members:

Name	Board	AC	RC	NC
Drew Ethan Madacsi	Non-executive chairman	–	–	–
Jason N Block	Non-executive director	–	–	–
Chong Chee Meng Gerard	Lead Non-executive independent director	Member	Chairman	Chairman
Chan Ying Wei	Non-executive independent director	Chairman	Member	Member
Damian Paul Collins	Non-executive independent director	Member	Member	Member

While the Chairman is not independent, non-executive independent directors make up a majority of the Board as advocated in the Code. The Board has adopted the Code's criteria in reviewing the independency of directors. An independent director is one who has no relationship with the Company, its related corporations or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the directors' independent business judgement in the best interests of the Company. The independency of each independent director is reviewed annually by the NC. Based on the NC's review, the Board is of the view that all the non-executive independent directors have satisfied the criteria of independence.

The composition of the Board is reviewed annually by the NC to ensure an appropriate mix of background, expertise and experience, which the Group may tap on in structuring and furthering its business objectives including shaping its business strategies. The directors as a whole form core competencies in business, accounting, investment, audit and taxation matters.

The non-executive directors and/or non-executive independent directors also communicate regularly to discuss matters such as the Group's financial performance, corporate governance initiatives and the remuneration of the executive director and executive officers. To facilitate a more effective check on management, the non-executive directors and/or non-executive independent directors are encouraged to meet without the presence of management. During FY2019, the non-executive and/or non-executive independent directors had four meetings without the presence of management and there was no major issue to be highlighted.

The Board comprises directors who are qualified and/or experienced in various fields including business and management, accounting and finance and investor relations. The NC is of the opinion that given the scope and nature of the Group's operations, the size of the Board is appropriate in facilitating effective decision making.

The Board is keen on having gender diversity in the composition of the Board. Due to the nature of the Group's business, there is difficulty in achieving gender diversity. Nevertheless, the NC has noted this direction and would work on the sourcing for female director for future Board renewal.

There is no director who has served on the Board beyond nine years from the date of his first appointment.

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The profiles of the directors are set out on pages 4 and 5 of this Annual Report. The Board considers the current Board size appropriate for the nature and scope of the Group's operations.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Principle 3: There is a clear division of responsibilities between the leadership of the Board and management, and no one individual has unfettered power of decision-making.

Mr Drew Ethan Madacsi, Chairman of the Board, is a non-executive director. He assumes responsibility for (i) the smooth functioning of the Board and ensures timely flow of information between management and the Board; (ii) sets agenda and ensures that adequate time is available for discussion of all agenda items, in particular strategic issues; and (iii) promotes a culture of openness and debate at the Board and promotes high standards of corporate governance. The Company does not have a Chief Executive Officer ("CEO").

The Company is an investment holding company and its major core businesses are in its wholly-owned subsidiary – MMP Resources Japan K.K. which is managed by the non-executive director, Mr Jason N Block who effectively assumes full executive responsibility over the mapping of business plans and operational decisions of the Group.

Mr Drew Ethan Madacsi and Mr Jason N Block are not related to each other. There is a clear division of responsibilities of the Chairman of the Board and the non-executive director.

All the Board Committees are chaired by independent directors and more than half of the Board consists of independent directors.

The Company has a lead independent director, Mr Chong Chee Meng Gerard who was appointed on 9 March 2017 to co-ordinate and lead the other independent directors to provide a non-executive perspective and contribute to a balance of viewpoints on the Board. He will be available to shareholders in the event their concerns are not resolved through the Chairman, the non-executive director or the senior accountant, or for which contact is inappropriate.

BOARD MEMBERSHIP

Principle 4: The Board has a formal and transparent process for the appointment and re-appointment of directors, taking into account the need for progressive renewal of the Board.

The NC comprises the following members, all of whom, are independent:

Chong Chee Meng Gerard	(Chairman and lead non-executive independent director)
Chan Ying Wei	(Non-executive independent director)
Damian Paul Collins	(Non-executive independent director)

The key terms of reference of the NC includes, to:

- evaluate and review nominations for appointment and re-appointment to the Board and the various committees
- nominate a director for re-election at the Annual General Meeting ("AGM"), having regard to the director's contribution and performance
- determine annually and as and when circumstances require if a director is independent
- recommend to the Board the process, the objective performance criteria and conduct of annual evaluation and assessment of the performance of the Board, the Board Committees and individual directors

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- review the directors who have multiple board representations and recommend to the Board whether these directors are able to and have been adequately carrying out their duties as directors of the Company

- review and make recommendations to the Board on relevant matters relating to the succession plans of the Board (in particular, the Chairman/CEO) and key management personnel

- review of training and professional development programmes for the directors

The NC is responsible for identifying and recommending new Board members to the Board for approval, after considering the necessary and desirable competencies such as their skills, experience, knowledge and diversity of expertise. Accordingly, in selecting potential new directors, the NC will seek to identify the competencies required to enable the Board to fulfil its responsibilities. The NC may engage consultants to undertake research on, or assess, candidates for new positions on the Board, or to engage such other independent experts, as it considers necessary to carry out its duties and responsibilities.

When a vacancy arises under any circumstance, either as part of the progressive renewal of the Board or where it is considered that the Board would benefit from the services of a new director with specialised skills, the NC or the Board would determine the selection criteria and source for candidates. The NC would make reference checks, interview the candidates, assess their suitability, and make recommendation to the Board. Shortlisted candidates would meet up with the other Board members before the Board approves the appointment.

The NC reviews and recommends to the Board the nomination of retiring directors standing for re-election and appointment of new directors. The review ensures that the director to be nominated or appointed is able to contribute to the ongoing effectiveness of the Board, has the ability to exercise sound business judgement, and has demonstrated leadership experience, high levels of professional skills and appropriate personal qualities.

Regulation 104 of the Company's Constitution requires one-third of the directors to retire from office by rotation and subject themselves to re-election by shareholders at the AGM. Every director must retire from office and submit themselves for nomination and re-election at least once every three years. Pursuant to Regulation 114, any director so appointed shall hold office until the next AGM and shall be eligible for re-election.

The NC has recommended to the Board that Mr Drew Ethan Madacsi and Mr Chan Ying Wei (retiring pursuant to Regulation 104 of the Company's Constitution) and Mr Damian Paul Collins (retiring pursuant to Regulation 114 of the Company's Constitution) be nominated for re-election at the forthcoming AGM. In making the recommendation, the NC had given regard to the results of the Board assessment in respect of their competencies in fulfilling their responsibilities as directors to the Board, performance, contribution, attendance and participation at the Board and Board Committees meetings, including time and efforts devoted to the Group's business and affairs.

More information on Mr Drew Ethan Madacsi, Mr Chan Ying Wei and Mr Damian Paul Collins can be found in the Key Information on the section entitled "Board of Directors" on pages 25 to 26 in this Annual Report.

In its annual review of independence, the NC, having considered the guidelines set out in the Code, is of the view that Mr Chan Ying Wei, Mr Chong Chee Meng Gerard and Mr Damian Paul Collins, are independent. The Board, after taking into consideration concurred with the NC's view, is of the view that Mr Chan Ying Wei, Mr Chong Chee Meng Gerard and Mr Damian Paul Collins are considered independent.

All directors are required to declare their board representations. When a director has multiple board representation, the NC will consider whether the director is able to adequately carry out his duties as a director of the Company, taking into consideration the director's number of listed company board representations and other principal commitments. The NC has reviewed and is satisfied that notwithstanding their multiple

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Board appointments and principal commitment, Mr Drew Ethan Madacsi, Mr Jason N Block and Mr Chong Chee Meng Gerard, have been able to devote sufficient time and attention to the affairs of the Company to adequately discharge their duties as directors of the Company. Please refer to Table 1 on page 24 below for the disclosure of Mr Drew Ethan Madacsi, Mr Jason N Block and Mr Chong Chee Meng Gerard's multiple board representations.

The Board does not see any reason to set the maximum number of listed company representations that any director may hold as all the directors are able to devote to the Company's affairs considering their other commitments.

There is no alternate director on the Board.

Key information regarding the directors is given in the section entitled "Board of Directors" on pages 4 to 5 in this Annual Report. The shareholdings of the individual director are set out on page 27 of this Annual Report.

During FY2019, the NC had one meeting.

Each member of the NC abstains from voting on any resolutions and making any recommendation and/or participating in discussion on matters in which he is interested.

BOARD PERFORMANCE

Principle 5: The Board undertakes a formal assessment of its effectiveness as a whole, and that each of its Board Committees and individual directors.

The Board through the NC has exercised its best efforts to ensure that directors appointed to the Board and Board committees, whether individually or collectively possess the necessary background, experience and knowledge in the business, the industry, the relevant geographic areas, and finance, and have the appropriate management skills critical to the Company's business. It has also ensured that each director brings to the Board an independent and objective perspective to enable balanced and well-considered decisions to be made.

The NC has established a review process to assess the performance and effectiveness of the Board as a whole. The NC believes it is more appropriate to assess the Board as whole, rather than assessing each of its Board Committees and individual directors, bearing in mind each member of the Board contributes in different ways to the effectiveness of the Board.

During FY2019, all directors are requested to complete a Board Assessment Checklist designed to seek their view on the various aspects of the Board performance so as to assess the overall effectiveness of the Board. The performance criteria for the Board evaluation covers amongst other criteria, composition structure and processes of the Board, access to information, corporate strategy, internal control and risk management and standard of conduct of the Board.

The completed checklists are submitted to the Company Secretary for compilation for the NC's review before submitting to the Board for discussion and determining areas for improvement with a view to enhance Board effectiveness.

Following the review, the Board is of the view that the Board and its Board committees operate effectively and each director is contributing to the overall effectiveness of the Board.

The factors taken into consideration for the nomination of the directors for the current year are based on the directors' attendance at meetings held during the year including their preparation and participation made by the directors at the meetings.

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(B) REMUNERATION MATTERS

PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

Principle 6: The Board has a formal and transparent procedure for developing policies on director and executive remuneration, and for fixing the remuneration packages of individual directors and key management personnel. No director is involved in deciding his or her own remuneration.

The RC comprises the following members, all of whom, are independent:

Chong Chee Meng Gerard	(Chairman and lead non-executive independent director)
Chan Ying Wei	(Non-executive independent director)
Damian Paul Collins	(Non-executive independent director)

All the members of the RC including the Chairman of the RC are independent directors.

The key terms of reference of the RC is to review and recommend to the Board a framework of remuneration for Board members and key management personnel, and the specific remuneration packages for each director (executive, non-executive and independent) as well as for the key management personnel. The RC is responsible for ensuring that a formal and transparent procedure is in place for developing policy on executive remuneration and for determining the remuneration packages of individual directors and key management personnel. It reviews the remuneration packages with the aim of building capable and committed management teams through competitive compensation and focused management and progression policies.

The RC recommends for the Board's endorsement, a framework of remuneration that covers all aspects of remuneration, including but not limited to directors' fees, salaries, allowances, bonuses, benefits-in kind and specific remuneration packages for each director. In addition, the RC reviews the performance of the Group's key management personnel taking into consideration the non-executive chairman's assessment of and recommendation for remuneration and bonus.

All revision to the remuneration packages for the directors and key management personnel are subject to the review and approval of the Board. Directors' fees are further subject to the approval of the shareholders at the AGM.

No member of the RC is involved in deliberating in respect of any remuneration, compensation or any form of benefits to be granted to him.

The RC reviews the Company's obligations arising in the event of termination of the executive directors and key management personnel's contracts of service, to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous.

During FY2019, the RC had one meeting.

Each member of the RC abstains from voting on any resolutions and making any recommendation and/or participating in discussion regarding his own remuneration package or on matters in which he is interested.

The RC has access to external expert advice with regard to remuneration matters, if required. No external remuneration consultants were appointed for the financial year under review.

LEVEL AND MIX OF REMUNERATION

Principle 7: The level and structure of remuneration of the Board and key management personnel are appropriate and proportionate to the sustained performance and value creation of the company.

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The RC reviews annually the remuneration of the executive director and key management personnel to ensure that the level and structure of remuneration commensurate is aligned with the long-term interest and risk policies of the Company and should be appropriate to attract, retain and motivate (a) the directors to provide good stewardship of the Company and (b) key management personnel to successfully manage the Company.

The remuneration package of the executive director has been designed to align remuneration with the interests of shareholders and link rewards to corporate and individual performance so as to promote the long-term sustainability of the Group.

The remuneration package of the key management personnel comprises a basic salary component and a variable component which is the annual bonus, based on the performance of the Group as a whole and their individual performance. This is designed to align remuneration with the interests of shareholders and link rewards to corporate and individual performance so as to promote the long-term sustainability of the Group.

The Group would follow the above guidelines in the Code had there been any proper service agreements with any executive director or key management personnel.

The non-executive directors and non-executive independent directors do not have any service agreements with the Company but receive directors' fees, which subject to shareholders' approval at AGM. The non-executive and non-executive independent directors do not receive any other forms of remuneration from the Company.

The Company believes in aligning its level and structure of remuneration with the interests of shareholders to promote the long-term success of the Company. To initiate this, MMP Performance Share Plan has been adopted to link rewards to eligible employees including executive director, non-executives, key management personnel and other employees based on corporate and individual performance and align their interests with those of shareholders. The RC is of the view that the remuneration policy and amounts paid to directors are adequate and are reflective of present market conditions.

DISCLOSURE ON REMUNERATION

Principle 8: The company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration and the relationships between remuneration, performance and value creation.

The following shows the breakdown of remuneration of each director paid or payable for FY2019:

Remuneration bands	**Salary S$**	**Bonus S$**	**Directors' fees[(1)] S$**	**Total S$**
Drew Ethan Madacsi	–	–	38,000	38,000
Jason N Block	–	–	19,000	19,000
Chong Chee Meng Gerard	–	–	60,000	60,000
Chan Ying Wei	–	–	45,000	45,000
Toshinori Tanabe *	–	–	19,000	19,000
Damian Paul Collins #	–	–	19,000	19,000

* Retired at AGM held on 29 April 2019

Appointed as non-executive independent director on 16 September 2019

Note:-

(1) Directors' fees were approved by shareholders at AGM held on 29 April 2019

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Provision 8.1 of the Code recommends that companies should name and disclose the remuneration of at least the top five key management personnel (who are not directors or the CEO) in bands of S$250,000. In addition, the companies should disclose in aggregate the total remuneration paid to the top five key management personnel (who are not directors or the CEO). As best practice, companies are encouraged to fully disclose the remuneration of the said top five key management personnel.

There was no key management personnel who are not directors or the CEO, given the Group's scale of operations. The directors are assisted by the Company's staff for day-to-day business operations.

The Company does not have any employee who is an immediate family member of a director or the CEO and whose remuneration exceeds S$100,000 for FY2019.

The Company has in place a share scheme known as MMP Performance Share Plan for eligible employees, including directors of the Company and the Group. Details of MMP Performance Share Plan are disclosed in the Directors' statement.

During FY2019 and as at 31 December 2019, no options have been granted under the MMP Performance Share Plan.

(C) ACCOUNTABILITY AND AUDIT

RISK MANAGEMENT AND INTERNAL CONTROLS

Principle 9: The Board is responsible for the governance of risk and ensures that management maintains a sound system of risk management and internal controls to safeguard the interests and the company and its shareholders.

The Group does not have a Risk Management Committee. However, the management regularly reviews the Company's business, operations and activities to identify possible areas of significant business risks as well as appropriate measures to control and mitigate these risks. The management reviews all significant control policies and procedures and highlights all significant matters to the Board and the AC.

The Board has overall responsibility for the management of the Group's key risks to safeguard shareholders' interests and its assets. The Company has implemented a system of internal controls designed to provide reasonable but not absolute assurance that assets are safeguarded and ensured that (i) proper accounting records are maintained; (ii) operational controls are adequate; and (iii) business risks are suitably managed.

The Board has engaged the services of an independent accounting firm as its internal auditors ("internal auditors"). The internal auditors have presented their internal audit plan to the AC and the Board during FY2019 to assist the AC and the Board in their review of the Group's risk management and internal control systems focusing on financial, operational, compliance and information technology controls.

Management regularly reviews the Group's business and operational activities in respect of the key risk control areas including financial, operational, compliance and information technology controls and continues to apply appropriate measures to control and mitigate these risks. All significant matters are highlighted to the AC and the Board for further discussion. The AC and the Board also work with the internal auditors, external auditors and management on their recommendations to institute and execute relevant controls with a view to managing such risks.

With the assistance from the internal auditors, key risk areas which have been identified are analysed, monitored and reported, the Group has conducted risk assessment and has established the risk reporting dashboard and developed a detailed risk register.

Corporate **Governance Report**

The external auditors provide feedback to the AC highlighting matters that require the attention of the management. The AC keeps under review the effectiveness of the Group's system of accounting and internal financial controls, for which the directors are responsible.

The Group does not utilise sophisticated and complex computer systems in its operations and considers its exposure to information technology risks to be low.

During FY2019, the AC reviewed, with the assistance of the internal auditors, external auditors and the management team, the effectiveness of the Company's financial, operational and compliance internal controls. Any material non-compliance or lapses in internal controls, together with recommendation for improvement are reported to the AC. The AC has made its best effort in ensuring timely and proper implementation of all required corrective, preventive or improvement measures are monitored closely.

Based on the framework of risk management controls and internal controls established and maintained by the Group, work performed by the internal auditors, external auditors and reviews performed by the management, the Board, with the concurrence of the AC, is of the opinion that the Group's system of internal controls, which addresses the financial, operational, compliance and information technology risks, and risk management systems in place were adequate and effective during the financial year under review.

For FY2019, the Board and the AC have received assurance from the non-executive chairman and the senior accountant that the financial records of the Group have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances; and the system of risk management and internal controls in place within the Group is adequate and effective in addressing the material risks in the Group in its current business environment including material financial, operational, compliance and information technology risks.

AUDIT COMMITTEE

Principle 10: The Board should establish an AC with written terms of reference which clearly set out its authority and duties.

The AC comprises the following members, all of whom are independent:

Chan Ying Wei	(Chairman and non-executive independent director)
Chong Chee Meng Gerard	(Lead non-executive independent director)
Damian Paul Collins	(Non-executive independent director)

The Board is of the opinion that the AC chairman and members of the AC are appropriate qualified with the relevant accounting, financial, business management and corporate experience to discharge their responsibilities.

The key terms of reference of the AC are to:-

- review with the external/internal auditors the audit plans, their evaluation of the system of internal accounting controls, and their audit report including the scope and results of the external audit, the independence and objectivity of the external auditors

- review the financial statements and balance sheet and profit and loss accounts including reviewing the significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of the Company and any announcements relating to the Company's financial performance, before submission to the Board for approval

Corporate **Governance Report**

- review the internal control procedures, its scope and the results and to ensure co-ordination between the external/internal auditors and the management; and review the assistance given by management to the external auditors, and discuss problems and concerns, if any, arising from the interim and final audits
- review and report to the Board at least annually the adequacy and effectiveness of the Company's internal controls
- review the effectiveness of the Company's internal audit function
- review and discuss with the external auditors any suspected fraud or irregularity, or suspected infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on the Group's operating results and/or financial position, and the management's response
- make recommendation to the Board on the proposals to the shareholders on the appointment, re-appointment and removal of the external auditors
- review interested person transactions (if any) falling within the scope of Chapter 9 of the Listing Manual
- review potential conflicts of interest, if any
- undertake such other review and projects as may be requested by the Board, and report to the Board its findings from time to time on matters arising and which requires the attention of the AC
- generally undertaking such other functions and duties as may be required by statute or the SGX-ST Listing Manual, and by such amendments made thereto from time to time

The AC meets with the internal and external auditors, without the presence of the management, at least annually. Matters to discuss include the reasonableness of the financial reporting process, the internal control process, the adequacy of resources, audit arrangements with particular emphasis on the observations and recommendations of the external auditors, the scope and quality of their audits and the independence and objectivity of the external auditors and any matters that may be raised.

The AC reviewed the independence of the external auditors annually. During the current financial year, there was no non-audit related work carried out by the external auditors; hence there was no fee paid in this respect. The AC is satisfied with the independence of the external auditors, and has recommended the re-appointment of the external auditors at the forthcoming AGM.

Please refer to the table below for the aggregate amount of fees paid to the external auditors and a breakdown of fees paid in total to the external auditors for audit and non-audit services respectively for the financial year.

For FY2019	
Fees payable to the external auditors in respect of audit services	S$79,000
Fees payable to the external auditors in respect of non-audit services	Nil
Total	S$79,000

The Company has complied with Rules 712(2)(a) and 715 read with Rule 716 of the SGX-ST Listing Manual in relation to the appointment of its external auditors.

No former partner or director of the Company's existing auditing firm or audit corporation is a member of the AC.

Each member of the AC abstains from voting on any resolutions and making any recommendation and/or participating in discussion on matters in which he is interested.

Corporate **Governance Report**

INTERNAL AUDIT

The AC approves the hiring, removal, evaluation and compensation of the internal auditors. The internal audit function of the Company is outsourced to an independent accounting firm (the "internal auditors"). The internal auditors report primarily to the Chairman of the AC and have full access to the documents, records properties and personnel including access to the AC.

The Board recognises its responsibilities in ensuring a sound system of internal controls to safeguard shareholders' investments and the Company's assets. Rule 719(1) of the SGX-ST Listing Manual requires an issuer to have a robust and effective system of internal controls, addressing financial, operational and compliance risks. Effective internal controls not only refer to financial controls but include, among others, business risk assessment, operational and compliance controls.

The AC approves the internal audit plan and the results of the audit findings are submitted to the AC for its review. The internal auditors conducted an annual review in accordance with their audit plans, the effectiveness of the Company's material internal controls, including financial, operational and compliance controls, and risk management. Any material non-compliance or failures in internal controls and recommendations for improvements were reported to the AC. The AC, together with the Board has also reviewed the effectiveness of the actions taken by management on the recommendations made by the internal auditors in this respect. The Board and the AC are of the view that the internal audit is adequately resourced and has the appropriate standing within the Group.

Based on the internal auditors' report submitted by the internal auditors and the various controls put in place by the management and the review and work performed by the internal and external auditors, management and the various Board committees, the Board, with the concurrence of the AC, is of the view that there are adequate internal controls.

The AC is satisfied that the internal auditors has adequate resources to perform its function effectively and is staffed by suitably qualified and experienced professionals with the relevant experience.

The internal audit work carried out by the internal auditors in the FY2019 was guided by the Standards for the Professional Practice of Internal Auditing laid down by the International Professional Practices Framework issued by the Institute of Internal Auditors.

On an annual basis, the AC reviews the internal audit program and function to ensure the adequacy and effectiveness of the Group's internal audit function as well as to align it to the changing needs and risk profile of the Group's activities.

The Company has put in place a whistle blowing policy which has been reviewed, endorsed by the AC and approved by the Board. Under the whistle blowing policy, employees can, in confidence, raise concerns about improper conduct for investigation. The procedures for the whistle blowing policy are made public to the employees of the Group. For FY2019, there were no reported incidents pertaining to whistle blowing.

(D) SHAREHOLDER RIGHTS AND ENGAGEMENT

SHAREHOLDER RIGHTS AND CONDUCT OF GENERAL MEETINGS

Principle 11: The company treats all shareholders fairly and equitably in order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the company. The company gives shareholders a balanced and understandable assessment of its performance, position and prospects.

Corporate **Governance Report**

The Group's corporate governance culture and awareness promotes fair and equitable treatment for all shareholders. All shareholders enjoy specific rights under the Companies Act and the Constitution of the Company. All shareholders are treated fairly and equitably.

The Group respects the equal information rights of all shareholders and is committed to the practice of fair, transparent and timely disclosure. All shareholders receive reports or circulars of the Company including notice of general meeting by post within the prescribed period. Notice of general meeting is announced through SGXNET and published in the Business Times.

Shareholders are given the opportunity to participate effectively and vote at general meetings of the Company. At general meetings, shareholders will be informed of the rules, voting procedures relating to the general meetings.

The Company supports active shareholders' participation. If shareholders are unable to attend the meetings, the Constitution allows a shareholder of the Company to appoint up to two proxies to attend and vote in place of the shareholder. Voting in absentia and by electronic mail may only be possible following careful study to ensure that integrity of the information and authentication of the identity of shareholders through the web is not compromised and is also subject to legislative amendment to recognise electronic voting.

Resolutions at general meetings are on each substantially separate issue. All the resolutions at the general meetings are single item resolutions.

At general meetings, all the directors, chairman of the Board and the respective chairman of the AC, NC and RC as well as the external auditors should be present and available to address shareholders' queries at these meetings. For FY2018, Mr Chong Chee Meng Gerard presided as Chairman of the AGM while Mr Chan Ying Wei, independent director and AC Chairman was participated via Skpe. Mr Drew Ethan Madasci and Mr Jason N Block were unable to join the AGM due to prior business commitments.

The Company with the help of the Company Secretary prepares minutes of general meetings that include substantial and relevant comments relating to the agenda of the meetings and responses from the Board and management and such minutes, where relevant will be made available to shareholders upon their written request. The Company is of the view that the minutes of general meetings should only be made available to its shareholders who have genuine interests in the Company. Hence, publication of minutes of general meetings on the Company's corporate website is not necessary.

The Company put all resolutions to vote by poll and make an announcement of the detailed results showing the number of votes cast for and against each resolution and the respective percentages at all its general meetings. The Company has yet to adopt electronic poll voting.

The Group does not have a concrete dividend policy at present. In considering the declaration of dividends, the Company will have to take into consideration the Group's profit growth, cash position, positive cash flow generated from operations, projected capital requirements for business growth and other factors as the Board may deem appropriate. No dividend has been declared for FY2019 due to the Group's loss position.

ENGAGEMENT WITH SHAREHOLDERS

Principle 12: The Company communicates regularly with its shareholders and facilitates the participation of shareholders during general meetings and other dialogues to allow shareholders to communication their views on various matters affecting the company.

The Company does not practice selective disclosure. In line with continuous disclosure obligations of the Company pursuant to the SGX-ST Listing Manual and the Companies Act, the Board's policy is that all shareholders should be equally and timely informed of all major developments that impact the Group. Information will first be disseminated through SGXNET and where relevant, followed by news release and the

Corporate **Governance Report**

Company's website. The Company will also make announcements from time to time to update investors and shareholders on developments that are of interest to them.

The Company has an internal investor relations function which focuses on facilitating communications with shareholders and analysts on a regular basis, attending to their queries or concerns and keeping them apprised of the Group's corporate developments and financial performance. During such interactions, the Company solicits and understands the views of shareholders and the investment community. To enable shareholders to contact the Company easily, the contact details of the investor relations function are set out on the last page of this Annual Report.

(E) MANAGING STAKEHOLDERS RELATIONSHIPS

ENGAGEMENT WITH STAKEHOLDERS

Principle 13: The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the Company are served.

The Company maintains a corporate website to constantly communicate with stakeholders. The Company welcomes any comment, feedback and query from the stakeholders through the Company's corporate website and strives to engage and manage relationships with the stakeholders. Stakeholders may find such information on the investors relation section of the Company's corporate website.

The Company will publish its sustainability report within the stipulated timeline of SGX-ST for FY2019 separately.

RISK MANAGEMENT

Pursuant to the Listing Manual Rule 1207 (4)(b)(iv), the Group endeavours to continually reviewing and improving its business and operational activities to take into account the risk management perspective. This includes reviewing management and manpower resources and updating work flows, processes and procedures to meet the current and future market conditions. The Group has also considered the various financial risks and Management, details of which are found on pages 72 to 79 of the Annual Report.

DEALING IN SECURITIES

The Group has adopted and implemented policies in line with the SGX-ST's best practices in relation to the dealing of shares of the Company. The policies have been made known to directors, key management personnel and any other persons as determined by the management who may possess unpublished material price-sensitive information of the Group.

The Group has procedures in place prohibiting directors and officers from dealing in the Company's shares during the two weeks before the announcement of the Company's financial statements for each of the first three quarters of its financial year and the one month before the announcement of the Company's full year financial statements ("Prohibited Periods"), or if they are in possession of unpublished material price-sensitive information of the Group.

Directors and officers are required to comply with and observe the laws on insider trading even if they trade in the Company's securities outside the Prohibited Periods. They are discouraged from dealing in the Company's securities on short-term considerations and should be mindful of the law on insider trading.

The Board confirms that for FY2019, the Company has complied with Listing Rule 1207(19).

Corporate **Governance Report**

INTERESTED PERSON TRANSACTIONS

The Company is required to comply with the requisite rules under Chapter 9 of the SGX-ST Listing Manual for interested person transactions.

All interested person transactions will be properly documented and submitted to the AC for quarterly review to ensure that they are carried out on an arm's length basis, on normal commercial terms and will not be prejudicial to the interests of shareholders.

In the event that a member of the AC is interested in any interested person transaction, he will abstain from reviewing that particular transaction.

The Board will ensure that all disclosure, approval and other requirements on interested person transactions, including those required by prevailing legislation, the SGX-ST Listing Manual and accounting standards are complied with.

The Group did not enter into IPT transactions in FY2019.

MATERIAL CONTRACTS AND LOANS

The Company or its subsidiaries have not entered into several loan agreements with its controlling shareholder during the year under review. These loans were entered in prior years and are subject to shareholders' approval.

Corporate **Governance Report**

TABLE 1 – Key information regarding the Directors, including their present and past three years' directorship in other listed companies and principal commitments.

Name of director	Appointment	Age	Date of initial appointment	Date of last re-election	Directorships in listed companies	Past directorship (preceding 3 years) in listed companies	Principal Commitments
Drew Ethan Madacsi	Non-executive director	45	9 February 2015	30 April 2018	Nil	Nil	- MMP Resources Japan K.K.
Jason N Block	Non-executive director	44	12 September 2017	30 April 2018	Nil	Nil	- Kenzai Ltd - Kenzai Inc - Operational Alliance Global Limited - Elysian Group Ltd
Chan Ying Wei	Non-executive independent director	48	19 December 2013	30 April 2018	Nil	Nil	Nil
Chong Chee Meng Gerard	Lead Non-executive independent director	55	19 December 2013	29 April 2019	Nil	Nil	- SC Building & Construction Pte. Ltd. - Magnum Energy Pte. Ltd. - Radiant Communications LLP
Damian Paul Collins	Non-executive independent director	45	16 September 2019	N.A.	Nil	Nil	Nil

Key information on the individual directors and their shareholdings in the Company are set out on pages 4 - 5 and 27 of this Annual Report. None of the directors hold shares in the subsidiaries of the Company.

Corporate **Governance Report**

Additional Information on Directors seeking re-election pursuant to Rule 720(6) of the Listing Manual of the SGX-ST

Mr Drew Ethan Madacsi and Mr Chan Ying Wei will retire at the Company's forthcoming AGM pursuant to Regulation 104 of the Company's Constitution and are seeking re-election under Ordinary Resolution 2 and 3 respectively; while Mr Damian Paul Collins will retire at the Company's forthcoming AGM pursuant to Regulation 114 of the Company's Constitution and is seeking re-election under Ordinary Resolution 4 as set out in the Notice of AGM dated 14 May 2020.

Pursuant to Rule 720(6) of the Listing Manual of the SGX-ST, the information relating to the directors' re-election as set out in Appendix 7.4.1 to the Listing Manual of the SGX-ST is set out below:

Name of Director	**Drew Ethan Madacsi**	**Chan Ying Wei**	**Damian Paul Collins**
Date of Appointment	9 February 2015	19 December 2013	16 September 2020
Date of Last Re-Appointment	30 April 2018	30 April 2018	N.A.
Age	45	48	44
Country of principal residence	Singapore	Malaysia	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	N.A.	N.A.	N.A.
Whether appointment is executive, and if so, the area of responsibility	No	No	No
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Non-executive director	Non-executive independent director Chairman of AC Member of NC Member of RC	Non-executive independent director Member of AC Member of NC Member of RC
Professional qualifications	Please refer to Directors' Profile on pages 4 to 5 of Annual Report.	Please refer to Directors' Profile on pages 4 to 5 of Annual Report.	Please refer to Directors' Profile on pages 4 to 5 of Annual Report.
Working experience and occupation(s) during the past 10 years	Please refer to Directors' Profile on pages 4 to 5 of Annual Report.	Please refer to Directors' Profile on pages 4 to 5 of Annual Report.	Please refer to Directors' Profile on pages 4 to 5 of Annual Report.
Shareholding interest in the listed issuer and its subsidiaries	100,000,000	Nil	Nil
Any relationship (including immediate family relationship) with any existing director, existing executive officer, the issuer and/ or substantial shareholder of the listed issuer or of any of its principal subsidiaries	Nil	Nil	Nil
Conflict of interest (including any competing business)	Nil	Nil	Nil
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes	Yes

Corporate **Governance Report**

Name of Director	Drew Ethan Madacsi	Chan Ying Wei	Damian Paul Collins
Other principal commitments including directorships			
Past (for the last 5 years)	1. African Coal Resources Ltd 2. Lighthouse Strategic Group Limited 3. Magnum Energy Pte. Ltd. 4. Magnum Modular Power Generation Pte. Ltd.	1. British Elite Sdn Bhd	Nil
Present	1. Epicentre Holdings Limited 2. MMP Resources Japan K.K.	Nil	Nil
The general statutory disclosures (items (a) to (k) of Appendix 7.4.1) of the Directors are as follows:	There is no change in the information of Mr Drew Ethan Madacsi since his date of appointment previously announced on 9 February 2015.	There is no change in the information of Mr Chan Ying Wei since his date of appointment previously announced on 19 December 2013.	There is no change in the information of Damian Paul Collins since his date of appointment previously announced on 16 September 2019.
Prior Experience as a Director of a Listed Company on the Exchange			
Any prior experience as a director of an issuer listed on the Exchange?	Not applicable. This is a re-election of a director.	Not applicable. This is a re-election of a director.	Not applicable. This is a re-election of a director.

Directors' **Statement**

For the financial year ended 31 December 2019

The directors present their statement to the members together with the audited financial statements of the Group for the financial year ended 31 December 2019 and the balance sheet of the Company as at 31 December 2019.

In the opinion of the directors,

(a) the balance sheet of the Company and the consolidated financial statements of the Group as set out on pages 35 to 83 re drawn up so as to give a true and fair view of the financial position of the Company and of the Group as at 31 December 2019 and the financial performance, changes in equity and cash flows of the Group for the financial year covered by the consolidated financial statements; and

(b) at the date of this statement, after considering the matters described in Note 2.1 to the financial statements with respect to the Group's and the Company's abilities to continue as going concerns, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

Directors

The directors of the Company in office at the date of this statement are as follows:

Drew Ethan Madacsi
Chong Chee Meng Gerard
Chan Ying Wei
Jason N Block
Damian Paul Collins (appointed on 16 September 2019)

Arrangements to enable directors to acquire shares and debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object was to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, other than as disclosed under "Performance shares" in this statement.

Directors' interests in shares or debentures

According to the register of directors' shareholdings, none of the directors holding office at the end of the financial year had any interest in the shares or debentures of the Company or its related corporations, except as follows:

	Holdings registered in name of director		Holdings in which a director is deemed to have an interest	
The Company	**As at 31.12.2019**	**As at 1.1.2019**	**As at 31.12.2019**	**As at 1.1.2019**
(Number of ordinary shares)				
Drew Ethan Madacsi	100,000,000	100,000,000	–	–
Jason N Block	–	–	305,701,215[1]	457,537,500[1]

The directors' interests in the ordinary shares of the Company as at 21 January 2020 were the same as those as at 31 December 2019.

[1] Jason N Block is a director of and holds more than 20% of the shares in Maiora Asset Management Pte. Ltd. which manages Maiora Asian Structured Finance Segregated Portfolio, a shareholder of the Company.

Directors' **Statement**

For the financial year ended 31 December 2019

Performance shares

MMP Share Performance Plan 2015 ("MMP SPP")

On 6 August 2015, the Company adopted a performance share plan scheme ("MMP Share Performance Plan 2015" or the "plan"). The plan was approved by shareholders of the Company in a shareholder vote held at the registered office of the Company.

The MMP SPP is administered by the Remuneration Committee ("RC"). The members of the RC as at the date of this statement are:

Chong Chee Meng Gerard	(Chairman and lead non-executive independent Director)
Chan Ying Wei	(Non-executive independent Director)
Damian Paul Collins	(Non-executive independent Director)

Objectives

The MMP SPP was established with the objective to incentivise the key officers and employees of the Group to meet its long term business objectives.

Eligibility

The following persons, unless they are also controlling shareholders of MMP Resources Limited or the associates of such controlling shareholders, shall be eligible to participate in the MMP SPP:

1. any employee of the Group who meet the relevant age and rank criteria and whose services have been seconded to a company within the Group selected by the RC to participate in the MMP SPP;

2. Non-Executive Directors; and

3. any employee of associated companies (including Executive Directors) selected by the RC to participate in the MMP SPP.

Awards

Awards represent the right of a participant to receive the fully paid shares, their equivalent cash value, or combinations thereof, free of charge, upon the participant achieving prescribed performance targets and/or service conditions or otherwise having performed well and/or made a significant contribution to the Group.

Types of Awards

Awards granted under the MMP SPP may be performance-based, time-based or one-off special awards. Such predetermined performance target may be shorter-term targets aimed at encouraging continued services such as completion of projects and/or stretched targets aimed at sustaining longer-term growth. Time-based awards are awards granted after the satisfactory completion of time-based service conditions, that is, after the participant has served the Group for a specified number of years as may be determined or predetermined by the RC. Such awards may also be granted as a sign-on bonus.

The release of the shares awarded under the MMP SPP can take the form of either a new issue of shares and/or the purchase of existing shares (subject to applicable laws).

No performance shares granted during the current financial year.

Directors' **Statement**

For the financial year ended 31 December 2019

Share options

There were no options granted during the financial year to subscribe for unissued shares of the Company or its subsidiary corporations.

No shares have been issued during the financial year by virtue of the exercise of any option to take up unissued shares of the Company or its subsidiary corporations.

There were no unissued shares of the Company or its subsidiary corporations under option at the end of financial year.

Audit committee ("AC")

The members of the AC as at the date of this statement are:

Chan Ying Wei	(Chairman and Non-executive independent Director)
Chong Chee Meng Gerard	(Lead non-executive independent Director)
Damian Paul Collins	(Non-executive independent Director)

The AC carried out its functions in accordance with Section 201B(5) of the Singapore Companies Act. In performing those functions, the AC carried out the following:

- Reviewed the audit plans of the internal and independent auditors of the Group and the Company and reviewed the internal auditor's evaluation of the adequacy of the Group's system of internal accounting controls and the assistance given by the Group and the Company's management to the independent and internal auditors;
- Reviewed the quarterly financial information and annual financial statements and the independent auditor's report on the annual financial statements of the Group and the Company before their submission to the Board of Directors;
- Reviewed the effectiveness of the Group's and the Company's material internal controls, including financial, operational and compliance controls and risk management via reviews carried out by the internal auditor;
- Reviewed legal and regulatory matters that may have a material impact on the financial statements, related compliance policies and programmes and any reports received from regulators;
- Reviewed the independence and objectivity of the independent auditor and the nature and extent of non-audit services provided by the independent auditor;
- Recommended to the Board of Directors the independent auditor to be nominated, approved the compensation of the independent auditor, and reviewed the scope and results of the audit;
- Reported actions and minutes of the AC to the Board of Directors with such recommendations as the AC considered appropriate;
- Reviewed the financial statements and other announcements to members and the Singapore Exchange Securities Trading Limited ("SGX-ST"), prior to submission to the Board; and
- Reviewed interested person transactions (as defined in Chapter 9 of the SGX-ST Listing Manual).

Directors' **Statement**

For the financial year ended 31 December 2019

Audit committee ("AC") (cont'd)

The AC having reviewed the independent auditor's non-audit services was of the opinion that there were no non-audit services rendered that would affect the independence and objectivity of the independent auditors.

The AC has held four meetings since the last Directors' Statement with full attendance from all members. In performing its functions, the AC has also discussed with the Company's internal and independent auditors, without the presence of the Company's management, at least once a year.

The Company confirms that Rules 712 and 715 of the SGX-ST Listing Manual have been complied with.

Further information regarding the AC are detailed in the Corporate Governance Report set out in the Annual Report of the Company.

Independent auditor

The independent auditor, Nexia TS Public Accounting Corporation, has expressed its willingness to accept re-appointment.

On behalf of the directors

Chong Chee Meng Gerard
Director

Drew Ethan Madacsi
Director

14 May 2020

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 35 to 83.

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.

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.

Independent **Auditor's Report**

To the Members of MMP Resources Limited

Bases for Disclaimer of Opinion (continued)

(1) Going concern (continued)

(c) The Company has also on the same date of (b) entered into a settlement agreement with Maiora Asset Management Pte. Ltd. ("MAM") (acting in its own capacity and on behalf of MASFF) 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.

(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.

Independent **Auditor's Report**

To the Members of MMP Resources Limited

Bases for Disclaimer of Opinion (continued)

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

The carrying amount of the Group's PPE amounted to S$887,000 (2018: S$793,000) 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$793,000) 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.

(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.

Independent **Auditor's Report**

To the Members of MMP Resources Limited

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

Consolidated Statement of **Comprehensive Income**

For the financial year ended 31 December 2019

	Note	Group 2019 S$'000	Group 2018 S$'000
Revenue	4	573	370
Cost of sales		(315)	(413)
Gross profit/(loss)		258	(43)
Other income			
- Interest income	5	102	92
- Others	5	163	185
Other gains and losses			
- Impairment loss on financial assets		–	(488)
- Others	6	(39)	28
Expenses			
- Administrative		(2,098)	(1,554)
- Finance	9	(606)	(452)
Loss before income tax		(2,220)	(2,232)
Income tax expense	10	–	–
Net loss attributable to equity holders of the Company		(2,220)	(2,232)
Other comprehensive loss:			
Items that may be reclassified subsequently to profit or loss:			
- Currency translation differences arising from consolidation – loss		(56)	(34)
Other comprehensive loss, net of tax		(56)	(34)
Total comprehensive loss attributable to equity holders of the Company		(2,276)	(2,266)
Loss per share attributable to equity holders of the Company (cents per share)			
- Basic and diluted	11	(0.09)	(0.10)

The accompanying notes are an integral part of these financial statements.

Balance **Sheet - Group**

As at 31 December 2019

	Note	2019 S$'000	2018 S$'000
ASSETS			
Current assets			
Cash and bank balances		261	194
Financial asset, at fair value through profit or loss	12	*	*
Trade and other receivables	13	1,141	1,003
Inventories	14	25	19
Other current assets	15	82	146
		1,509	1,362
Non-current assets			
Property, plant and equipment	17	887	793
		887	793
Total assets		2,396	2,155
LIABILITIES			
Current liabilities			
Trade and other payables	19	2,750	1,864
Borrowings	20	7,749	6,416
Lease liabilities	20	155	–
		10,654	8,280
Non-current liabilities			
Lease liabilities	20	143	–
		143	–
Total liabilities		10,797	8,280
NET LIABILITIES		**(8,401)**	**(6,125)**
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital	21	125,783	125,783
Currency translation reserve		(66)	(10)
Accumulated losses		(134,118)	(131,898)
Total equity		**(8,401)**	**(6,125)**

* *Less than S$1,000*

The accompanying notes are an integral part of these financial statements.

Balance **Sheet - Company**

As at 31 December 2019

	Note	2019 S$'000	2018 S$'000
ASSETS			
Current assets			
Cash and bank balances		78	47
Financial asset, at fair value through profit or loss	12	*	*
Trade and other receivables	13	2,352	2,145
Other current assets	15	64	47
		2,494	2,239
Non-current assets			
Investments in subsidiary corporations	16	1	1
Property, plant and equipment	17	80	3
		81	4
Total assets		2,575	2,243
LIABILITIES			
Current liabilities			
Trade and other payables	19	2,495	1,624
Borrowings	20	6,641	5,438
Lease liabilities	20	58	–
		9,194	7,062
Non-current liabilities			
Lease liabilities	20	20	–
		20	–
Total liabilities		9,214	7,062
NET LIABILITIES		**(6,639)**	**(4,819)**
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital	21	125,783	125,783
Accumulated losses	22	(132,422)	(130,602)
Total equity		**(6,639)**	**(4,819)**

* *Less than S$1,000*

The accompanying notes are an integral part of these financial statements.

Consolidated Statement of **Changes in Equity**

For the financial year ended 31 December 2019

	Share capital S$'000	Currency translation reserve S$'000	Accumulated losses S$'000	Total S$'000
2019				
Beginning of financial year	125,783	(10)	(131,898)	(6,125)
Total comprehensive loss for the financial year	–	(56)	(2,220)	(2,276)
End of financial year	125,783	(66)	(134,118)	(8,401)
2018				
Beginning of financial year	125,783	24	(129,666)	(3,859)
Total comprehensive loss for the financial year	–	(34)	(2,232)	(2,266)
End of financial year	125,783	(10)	(131,898)	(6,125)

The accompanying notes are an integral part of these financial statements.

Consolidated Statement of **Cash Flows**

For the financial year ended 31 December 2019

	Note	Group 2019 S$'000	Group 2018 S$'000
Cash flows from operating activities			
Net loss		(2,220)	(2,232)
Adjustments for:			
- Depreciation of property, plant and equipment	7	292	131
- Finance expense	9	606	452
- Interest income		(102)	(92)
- Loss on disposal of property, plant and equipment	6	45	–
- Unrealised currency translation losses		(77)	(67)
- Write-off of property, plant and equipment	6	–	4
		(1,456)	(1,804)
Changes in working capital:			
- Trade and other receivables		(36)	581
- Inventories		(6)	–
- Other current assets		64	45
- Trade and other payables		291	47
Cash used in operations		(1,143)	(1,131)
Interest paid		(4)	(3)
Income tax paid		–	(7)
Net cash used in operating activities		(1,147)	(1,141)
Cash flows from investing activities			
Additions to property, plant and equipment	17	(4)	(149)
Proceeds from disposal of property, plant and equipment		27	–
Net cash provided by/(used in) investing activities		23	(149)
Cash flows from financing activities			
Proceeds from borrowings		1,333	1,172
Principal payment of lease liabilities		(135)	–
Interest paid		(7)	–
Net cash provided by financing activities		1,191	1,172
Net increase/(decrease) in cash and bank balances		67	(118)
Cash and bank balances			
Beginning of financial year		194	312
End of financial year		261	194

The accompanying notes are an integral part of these financial statements.

Consolidated Statement of **Cash Flows**

For the financial year ended 31 December 2019

Reconciliation of liabilities from financing activities

	1 January S$'000	Additions S$'000	Principal and interest payments S$'000	Non-cash changes: Interest expense S$'000	Non-cash changes: Adoption of SFRS(I) 16 S$'000	Accrued in trade and other payables S$'000	31 December S$'000
2019							
Borrowings	6,416	1,333	–	599	–	(599)	7,749
Lease liabilities	–	–	(142)	7	433	–	298
2018							
Borrowings	5,244	1,172	–	449	–	(449)	6,416

The accompanying notes are an integral part of these financial statements.

Notes to **the Financial Statements**

For the financial year ended 31 December 2019

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1 Corporate information

MMP Resources Limited (the "Company") was incorporated and domiciled in Singapore on 11 September 2006 under the Singapore Companies Act, Chapter 50 as a private company limited by shares under the name "Sino Construction Pte. Ltd.". On 16 April 2008, the Company converted to a public limited company and changed its name to "Sino Construction Limited" and on 11 August 2015, was renamed as "MMP Resources Limited". On 12 June 2008, the Company was admitted to the official list on the Mainboard of the Singapore Exchange Securities Trading Limited.

The address of its registered office and principal place of business is 6 Eu Tong Sen Street, #12-20, The Central, Singapore 059817.

The principal activity of the Company is that of investment holding. The principal activities of the subsidiary corporations are disclosed in Note 16.

2 Summary of significant accounting policies

2.1 Basis of preparation

These financial statements have been prepared in accordance with the Singapore Financial Reporting Standards (International) ("SFRS(I)") under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with SFRS(I) requires management to exercise its judgement in the process of applying the Group's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

Going concern

In preparing the financial statements, the Board of Directors have considered the operations of the Group and the Company as going concerns notwithstanding the following circumstances:

(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.

Notes to **the Financial Statements**

For the financial year ended 31 December 2019

2 Summary of significant accounting policies (cont'd)

2.1 Basis of preparation (cont'd)

Nevertheless, the Board of Directors of the Company believes that the use of the going concern assumptions in the preparation of the financial statements for the financial year ended 31 December 2019 are 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") (acting in its own capacity and on behalf of MASFF) 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.

(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.

Notes to **the Financial Statements**

For the financial year ended 31 December 2019

2 Summary of significant accounting policies (cont'd)

2.1 Basis of preparation (cont'd)

(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.

If the Group and the Company are unable to continue in operational existence in the foreseeable future, the Group and the Company may be unable to discharge their 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 and the Company may have to reclassify non-current assets to current assets. The financial statements do not include any adjustment which may arise from these uncertainties.

Interpretations and amendments to published standards effective in 2019

On 1 January 2019, the Group has adopted the new or amended SFRS(I) and Interpretations of SFRS(I) ("INT SFRS(I)") that are mandatory for application for the financial year. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective SFRS(I) and INT SFRS(I).

The adoption of these new or amended SFRS(I) and INT SFRS(I) did not result in substantial changes to the Group's accounting policies and had no material effect on the amounts reported for the current or prior financial years except for the adoption of SFRS(I) 16 Leases:

Adoption of SFRS(I) 16 Leases

When the Group is the lessee

Prior to the adoption of SFRS(I) 16, non-cancellable operating lease payments were not recognised as liabilities in the balance sheet. These payments were recognised as rental expenses over the lease term on a straight-line basis.

The Group's accounting policy on leases after the adoption of SFRS(I) 16 is as disclosed in Note 2.13.

On initial application of SFRS(I)16, the Group has elected to apply the following practical expedients:

(i) For all contracts entered into before 1 January 2019 and that were previously identified as leases under SFRS(I) 1-17 Lease and SFRS(I) INT 4 Determining whether an Arrangement contains a Leases, the Group has not reassessed if such contracts contain leases under SFRS(I) 16; and

(ii) On a lease-by-lease basis, the Group has:

(a) accounted for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases;

(b) excluded initial direct costs in the measurement of the right-of-use ("ROU") asset at the date of initial application; and

(c) used hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

Notes to **the Financial Statements**

For the financial year ended 31 December 2019

2 Summary of significant accounting policies (cont'd)

2.1 Basis of preparation (cont'd)

Adoption of SFRS(I) 16 Leases (cont'd)

On initial application of SFRS(I)16, the Group has elected to apply the following practical expedients: (cont'd)

There were no onerous contracts as at 1 January 2019.

For leases previously classified as operating leases on 1 January 2019, the Group has applied the following transition provisions:

(i) The Group chose to measure its ROU assets at amount equal to lease liabilities, adjusted by the total amount of any prepaid or accrued lease payments relating to that leases recognised in the balance sheet immediately before the date of initial application.

(ii) Recognised its lease liabilities by discounting the remaining lease payments as at 1 January 2019 using the incremental borrowing rate for each individual lease or, if applicable, the incremental borrowing rate for each portfolio of leases with reasonably similar characteristic.

The effects of adoption of SFRS(I) 16 on the Group's financial statements as at 1 January 2019 are as follows:

Group	**Increase S$'000**
Property, plant and equipment	326
Lease liabilities	326

Company	**Increase S$'000**
Property, plant and equipment	9
Lease liabilities	9

An explanation of the differences between the operating lease commitments previously disclosed in the Group's financial statements as at 31 December 2018 and the lease liabilities recognised in the balance sheet as at 1 January 2019 are as follows:

	S$'000
Operating lease commitment disclosed as at 31 December 2018	347
Less: Discounting effect using incremental borrowing rate	(7)
Less: Other minor adjustments relating to commitment disclosures	(14)
Lease liabilities recognised as at 1 January 2019	326

Notes to **the Financial Statements**

For the financial year ended 31 December 2019

2 Summary of significant accounting policies (cont'd)

2.2 Revenue recognition

(a) Rendering of service

Revenue from management fees are recognised in the period in which the services are rendered.

(b) Sale of goods – café operations

Sale of foods and beverages is recognised when these are served and invoiced.

(c) Ski resort operations

Revenue from ski resort operations are recognised when ski pass are used.

(d) Interest income

Interest income is recognised using the effective interest method.

2.3 Government grants

Grants from the government are recognised as a receivable at their fair value when there is reasonable assurance that the grant will be received and the Group will comply with all the attached conditions.

Government grants receivable are recognised as income over the periods necessary to match them with the related costs which they are intended to compensate, on a systematic basis. Government grants relating to expenses are shown separately as other income.

2.4 Group accounting

(a) Subsidiary corporations

(i) Consolidation

Subsidiary corporations are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiary corporations are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date on that control ceases.

In preparing the consolidated financial statements, transactions, balances and unrealised gains on transactions between group entities are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment indicator of the transferred asset. Accounting policies of subsidiary corporations have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests comprise the portion of a subsidiary corporation's net results of operations and its net assets, which is attributable to the interests that are not owned directly or indirectly by the equity holders of the Company. They are shown separately in the consolidated statement of comprehensive income, statement of changes in equity, and balance sheet. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary corporation, even if this results in the non-controlling interests having a deficit balance.

Notes to **the Financial Statements**

For the financial year ended 31 December 2019

2 Summary of significant accounting policies (cont'd)

2.4 Group accounting (cont'd)

(a) Subsidiary corporations (cont'd)

(ii) Acquisitions

The acquisition method of accounting is used to account for business combinations entered into by the Group.

The consideration transferred for the acquisition of a subsidiary corporation or business comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes any contingent consideration arrangement and any pre-existing equity interest in the subsidiary corporation measured at their fair values at the acquisition date.

Acquisition-related costs are expensed as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree at the date of acquisition either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

The excess of (a) the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the (b) fair value of the identifiable net assets acquired is recorded as goodwill.

(iii) Disposals

When a change in the Group's ownership interest in a subsidiary corporation results in a loss of control over the subsidiary corporation, the assets and liabilities of the subsidiary corporation including any goodwill are derecognised. Amounts previously recognised in other comprehensive income in respect of that entity are also reclassified to profit or loss or transferred directly to retained earnings if required by a specific Standard.

Any retained equity interest in the entity is remeasured at fair value. The difference between the carrying amount of the retained interest at the date when control is lost and its fair value is recognised in profit or loss.

Please refer to the paragraph "Investments in subsidiary corporations" for the accounting policy on investments in subsidiary corporations in the separate financial statements of the Company.

(b) Transactions with non-controlling interests

Changes in the Group's ownership interest in a subsidiary corporation that do not result in a loss of control over the subsidiary corporation are accounted for as transactions with equity owners of the Company. Any difference between the change in the carrying amounts of the non-controlling interest and the fair value of the consideration paid or received is recognised within equity attributable to the equity holders of the Company.

Notes to **the Financial Statements**

For the financial year ended 31 December 2019

2 Summary of significant accounting policies (cont'd)

2.5 Property, plant and equipment

(a) Measurement

(i) Land and buildings

Land and buildings are initially recognised at cost. Freehold land is subsequently carried at the cost less accumulated impairment losses. Buildings are subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

(ii) Other property, plant and equipment

All other items of property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

(iii) Components of costs

The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

(b) Depreciation

Freehold land is not depreciated. Depreciation on other items of property, plant and equipment is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives as follows:

	Useful Lives
Buildings	10 years
Motor vehicles	5 years
Machine and construction equipment	5 years
Office equipment and furniture and fittings	5 years
Right-of-use assets	2 to 4 years

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at each balance sheet date. The effects of any revision are recognised in profit or loss when the changes arise.

(c) Subsequent expenditure

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognised in profit or loss when incurred.

(d) Disposal

On disposal of an item of property, plant and equipment, the difference between the disposal proceeds and its carrying amount is recognised in profit or loss within "Other gains and losses".

Notes to **the Financial Statements**

For the financial year ended 31 December 2019

2 Summary of significant accounting policies (cont'd)

2.6 Borrowing costs

Borrowing costs are recognised in profit or loss using the effective interest method.

2.7 Investments in subsidiary corporations

Investments in subsidiary corporations are carried at cost less accumulated impairment losses in the Company's balance sheet. On disposal of such investments, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

2.8 Impairment of non-financial assets

Property, plant and equipment
Right-of-use assets
Investments in subsidiary corporations

Property, plant and equipment, right-of-use assets and investments in subsidiary corporations are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash inflows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the CGU to which the asset belongs.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount.

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss, unless the asset is carried at revalued amount, in which case, such impairment loss is treated as a revaluation decrease.

An impairment loss for an asset other than goodwill is reversed only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

A reversal of impairment loss for an asset other than goodwill is recognised in profit or loss.

2.9 Financial assets

(a) Classification and measurement

The Group classifies its financial assets at amortised cost and fair value through profit or loss ("FVTPL"). The classification depends on the Group's business model for managing the financial assets as well as the contractual terms of the cash flows of the financial asset.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Notes to **the Financial Statements**

For the financial year ended 31 December 2019

2 Summary of significant accounting policies (cont'd)

2.9 Financial assets (cont'd)

(a) Classification and measurement (cont'd)

The Group reclassifies debt instruments when and only when its business model for managing those assets changes.

At initial recognition

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

At subsequent measurement

Debt instruments mainly comprise of cash and cash equivalents and trade and other receivables.

At subsequent measurement, debt instruments that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt instrument that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in interest income using the effective interest rate method.

The Group subsequently measures all its equity investments at their fair values. Equity investments are classified as FVTPL with movements in their fair values recognised in profit or loss in the period in which the changes arise and presented in "other gains and losses".

(b) Impairment

The Group assesses on a forward looking basis the expected credit losses associated with its debt financial assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. The credit risk note details how the Group determines whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by the SFRS(I) 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

For other financial assets at amortised costs, the general 3 stage approach is applied. Credit loss allowance is based on 12-month expected credit loss if there is no significant increase in credit risk since initial recognition of the assets. If there is a significant increase in credit risk since initial recognition, lifetime expected credit loss will be calculated and recognised.

Notes to **the Financial Statements**

For the financial year ended 31 December 2019

2 Summary of significant accounting policies (cont'd)

2.9 Financial assets (cont'd)

(c) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade date – the date on which the Group commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

On disposal of a debt instrument, the difference between the carrying amount and the sale proceeds is recognised in profit or loss. Any amount previously recognised in other comprehensive income relating to that asset is reclassified to profit or loss.

On disposal of an equity investment, the difference between the carrying amount and sales proceed is recognised in profit or loss if there was no election made to recognise fair value changes in other comprehensive income. If there was an election made, any difference between the carrying amount and sales proceed amount would be recognised in other comprehensive income and transferred to retained profits along with the amount previously recognised in other comprehensive income relating to that asset.

2.10 Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

2.11 Borrowings

Borrowings are presented as current liabilities unless the Group has an unconditional right to defer settlement for at least 12 months after the balance sheet date, in which case they are presented as non-current liabilities.

Borrowings are initially recognised at fair value (net of transaction costs) and subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

2.12 Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). Otherwise, they are presented as non-current liabilities.

Trade and other payables are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest method.

Notes to **the Financial Statements**

For the financial year ended 31 December 2019

2 Summary of significant accounting policies (cont'd)

2.13 Leases

(a) The accounting policy for leases before 1 January 2019 are as follows:

When the Group is the lessee:

The Group leases office equipment, corporate apartments and office building under operating leases from non-related parties.

Lessee – Operating leases

Leases where substantially all risks and rewards incidental to ownership are retained by the lessors are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessors) are recognised in profit or loss on a straight-line basis over the period of the lease.

Contingent rents are recognised as an expense in profit or loss when incurred.

(b) The accounting policy for leases from 1 January 2019 are as follows:

When the Group is the lessee:

At the inception of the contract, the Group assesses if the contract contains a lease. A contract contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Reassessment is only required when the terms and conditions of the contract are changed.

(i) Right-of-use assets

The Group recognised a right-of-use asset and lease liability at the date which the underlying asset is available for use. Right-of use assets are measured at cost which comprises the initial measurement of lease liabilities adjusted for any lease payments made at or before the commencement date and lease incentive received. Any initial direct costs that would not have been incurred if the lease had not been obtained are added to the carrying amount of the right-of-use assets.

These right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

Right-of-use assets are presented within "Property, plant and equipment".

(ii) Lease liabilities

The initial measurement of lease liability is measured at the present value of the lease payments discounted using the implicit rate in the lease, if the rate can be readily determined. If that rate cannot be readily determined, the Group shall use its incremental borrowing rate.

Notes to **the Financial Statements**

For the financial year ended 31 December 2019

2 Summary of significant accounting policies (cont'd)

2.13 Leases (cont'd)

(b) The accounting policy for leases from 1 January 2019 are as follows: (cont'd)

(ii) Lease liabilities (cont'd)

Lease payments include fixed payment. Lease liability is measured at amortised cost using the effective interest method. Lease liability shall be remeasured when:

- There is a change in future lease payments arising from changes in an index or rate;
- There is a change in the Group's assessment of whether it will exercise an extension option; or
- There are modification in the scope or the consideration of the lease that was not part of the original term.

Lease liability is remeasured with a corresponding adjustment to the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

(iii) Short term and low value assets

The Group has elected to not recognised right-of-use assets and lease liabilities for short-term leases that have lease terms of 12 months or less and leases of low value leases. Lease payments relating to these leases are expensed to profit or loss on a straight-line basis over the lease term.

2.14 Inventories

Inventories comprise operating supplies and food and beverages inventory items which are carried at the lower of cost and net realisable value. Cost is determined using the first-in, first-out method. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and applicable variable selling expenses.

2.15 Income taxes

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

A deferred income tax liability is recognised on temporary differences arising on investments in subsidiary corporations, associated companies and joint ventures, except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Notes to **the Financial Statements**

For the financial year ended 31 December 2019

2 Summary of significant accounting policies (cont'd)

2.15 Income taxes (cont'd)

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

Deferred income tax is measured:

(i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date; and

(ii) based on the tax consequence that will follow from the manner in which the Group expects, at the balance sheet date, to recover or settle the carrying amounts of its assets and liabilities except for investment properties. Investment property measured at fair value is presumed to be recovered entirely through sale.

Current and deferred income taxes are recognised as income or expense in profit or loss.

The Group accounts for investment tax credits (for example, productivity and innovative credit) similar to accounting for other tax credits where deferred tax asset is recognised for unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax credit can be utilised.

2.16 Provisions for other liabilities and charges

Provisions for other liabilities and charges are recognised when the Group has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax discount rate that reflects the current market assessment of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised in the statement of comprehensive income as finance expense.

Changes in the estimated timing or amount of the expenditure or discount rate are recognised in profit or loss when the changes arise.

2.17 Employee compensation

Employee benefits are recognised as an expense, unless the cost qualifies to be capitalised as an asset.

(a) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities such as the Central Provident Fund on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid.

Notes to **the Financial Statements**

For the financial year ended 31 December 2019

2 Summary of significant accounting policies (cont'd)

2.17 Employee compensation (cont'd)

(b) Share-based compensation

The Group operates an equity-settled share-based compensation plan. The fair value of the employee services received in exchange for the grant of shares and/or share options is recognised as an expense with a corresponding increase in the share-based payment reserve over the vesting period.

The total amount to be recognised over the vesting period is determined by reference to the fair value of the equity instruments granted on the date of the grant. Non-market vesting conditions are included in the estimation of the number of equity instruments that are expected to be exercisable on the vesting date.

At each balance sheet date, the Group revises its estimates of the number of equity instruments that are expected to become exercisable on the vesting date and recognises the impact of the revision of the estimates in profit or loss, with a corresponding adjustment to the share-based payment reserve over the remaining vesting period.

The share-based payment reserve is transferred to accumulated losses upon expiry of the share options. When the options are exercised, the share-based payment reserve is transferred to share capital if new shares are issued, or to treasury shares if the options are satisfied by the reissuance of treasury shares.

In situations where equity instruments are issued and some or all of the goods or services received by the entity as consideration cannot be specifically identified, the unidentified goods or services received (or to be received) are measured as the difference between the fair value of the share-based payment and the fair value of any identifiable goods or services received at the grant date. This is then capitalised or expenses as appropriate.

2.18 Currency translation

(a) Functional and presentation currency

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The financial statements are presented in Singapore Dollar ("SGD"), which is the functional currency of the Company and have been rounded to the nearest thousand ("S$'000").

(b) Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency exchange differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the balance sheet date are recognised in profit or loss. Monetary items include primarily financial assets (other than equity investments) and financial liabilities. However, in the consolidated financial statements, currency translation differences arising from borrowings in foreign currencies and other currency instruments designated and qualifying as net investment hedges and net investment in foreign operations, are recognised in other comprehensive income and accumulated in the currency translation reserve.

Notes to **the Financial Statements**

For the financial year ended 31 December 2019

2 Summary of significant accounting policies (cont'd)

2.18 Currency translation (cont'd)

(b) Transactions and balances (cont'd)

When a foreign operation is disposed of or any loan forming part of the net investment of the foreign operation is repaid, a proportionate share of the accumulated currency translation differences is reclassified to profit or loss, as part of the gain or loss on disposal.

Foreign exchange gains and losses that relate to borrowings are presented in the income statement within "finance expenses". All other foreign exchange gains and losses impacting profit or loss are presented in the consolidated statement of comprehensive income within "Other gains and losses".

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

(c) Translation of Group entities' financial statements

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities are translated at the closing exchange rates at the balance sheet date;

(ii) income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the dates of the transactions); and

(iii) all resulting currency translation differences are recognised in other comprehensive income and accumulated in the currency translation reserve. These currency translation differences are reclassified to profit or loss on disposal or partial disposal with loss of control of the foreign operation.

2.19 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the board of directors whose members are responsible for allocating resources and assessing performance of the operating segments.

2.20 Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents include cash on hand, deposits with financial institutions which are subject to an insignificant risk of change in value.

2.21 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account.

Notes to **the Financial Statements**

For the financial year ended 31 December 2019

3 Critical accounting estimates, assumptions and judgements

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Impairment for trade and other receivables

Expected credit losses ("ECL") on receivables are probability-weighted estimates of credit losses which are determined by evaluating a range of possible outcomes and taking into account past events, current conditions and assessment of future economic conditions.

The Group has used relevant historical information and loss experience to determine the probability of default of the instruments and incorporated forward looking information, including significant changes in external market indicators which involved significant estimates and judgements.

In determining the ECL of trade receivables, the Group has used one year of historical losses data to determine the loss rate and applied an adjustment against the historical loss rate based on the default rate to reflect the current and forward looking information.

Notwithstanding the above, the Group evaluates the expected credit loss on customers and other receivables in financial difficulties separately.

The carrying amounts of trade and other receivables are disclosed in Note 13.

4 Revenue

	Group	
	2019	**2018**
	S$'000	**S$'000**
Management fee – Singapore	–	39
– Japan	90	31
Sale of goods – café operations – Japan	65	229
Ski resort operations – Japan	418	71
	573	370

All the sales are recognised at a point in time.

Notes to **the Financial Statements**

For the financial year ended 31 December 2019

5 Other income

	Group	
	2019 S$'000	2018 S$'000
Interest income from financial asset measures at amortised cost - other receivable	102	92
Allocated share of net profits from ski resort operations	–	109
Write-back of loans and borrowing	42	67
Miscellaneous income	121	9
	163	185
	265	277

6 Other gains and losses

	Group	
	2019 S$'000	2018 S$'000
Loss on disposal of property, plant and equipment	(45)	–
Write-off of property, plant and equipment (Note 17)	–	(4)
Currency exchange gain - net	6	32
	(39)	28

7 Expenses by nature

	Group	
	2019 S$'000	2018 S$'000
Changes in inventories	(6)	–
Depreciation of property, plant and equipment (Note 17)	292	131
Employee compensation (Note 8)	481	439
Fees on audit services payable/paid to:		
- Auditor of the Company	79	79
- Other auditors	11	–
	90	79
Professional fees	739	466
Purchase of inventories	79	105
Rental expenses	43	159
Travelling	260	36
Other expenses	435	552
Total cost of sales and administrative expenses	2,413	1,967

Notes to **the Financial Statements**

For the financial year ended 31 December 2019

8 Employee compensation

	Group	
	2019 S$'000	2018 S$'000
Wages and salaries	460	413
Employer's contribution to defined contribution plans including Central Provident Fund ("CPF")	21	21
Other short-term benefits (Note 25(b))	–	5
	481	439

9 Finance expenses

	Group	
	2019 S$'000	2018 S$'000
Bank charges	4	3
Interest expense		
- Borrowings	595	449
- Lease liabilities (Note 18(c))	7	–
	602	449
	606	452

10 Income tax expense

No provision for current income tax has been made as there is no taxable profit for the current financial year.

	Group	
	2019 S$'000	2018 S$'000
Loss before income tax	(2,220)	(2,232)
Tax calculated at tax rate of 17% (2018: 17%)	(377)	(379)
Effects of:		
- Expenses not deductible for tax purposes	321	257
- Deferred tax assets not recognised	56	122
	–	–

Deferred income tax assets are recognised for tax losses and capital allowances carried forward to the extent that realisation of the related tax benefits through future taxable profits is probable. The Group has unrecognised tax losses of S$1,615,000 (2018: S$1,283,000) at the balance sheet date which can be carried forward and used to offset against future taxable income subject to meeting certain statutory requirements by those entities with unrecognised tax losses in their respective countries of incorporation. The tax losses have no expiry date.

Notes to **the Financial Statements**

For the financial year ended 31 December 2019

11 Loss per share

Basic and diluted loss per share is calculated by dividing the net loss attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial year.

	Group	
	2019	**2018**
Net loss attributable to equity holders of the Company (S$'000)	(2,220)	(2,232)
Weighted average number of ordinary shares ('000)	2,343,528	2,343,528
Basic and diluted loss per share (cents per share)	(0.09)	(0.10)

There were no dilutive potential ordinary shares outstanding during the current and prior financial years.

12 Financial asset, at fair value through profit or loss

	Group and Company	
	2019	**2018**
	S$'000	**S$'000**
Beginning and end of financial year	*	*
Current		
Unlisted equity security – British Virgin Islands	*	*

* Less than S$1,000

Notes to **the Financial Statements**

For the financial year ended 31 December 2019

13 Trade and other receivables

	Group		Company	
	2019 S$'000	2018 S$'000	2019 S$'000	2018 S$'000
Trade receivables				
- non-related parties	1,010	1,063	–	–
- related parties	530	439	439	439
	1,540	1,502	439	439
Less: Loss allowance (Note 26(b))				
- non-related parties	(1,010)	(1,010)	–	–
- related party	(439)	(439)	(439)	(439)
	(1,449)	(1,449)	(439)	(439)
Trade receivables – net	91	53	–	–
Non-trade receivables				
- non-related parties	13	15	–	–
- related parties	1,099	997	1,099	997
- subsidiary corporations	–	–	2,230	2,119
	1,112	1,012	3,329	3,116
Less: Loss allowance (Note 26(b))				
- non-related parties	(13)	(13)	–	–
- related parties	(49)	(49)	(49)	(49)
- subsidiary corporations	–	–	(928)	(922)
	(62)	(62)	(977)	(971)
Non-trade receivables – net	1,050	950	2,352	2,145
	1,141	1,003	2,352	2,145

Non-trade receivable due from a related party amounting to S$1,050,000 (2018: S$948,000) is unsecured and repayable on demand upon written notice or in full within 5 years from the date of disbursement. Interest is fixed at 12% (2018: 12%) per annum.

All other non-trade receivables due from related parties and subsidiary corporations are unsecured, interest-free and repayable on demand.

14 Inventories

	Group	
	2019 S$'000	2018 S$'000
Trading goods	25	19

The cost of inventories recognised as an expense and included in "cost of sales" amounted to S$79,000 (2018: S$105,000).

Notes to the Financial Statements

For the financial year ended 31 December 2019

15 Other current assets

	Group		Company	
	2019 S$'000	2018 S$'000	2019 S$'000	2018 S$'000
Deposits	49	50	40	30
Prepayments	33	96	24	17
	82	146	64	47

16 Investments in subsidiary corporations

	Company	
	2019 S$'000	2018 S$'000
Equity investment at cost		
Beginning and end of financial year	101	101
Allowance for impairment		
Beginning and end of financial year	100	100
Net carrying amount	1	1

The Group had the following subsidiary corporations as at 31 December 2019 and 2018:

Name of entities	Country of incorporation	Principal activities	Proportion of ordinary shares directly held by the Group 2019 %	2018 %
Held by the Company				
SC Building & Construction Pte. Ltd. ("SCBC")[a]	Singapore	Dormant	100	100
Magnum Energy Pte. Ltd.[a]	Singapore	Dormant	100	100
MMP Resources Japan K.K.[b]	Japan	Construction in Tier-1 markets, with a specific focus on the Travel, Hospitality and Leisure ("THL") industry	100	100

[a] Audited by Nexia TS Public Accounting Corporation, Singapore, a member firm of Nexia International.

[b] For the purpose of the consolidated financial statements, audited by Nexia TS Public Accounting Corporation.

Notes to **the Financial Statements**

For the financial year ended 31 December 2019

17 Property, plant and equipment

	Freehold land S$'000	Buildings S$'000	Motor vehicles S$'000	Machinery and construction equipment S$'000	Office equipment and furniture and fittings S$'000	Right-of-use assets (Note 18) S$'000	Total S$'000
Group							
2019							
Cost							
Beginning of financial year	136	183	147	46	472	–	984
Currency translation differences	5	6	2	2	16	–	31
Adoption of SFRS(I) 16 (Note 2.1)	–	–	–	–	–	326	326
Additions	–	–	–	–	4	107	111
Disposal	–	–	(124)	–	–	–	(124)
End of financial year	141	189	25	48	492	433	1,328
Accumulated depreciation							
Beginning of financial year	–	38	35	14	104	–	191
Currency translation differences	–	2	1	1	6	–	10
Depreciation charge (Note 7)	–	18	29	10	98	137	292
Disposal	–	–	(52)	–	–	–	(52)
End of financial year	–	58	13	25	208	137	441
Net book value							
End of financial year	141	131	12	23	284	296	887

Notes to **the Financial Statements**

For the financial year ended 31 December 2019

17 Property, plant and equipment (cont'd)

	Freehold land S$'000	Buildings S$'000	Motor vehicles S$'000	Machinery and construction equipment S$'000	Office equipment and furniture and fittings S$'000	Total S$'000
Group						
2018						
Cost						
Beginning of financial year	130	175	141	41	317	804
Currency translation differences	6	8	6	2	15	37
Additions	–	–	–	3	146	149
Written off	–	–	–	–	(6)	(6)
End of financial year	136	183	147	46	472	984
Accumulated depreciation						
Beginning of financial year	–	19	5	4	30	58
Currency translation differences	–	1	1	–	2	4
Depreciation charge (Note 7)	–	18	29	10	74	131
Written off	–	–	–	–	(2)	(2)
End of financial year	–	38	35	14	104	191
Net book value						
End of financial year	136	145	112	32	368	793

Notes to **the Financial Statements**

For the financial year ended 31 December 2019

17 Property, plant and equipment (cont'd)

	Office equipment and furniture and fittings S$'000	Right-of-use assets (Note 18) S$'000	Total S$'000
Company			
2019			
Cost			
Beginning of financial year	10	–	10
Adoption of SFRS(I) 16 (Note 2.1)	–	9	9
Additions	2	107	109
End of financial year	12	116	128
Accumulated depreciation			
Beginning of financial year	7	–	7
Depreciation charge	2	39	41
End of financial year	9	39	48
Net book value			
End of financial year	3	77	80

	Office equipment and furniture and fittings S$'000	Total S$'000
Company		
2018		
Cost		
Beginning of financial year	16	16
Write-off	(6)	(6)
End of financial year	10	10
Accumulated depreciation		
Beginning of financial year	6	6
Depreciation charge	3	3
Write-off	(2)	(2)
End of financial year	7	7
Net book value		
End of financial year	3	3

Notes to **the Financial Statements**

For the financial year ended 31 December 2019

18 Leases – The Group as a lessee

Office building and corporate apartment

The Group leases office building for the purpose of business operations and corporate apartment for the senior management.

Office equipment

The Group leases IT equipment for back office operations.

There are no externally imposed covenants on these lease arrangements.

(a) Carrying amounts

ROU assets classified within property, plant and equipment

	31 December 2019 $'000	1 January 2019 $'000
Group		
Office building and corporate apartment	291	317
Office equipment	5	9
	296	326

	31 December 2019 $'000	1 January 2019 $'000
Company		
Corporate apartment	72	–
Office equipment	5	9
	77	9

(b) Depreciation charge during the year

	2019 $'000
Office building and corporate apartment	133
Office equipment	4
	137

(c) Interest expense

	2019 $'000
Interest expense on leases liabilities	7

(d) Total cash outflow for all the leases in 2019 was S$185,000.

Notes to **the Financial Statements**

For the financial year ended 31 December 2019

18 Leases – The Group as a lessee (cont'd)

(e) Addition of ROU asset during the financial year 2019 was S$107,000.

(f) The leases contain extension periods, for which the related lease payments had not been included in lease liabilities as the Group is not reasonably certain to exercise the extension option.

19 Trade and other payables

	Group		Company	
	2019 S$'000	2018 S$'000	2019 S$'000	2018 S$'000
Trade payables				
- non-related parties	921	691	894	592
Non-trade payables				
- non-related parties	62	79	4	4
- subsidiary corporations	–	–	236	236
- related parties	55	53	–	–
	117	132	240	240
Accrual for operating expenses	1,712	974	1,361	792
Advance receipts from customers	–	67	–	–
	2,750	1,864	2,495	1,624

Non-trade payables to subsidiary corporations and related parties are unsecured, interest-free and payable on demand.

20 Borrowings

	Group		Company	
	2019 S$'000	2018 S$'000	2019 S$'000	2018 S$'000
Current				
Borrowings				
- non-related party	500	500	500	500
- related parties	7,249	5,916	6,141	4,938
	7,749	6,416	6,641	5,438
Lease liabilities	155	–	58	–
	7,904	6,416	6,699	5,438
Non-current				
Lease liabilities	143	–	20	–
	143	–	20	–
Total borrowings	8,047	6,416	6,719	5,438

Notes to **the Financial Statements**

For the financial year ended 31 December 2019

20 Borrowings (cont'd)

(a) Included in related parties borrowings are advances from lenders amounting to approximately S$4,253,000 (2018: S$1,907,000). On 6 September 2017, 13 September 2017, 3 October 2017, 15 November 2017, 20 December 2017 and 8 March 2018 respectively, the Group and the Company entered into a Notes Subscription Agreement (the "Agreements") with related parties for bonds and placement shares with a total face value of S$1,907,000. The terms of the Agreements would only be enforceable on the Group's ability to meet certain conditions, including the necessary approvals from SGX-ST and the shareholders of the Company. As at the date of this report, the conditions have not been met. The borrowings are unsecured, repayable on demand and interest is fixed at 12.5% (2018:12.5%) per annum. The remaining amount of S$2,346,000 was assigned by related party mentioned in (b).

(b) Included in related parties borrowings are amounts due to a related party amounting to approximately S$ Nil (2018: S$2,346,000) which pertains to share-based payment reserve representing equity-settled share options granted in prior financial years. The Company has come to an agreement with the related party for the payment to be made in cash. The amounts due to the related party were unsecured and interest-free. On 1 August 2019, pursuant to a deed of assignment, this amount has been assigned to the related party in (a).

(c) Borrowings from a related party amounting to S$1,888,000 (2018: S$685,000) are unsecured and repayable within 12 months of the disbursement date. Interest is fixed at 18% per annum.

(d) Borrowings from a related party amounting to S$711,000 (2018: S$687,000) are unsecured and repayable within 12 months of the disbursement date. Interest is fixed at 15% per annum.

(e) Borrowings from a related party amounting to S$241,000 (2018: S$240,000) are unsecured and repayable within 12 months of the disbursement date. Interest is fixed at 18% per annum.

All other borrowings from related parties are unsecured, interest-free and repayable on demand.

21 Share capital

(a) Share capital

	Number of ordinary shares '000	Amount S$'000
Group and Company		
2019 and 2018		
Beginning and end of financial year	2,343,528	125,783

All issued ordinary shares are fully paid. There is no par value for these ordinary shares.

Fully paid ordinary shares carry one vote per share and carry a right to dividends as and when declared by the Company.

Notes to **the Financial Statements**

For the financial year ended 31 December 2019

21 Share capital (cont'd)

(b) MMP Share Performance Plan 2015 ("MMP SPP")

On 6 August 2015, the Company adopted a performance share plan scheme ("MMP Share Performance Plan 2015" or the "plan"). The plan was approved by shareholders of the Company in a shareholder vote held at the registered office of the Company.

The MMP SPP is administered by the Remuneration Committee ("RC").

Objectives

The MMP SPP was established with the objective to incentivise the key officers and employees of the Group to meet its long term business objectives.

1. any employee of the Group who meet the relevant age and rank criteria and whose services have been seconded to a company within the Group selected by the RC to participate in the MMP SPP;

2. Non-Executive Directors; and

3. any employee of associated companies (including Executive Directors) selected by the RC to participate in the MMP SPP.

Eligibility

The following persons, unless they are also controlling shareholders of MMP Resources Limited or the associates of such controlling shareholders, shall be eligible to participate in the MMP SPP:

Awards

Awards represent the right of a participant to receive the fully paid shares, their equivalent cash value, or combinations thereof, free of charge, upon the participant achieving prescribed performance targets and/or service conditions or otherwise having performed well and/or made a significant contribution to the Group.

Types of Awards

Awards granted under the MMP SPP may be performance-based, time-based or one-off special awards. Such predetermined performance target may be shorter-term targets aimed at encouraging continued services such as completion of projects and/or stretched targets aimed at sustaining longer-term growth. Time-based awards are awards granted after the satisfactory completion of time-based service conditions, that is, after the participant has served the Group for a specified number of years as may be determined or predetermined by the RC. Such awards may also be granted as a sign-on bonus.

The release of the shares awarded under the MMP SPP can take the form of either a new issue of shares and/or the purchase of existing shares (subject to applicable laws).

No performance shares granted during the current financial year.

Notes to **the Financial Statements**

For the financial year ended 31 December 2019

22 Accumulated losses

Movement in accumulated losses for the Company is as follows:

	Company	
	2019	2018
	S$'000	S$'000
Beginning of financial year	130,602	129,088
Net loss	1,820	1,514
End of financial year	132,422	130,602

23 Contingent liabilities

(a) Legal litigation

The Company is currently involved in a legal dispute with Edward Lee Ewe Ming ("Edward Lee") who was previously a shareholder of the Company.

In or around June 2014, Edward Lee claimed to have loaned the Company a total sum of S$7.5 million via an intermediary – Quintestellar Re Capital Inc ("Quintestellar"). Quintestellar was previously a significant shareholder of the Company and was a related party to the Company through a common Director, Mr. Tet Choy Chee ("Andy Chee"), up to the date of his resignation. According to Edward Lee, the request for the alleged loan was made by Andy Chee on behalf of the Company.

Out of the S$7.5 million, Quintestellar transferred S$2.5 million back to Edward Lee in or around December 2014, and out of the remaining S$5 million, it is alleged that Quintestellar used a total of approximately S$4.7 million to pay to the Company and/or pay to the Company's creditors in various times in 2014.

A further loan amounting to S$0.5 million was provided by Edward Lee to the Company in March 2015.

On 9 December 2016, the Company was served with a Writ of Summons (the "Writ") filed by Edward Lee, claiming the total sum of approximately S$5.2 million.

Based on the accounting records of the Company and the Group and based on the forensic audit performed, there was no sufficient supporting documentation evidencing a liability to Quintestellar for the approximate sum of S$4.7 million and so the Company denies the claim in this regard. The borrowings amounting to S$0.5 million was taken up previously in February 2016 and remains as borrowing on the balance sheet of the Company and the Group as at 31 December 2017 and 2018. The Company's defence is that this sum of S$0.5 million is not due and payable to Edward Lee yet.

On 28 February 2017, Edward Lee filed an application for final judgment for payment of the claimed sum. On 5 April 2017, the Court granted leave to the Company to defend the claim on the condition that it provides a banker's guarantee for the claimed sum. The Company successfully appealed against the Order, and on 16 May 2017, on appeal, the Court set aside the default judgment that was entered by Edward Lee on 2 May 2017, and granted the Company unconditional leave to defend the claim.

Notes to **the Financial Statements**

For the financial year ended 31 December 2019

23 Contingent liabilities (cont'd)

(a) Legal litigation (cont'd)

On 6 September 2017, a revised Statement of Claim ("SOC") was filed by Edward Lee which added Andy Chee as a second defendant. The SOC also clarified that the claims which Quintestellar had allegedly previously assigned to Kenneth Lim have been allegedly subsequently assigned to Edward Lee between 27 September 2016 and 29 June 2017.

On 5 January 2018, Andy Chee filed a defence against the claim by Edward Lee, with amendments being made thereto on 7 June 2018 and 6 September 2018.

On 3 May 2018, Edward Lee filed an application for leave to add Quintestellar and Kenneth to the court proceedings as co-plaintiff and co-defendant respectively, which was granted on 18 May 2018. On 23 May 2018, a revised SOC was filed by Edward Lee which included Kenneth Lim as a second plaintiff and Quintestellar as a third defendant.

On 12 March 2019, the Company commenced Third Party Proceedings ("TPP") against its former directors, Andy Chee, Kenneth Lim and William Condon, for an indemnity and/or contribution in respect of the claimed sum by Edward Lee. The Company's Statement of Claim in the TPP was filed on 25 June 2019.

On 9 July 2019, Andy Chee filed his Defence to the TPP and amended the same on 7 November 2019.

No appearance was entered by William Condon in the TPP. On 14 August 2019, the Company obtained an order for judgment to be entered against Kenneth Lim due to his default to file a Defence in the TPP, for inter alia, an indemnity against Edward Lee's claim for the sum of S$3.3 million.

Subsequently on 19 February 2020, the Company updated the Court that they will not be seeking permission to amend its pleadings. Both Edward Lee and Andy Chee has also confirmed that there will be no revision in their pleadings.

The Affidavits of Evidence-in-Chief of parties have since been exchanged.

The Court has fixed a pre-trial conference before the trial Judge on 22 June 2020, and a further pre-trial conference on 2 July 2020 in case there are other outstanding issues. The trial is fixed for 10 days on 25 to 28 August 2020, 1 to 3 September 2020, and 8 to 10 September 2020.

There have been no further updates to the litigation up to the date of this financial statement.

Management is of the view that no provision is required as at 31 December 2019 with respect to the legal case as the quantum that may be involved is, as yet, undetermined, and would depend on events in the future.

(b) Financial support

The Company provides financial support to certain subsidiary corporations to enable these subsidiary corporations to operate as going concerns and to meet their liabilities as and when they fall due. No liabilities are recognised by the Company as it is considered unlikely that there will be significant outflows of resources made by the Company as a result of the financial support provided.

Notes to **the Financial Statements**

For the financial year ended 31 December 2019

24 Operating lease commitments

Where the Group is a lessee

The Group leases corporate apartments and office buildings from non-related parties under non-cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights.

As at 31 December 2018, the future minimum lease payables under non-cancellable operating leases contracted for at the balance sheet date but not recognised as liabilities, are as follows:

	Group S$'000
Not later than one year	108
Between two and five years	239
	347

As disclosed in Note 2.1, the Group has adopted SFRS(I) 16 on 1 January 2019. These lease payments have been recognised as ROU assets and lease liabilities on the balance sheet as at 31 December 2019.

25 Related party transactions

In addition to the information disclosed elsewhere in the financial statements, the following transactions took place between the Group and related parties at terms agreed between the parties.

(a) Provision of services

	Group	
	2019 S$'000	2018 S$'000
Management fees charged to related parties	90	70
Other income received from a related party	20	–
Professional fees paid to a related party	15	–

Related parties comprise mainly companies which are controlled by the Group's key management personnel and their close family members.

Outstanding balances at 31 December 2019, arising from provision of services, are unsecured and receivable/payable within 12 months from the balance sheet date and are disclosed in Notes 13 and 19 respectively.

Notes to **the Financial Statements**

For the financial year ended 31 December 2019

25 Related party transactions (cont'd)

(b) Key management personnel compensation

Key management personnel compensation is as follows:

	Group	
	2019	2018
	S$'000	S$'000
Directors' fee	200	219
Short-term benefits paid to directors of the Company	–	5

26 Financial risk management

Financial risk factors

The Group's activities expose it to market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management strategy seeks to minimise any adverse effects from the unpredictability of financial markets on the Group's financial performance.

The Board of Directors is responsible for setting the objectives and underlying principles of financial risk management for the Group. This includes establishing the detailed policies such as authority levels, oversight responsibilities, risk identification and measurement, in accordance with the objectives and underlying principles approved by the Board of Directors.

Financial risk management is carried out by the finance department in accordance with the policies set. The finance personnel identify and evaluates financial risks in close co-operation with the Group's operating units. The finance personnel measures actual exposures against the limits set and prepares periodic reports for review. Regular reports are also submitted to the Board of Directors.

(a) Market risk

(i) Currency risk

Entities in the Group provide services in several countries, and as a result, transact in currencies other than their respective functional currencies ("foreign currencies").

Currency risk arises within entities in the Group when transactions are denominated in foreign currencies such as Japanese Yen ("JPY") and United States Dollar ("USD"). To manage the currency risk, the Group relies on natural hedging as a risk management tool and does not enter into derivative foreign exchange contracts to hedge its foreign currency risk.

In addition, the Group is also exposed to currency translation risk to the net assets of the Group's foreign operations. Currency exposure to the net assets of the Group's foreign operations in Japan are managed primarily through funding from the immediate holding corporation.

The Company does not have significant exposure to currency risk as it operates only in Singapore. Revenue and expenses are predominantly denominated in Singapore Dollar.

Notes to **the Financial Statements**

For the financial year ended 31 December 2019

26 Financial risk management (cont'd)

(a) Market risk (cont'd)

(i) Currency risk (cont'd)

The Group's currency exposure based on the information provided to key management is as follows:

	SGD S$'000	JPY S$'000	USD S$'000	Total S$'000
Group				
31 December 2019				
Financial assets				
Cash and bank balances	78	183	–	261
Financial asset, at fair value through profit or loss	–	–	*	*
Trade and other receivables	1,050	91	–	1,141
Other current assets	40	9	–	49
Intercompany receivables	2,546	–	–	2,546
	3,714	283	*	3,997
Financial liabilities				
Trade and other payables	2,287	463	–	2,750
Borrowings	6,641	397	711	7,749
Lease liabilities	78	220	–	298
Intercompany payables	2,546	–	–	2,546
	11,552	1,080	711	13,343
Net financial liabilities	(7,838)	(797)	(711)	(9,346)
Add: Net financial liabilities denominated in respective entities' functional currencies	7,838	797	–	8,635
Currency exposure	–	–	(711)	(711)

Notes to **the Financial Statements**

For the financial year ended 31 December 2019

26 Financial risk management (cont'd)

(a) Market risk (cont'd)

(i) Currency risk (cont'd)

	SGD S$'000	JPY S$'000	USD S$'000	Total S$'000
Group				
31 December 2018				
Financial assets				
Cash and bank balances	47	147	–	194
Financial asset, at fair value through profit or loss	–	–	*	*
Trade and other receivables	948	55	–	1,003
Other current assets	30	20	–	50
Intercompany receivables	2,434	–	–	2,434
	3,459	222	*	3,681
Financial liabilities				
Trade and other payables	1,406	391	–	1,797
Borrowings	5,438	291	687	6,416
Intercompany payables	2,434	–	–	2,434
	9,278	682	687	10,647
Net financial liabilities	(5,819)	(460)	(687)	(6,966)
Add: Net financial liabilities denominated in respective entities' functional currencies	5,819	460	–	6,279
Currency exposure	–	–	(687)	(687)

* Less than S$1,000

If the USD change against the SGD by 4% (2018: 4%) with all other variables including tax rate being held constant, the effects arising from the net financial liability position to the financial performance of the Group will be as follows:

	Group	
	2019 S$'000	2018 S$'000
USD against SGD		
- Strengthened	(24)	(23)
- Weakened	24	23

Notes to **the Financial Statements**

For the financial year ended 31 December 2019

26 Financial risk management (cont'd)

(a) Market risk (cont'd)

(ii) Cash flow and fair value interest rate risks

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates. As the Group has no significant interest bearing assets, the Group's interest income and operating cash flows are substantially independent of changes in market interest rates.

Interest rate risk is managed by the Group on an on-going basis with the primary objective of limiting the impact on adverse movement of interest rates. The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, in respect of the fixed rate instruments, a change in interest rates at the balance sheet date would not affect profit or loss and equity.

(iii) Price risk

The Group is not exposed to equity price risk as it does not hold significant equity financial asset.

(b) Credit risk

Credit risk refers to the risk that counterparties will default on their contractual obligations resulting in financial loss to the Group. The major classes of financial assets of the Group and of the Company are bank deposits and trade and other receivables. For trade receivables, the Group adopts the policy of dealing only with customers of appropriate credit history, and obtaining cash deposits where appropriate to mitigate credit risk. For other financial assets, the Group adopts the policy of dealing only with the high credit quality counterparties.

As the Group and the Company do not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the balance sheet.

Cash and bank balances are placed with banks and financial institutions with high credit-ratings assigned by international credit rating agencies.

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period.

There are no significant concentration of credit risk.

Trade receivables

The Group uses a provision matrix to measure the lifetime expected credit loss allowance for trade receivables.

In measuring the expected credit losses, trade receivables are grouped based on individual characteristics of its customers and days past due. In calculating the expected credit loss rates, the Group considers historical loss rates for each category of customers and adjusts to reflect current and forward-looking macroeconomic factors affecting the ability of the customers to settle the receivables.

Notes to **the Financial Statements**

For the financial year ended 31 December 2019

26 Financial risk management (cont'd)

(b) Credit risk (cont'd)

Trade receivables (cont'd)

Trade receivables are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. Where receivables have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognised in profit or loss.

During the financial year, the Group made a loss allowance of S$ Nil (2018: S$439,000) to one of the trade receivable which the Group does not expect to receive future cash flows.

Other financial assets, at amortised cost

The Group's and the Company's other financial assets recognised at amortised cost are mainly comprised of other receivables, mainly consisted of amount owing by related parties, amount owing by subsidiary corporations and deposits.

In determining the ECL, management has taken into account the historical default experience and the financial position of the counterparties, adjusted for factors that are specific to these receivables in estimating the probability of default of each of these other financial assets.

For the purpose of impairment assessment, loss allowance is generally measured at an amount equal to 12-month ECL as there is low risk of default and strong capability to meet contractual cash flows. When the credit quality deteriorates and the resulting credit risk of other financial assets increase significantly since its initial recognition, the 12-month ECL would be replaced by lifetime ECL.

Other financial assets are written-off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of other receivables to engage in a repayment plan with the group, and a failure to make contractual payments.

During the financial year, the Group made a loss allowance of S$ Nil (2018: S$49,000) to one of the other receivable which the Group does not expect to receive future cash flows. No other loss allowance are recognised as the management believes that the amounts that are collectible, based on historical payment behaviour and credit-worthiness of the other receivables.

Notes to the Financial Statements

For the financial year ended 31 December 2019

26 Financial risk management (cont'd)

(b) Credit risk (cont'd)

Impairment of financial assets

As at 31 December 2019, the trade and other receivables are not subject to any material credit losses except as disclosed below. The carrying amount of trade and other receivables individually determined to be impaired and the movements in the related allowance for impairment are as follows:

	Group		Company	
	2019 S$'000	2018 S$'000	2019 S$'000	2018 S$'000
Beginning of financial year	1,511	1,023	1,410	909
Loss allowances	–	488	6	501
End of financial year (Note 13)	1,511	1,511	1,416	1,410

An allowance for impairment has been made to profit or loss, as management determined the likelihood of recoverability is low and payments are not forthcoming.

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash to finance the Group and the Company's operations and development activities. The Group manages the liquidity risk by maintaining a level of cash and bank balances deemed adequate to finance the Group's business operations and development activities. The Group's objective is to maintain a balance between continuing of funding and flexibility through the use of borrowings and funding from major shareholder.

The table below analyses non-derivative financial liabilities of the Group and the Company into relevant maturity groupings based on the remaining period from the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying amounts as the impact of discounting is not significant.

	Less than 1 year S$'000	Between 2 to 5 years S$'000
Group		
At 31 December 2019		
Trade and other payables	2,750	–
Borrowings	7,749	–
Lease liabilities	155	145
	10,654	145
At 31 December 2018		
Trade and other payables	1,797	–
Borrowings	6,416	–
	8,213	–

Notes to **the Financial Statements**

For the financial year ended 31 December 2019

26 Financial risk management (cont'd)

(c) Liquidity risk (cont'd)

	Less than 1 year S$'000	Between 2 to 5 years S$'000
Company		
At 31 December 2019		
Trade and other payables	2,495	–
Borrowings	6,641	–
Lease liabilities	58	20
	9,194	20
At 31 December 2018		
Trade and other payables	1,624	–
Borrowings	5,438	–
	7,062	–

(d) Capital risk

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value. In order to maintain or achieve an optimal capital structure, the Group may adjust the amount of dividend payment, return capital to shareholders, issue new shares, buy back issued shares, obtain new borrowings or sell assets to reduce borrowings.

Management monitors capital based on a gearing ratio, which is calculated as net debt divided by total capital. Net debt is calculated as borrowings plus trade and other payables less cash and bank balances. Total capital is calculated as total equity plus net debt.

	Group		Company	
	2019 S$'000	2018 S$'000	2019 S$'000	2018 S$'000
Net debt	10,536	8,086	9,136	7,015
Total equity	(8,401)	(6,125)	(6,639)	(4,819)
Total capital	2,135	1,961	2,497	2,196
Gearing ratio	493%	412%	366%	319%

The Group and the Company are not subject to any externally imposed capital requirements for the financial years ended 31 December 2019 and 2018.

Notes to **the Financial Statements**

For the financial year ended 31 December 2019

26 Financial risk management (cont'd)

(e) Fair value measurements

The fair value of current financial assets and financial liabilities carried at amortised cost are approximate their carrying value.

The table below presents asset measured and carried at fair value and classified by level of the following fair value measurement hierarchy:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2); and
- inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

	Level 1 S$'000	Level 2 S$'000	Level 3 S$'000
Group and Company			
2019			
Financial asset, at fair value through profit or loss			
- Unlisted equity security	–	–	*
2018			
Financial asset, at fair value through profit or loss			
- Unlisted equity security	–	–	*

* Less than S$1,000

The fair value of financial instrument that are not traded in an active market (e.g. over-the counter derivatives) is determined by using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date. In infrequent circumstances, where a valuation technique for these instruments is based on significant unobservable inputs, such instruments are classified as Level 3.

(f) Financial instruments by category

The carrying amount of the different categories of financial instruments is as disclosed on the face of the balance sheet, except for the following:

	Group S$'000	Company S$'000
31 December 2019		
Financial asset, at fair value through profit or loss	*	*
Financial assets, at amortised cost	1,451	2,470
Financial liabilities, at amortised cost	10,797	9,214
31 December 2018		
Financial asset, at fair value through profit or loss	*	*
Financial assets, at amortised cost	1,247	2,222
Financial liabilities, at amortised cost	8,213	7,062

* Less than S$1,000

Notes to **the Financial Statements**

For the financial year ended 31 December 2019

27 Segment information

Management has determined the operating segments based on the reports reviewed by the Board of Directors ("BOD") for the purpose of making strategic decisions, allocate resources, and assess performance. The BOD comprises three independent directors and two non-independent directors. The BOD considers the business from both a geographic and business segment perspective. Geographically, management manages and monitors the business in the two primary geographic areas: Singapore and Japan. From a business segment perspective, management separately considers the investment holding and travel, hospitality and leisure ("THL") activities in these geographic areas.

For each of the strategic business units, the BOD (the chief operating decision maker) reviews internal management reports on at least quarterly.

The segment information provided to the management for the reportable segments is as follows:

	Investment holding - Singapore S$'000	THL - Japan S$'000	Total S$'000
2019			
Sales			
Sales to external parties	–	573	573
Interest income	102	–	102
Finance cost	(452)	(154)	(606)
Loss before income tax	(1,830)	(390)	(2,220)
Net loss	(1,830)	(390)	(2,220)
Segment assets	1,272	1,124	2,396
Segment liabilities	9,006	1,791	10,797
Other disclosures:			
Capital expenditure	2	2	4
Depreciation of property, plant and equipment	41	251	292

Notes to the Financial Statements

For the financial year ended 31 December 2019

27 Segment information (cont'd)

	Investment holding - Singapore S$'000	THL - Japan S$'000	Total S$'000
2018			
Sales			
Sales to external parties	39	331	370
Interest income	92	–	92
Finance cost	(276)	(176)	(452)
Loss before income tax	(1,515)	(717)	(2,232)
Net loss	(1,515)	(717)	(2,232)
Segment assets	1,046	1,109	2,155
Segment liabilities	6,844	1,436	8,280
Other disclosures:			
Capital expenditure	–	149	149
Impairment loss on non-trade receivables from related parties	488	–	488
Depreciation of property, plant and equipment	3	128	131

There is no inter-segment revenue. The revenue from external parties reported to the BOD is measured in a manner consistent with that in the statement of comprehensive income. The BOD assesses the performance of the operating segments based on a measure of earnings before interest, tax, and depreciation for continuing operations.

Geographical information

The Group's business segments operate in two main geographical areas.

	Revenue	
	2019 S$'000	2018 S$'000
Singapore	–	39
Japan	573	331
	573	370

	Non-current assets	
	2019 S$'000	2018 S$'000
Singapore	80	3
Japan	807	790
	887	793

Revenue of approximately S$90,000 (2018: S$39,000) are derived from one (2018: two) single customer which is attributable to the travel, hospitality and leisure segment in Japan (2018: Investment holding segment in Singapore).

Notes to **the Financial Statements**

For the financial year ended 31 December 2019

28 Events after balance sheet date

(a) On 2 March 2020, the Company entered into a conditional sale and purchase agreement with Arrabco & Partners Limited (the "Vendor") in respect of the acquisition by the Company of all the shares in the entire issued share capital of KL Energy Partners Limited, a company incorporated in Hong Kong (the "Target Company") for a purchase consideration of S$6,200,000.

(b) On 28 April 2020, the Company announced that a deed of termination with the Vendor for the termination of the above acquisition. Both the Company and the Vendor have mutually decided to terminate this agreement due to the difficulty for the Target Company to fulfil certain requirements under the Listing Rules for a "reverse takeover" transaction and the Company has entered into a new sales and purchase agreement as per Note 28(c) below.

(c) The Company has on 28 April 2020 entered into a conditional sale and purchase agreement (the "SPA") with Majesty Asset Management Ltd (the "Vendor", and the Vendor and the Company collectively, the "Parties"), in respect of the acquisition by the Company of all the shares in the entire issued and paid up share capital (the "Sale Shares") of GCM Ltd. (the "Target Company") for a purchase consideration of S$118,000,000 (the "Proposed Acquisition"). Following the completion of the Proposed Acquisition ("Completion"), the Target Company will be wholly-owned by the Company. The Proposed Acquisition, if undertaken and completed, is expected to result in a "Reverse Takeover" of the Company. Pursuant to the SPA, the Parties have agreed that the long stop date for the Proposed Acquisition shall be 12 months from the date of the SPA or such other date as the Parties may mutually agree in writing.

(d) On 30 April 2020, the Company entered into a conditional sales and purchase agreement with Maiora Global Fund SPC ("Maiora") (as purchaser for and on behalf of MASFF) pursuant to which the Company has agreed to transfer to Maiora all the shares held by the Company in MMP Resources Japan K.K. ("MMPRJ") as a consideration based on the previous proposed settlement agreement entered into on 2 August 2019.

The proposed settlement shall be effective only upon satisfaction of, among others, the completion of the transfer to Maiora of all the shares held by the Company in MMPRJ and completion of the acquisition as per Note 28(c).

(e) The emergence of COVID-19 has brought about uncertainties to the Group's operating environment and its financial position subsequent to the financial year end. The Group is aware of the challenges posed by these developing events and the impact they potentially could have on the business sector. As the situation is still evolving, the effect of the outbreak is subject to uncertainty hence the Group is unable to quantify the magnitude and duration of such impact and has not considered such impact (if any) on the Group's financial statements for the financial year ending 31 December 2020.

Notes to **the Financial Statements**

For the financial year ended 31 December 2019

29 New or revised accounting standards and interpretations

Below are the mandatory standards, amendments and interpretations to existing standards that have been published and are relevant for the accounting periods beginning on or after 1 January 2020 or later periods and which the Group has not early adopted:

Effective for annual periods beginning on or after 1 January 2021

- SFRS(I) 17 Insurance Contracts

Effective date: to be determined *

- Amendments to SFRS(I) 10 and SFRS(I) 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

* The mandatory effective date of this Amendment had been revised from 1 January 2016 to a date to be determined by the Accounting Standards Council Singapore ("ASC") in December 2015 via Amendments to Effective Date of Amendments to FRS 110 and FRS 28.

The directors do not anticipate that the adoption of the above SFRS(I)s, INT SFRS(I) and amendments to SFRS(I) in future financial periods will have a material impact on the financial statement of the Group and the Company.

30 Authorisation of financial statements

These financial statements were authorised for issue in accordance with a resolution of the Board of Directors of MMP Resources Limited on 14 May 2020.

Statistics of **Shareholdings**

As at 11 May 2020

ISSUED AND FULLY PAID-UP CAPITAL	:	S$137,724,537
NO. OF SHARES ISSUED	:	2,343,527,950
CLASS OF SHARES	:	Ordinary Shares
VOTING RIGHTS	:	1 vote per share
TREASURY SHARES AND SUBSIDIARY HOLDINGS	:	Nil

* This is based on records kept with the Accounting and Corporate Regulatory Authority and differs from the accounting records of the Company which amounts to S$125,783,225 due to certain share issue expenses.

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 - 99	7	0.50	234	0.00
100 - 1,000	80	5.71	71,793	0.00
1,001 - 10,000	273	19.47	1,697,500	0.07
10,001 - 1,000,000	901	64.26	195,530,392	8.35
1,000,001 AND ABOVE	141	10.06	2,146,228,031	91.58
TOTAL	**1,402**	**100.00**	**2,343,527,950**	**100.00**

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	UOB KAY HIAN PRIVATE LIMITED	585,532,980	24.99
2	DBS NOMINEES (PRIVATE) LIMITED	413,983,015	17.66
3	KOH YEW CHOO	178,954,300	7.64
4	DREW ETHAN MADACSI	100,000,000	4.27
5	EASE SG PTE. LTD.	90,071,723	3.84
6	RAFFLES NOMINEES (PTE.) LIMITED	87,711,700	3.74
7	HSBC (SINGAPORE) NOMINEES PTE LTD	55,470,900	2.37
8	SINO XIN YUAN CONSTRUCTION INVESTMENTS PTE LTD	42,311,413	1.81
9	ONG CHIN SOON	38,710,000	1.65
10	SELECT EQUITY GROWTH LIMITED	26,700,000	1.14
11	CITIBANK NOMINEES SINGAPORE PTE LTD	22,487,500	0.96
12	DEALSON LIMITED	20,000,000	0.85
13	OCBC SECURITIES PRIVATE LIMITED	17,333,300	0.74
14	PHILLIP SECURITIES PTE LTD	16,021,900	0.68
15	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	15,541,000	0.66
16	CHOO SOON KIAH	15,130,400	0.65
17	MAYBANK KIM ENG SECURITIES PTE. LTD.	13,640,000	0.58
18	NEWMAN VENTURES LIMITED	12,450,000	0.53
19	CHEW KIAN HO	12,000,000	0.51
20	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	10,609,400	0.45
	TOTAL	**1,774,659,531**	**75.72**

Statistics of **Shareholdings**

As at 11 May 2020

SUBSTANTIAL SHAREHOLDER

Name of Substantial Shareholders	Shareholdings registered in the name of the substantial shareholder	Shareholdings held by substantial shareholder in the name of nominees	Shareholdings in which the substantial shareholder are deemed to be interested	Total	Percentage of issued shares
LE Group Holdings Pte. Ltd.[1]	–	325,766,685	–	325,766,685	13.90%
Chalid Arrab[2]	–	–	325,766,685	325,766,685	13.90%
Maiora Asian Structured Finance Segregated Portfolio[3]	–	305,701,215	–	305,701,215	13.04%
Maiora Asset Management Pte. Ltd.[4]	–	–	305,701,215	305,701,215	13.04%
Clay Patrick Kinney[5]	–	–	305,701,215	305,701,215	13.04%
Marzio Keiling[6]	–	–	305,701,215	305,701,215	13.04%
Christopher Michael Peck[7]	–	–	305,701,215	305,701,215	13.04%
Jason N Block[8]	–	–	305,701,215	305,701,215	13.04%
Blue Pegasus Capital Ltd[9]	–	179,063,462	–	179,063,462	7.64%
Koh Yew Choo	178,954,300	–	–	178,954,300	7.64%

Notes:

(1) LE Group Holdings Pte. Ltd. is deemed to be interested in 325,766,685 shares of the Company registered under UOB Kay Hian Private Limited.

(2) Chalid Arrab is deemed interested in 325,766,685 shares held by LE Group Holdings Pte. Ltd. by virtue of Section 7 of the Companies Act

(3) Maiora Asian Structured Finance Segregated Portfolio ("MASFSP") is deemed to be interested in 305,701,215 shares of the Company registered under DBS Nominees (Private) Limited.

(4) Maiora Asset Management Pte. Ltd. is the manager of MASFSP, and is deemed interested in the 306,701,215 shares held by MASFSP by virtue of Section 7 of the Companies Act.

(5) Clay Patrick Kinney is deemed interested in 306,701,215 shares held by MASFSP by virtue of Section 7 of the Companies Act.

(6) Marzio Keiling is deemed interested in 306,701,215 shares held by MASFSP by virtue of Section 7 of the Companies Act.

(7) Christopher Michael Peck is deemed interested in 306,701,215 shares held by MASFSP by virtue of Section 7 of the Companies Act.

(8) Jason N Block is deemed interested in 306,701,215 shares held by MASFSP by virtue of Section 7 of the Companies Act.

(9) Blue Pegasus Capital Ltd is deemed to be interested in 179,063,462 shares of the Company registered under UOB Kay Hian Private Limited.

SHAREHOLDINGS HELD IN HANDS OF PUBLIC

Based on the information provided and to the best knowledge of the Directors, approximately 53.51% the issued ordinary shares of the Company were held in the hands of the public as at 11 May 2020 and therefore Rule 723 of the Listing of Singapore Exchange Securities Trading Limited is complied with.

Notice of **Annual General Meeting**

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Company will be held at 6 Eu Tong Seng Street, #12-20, The Central, Singapore 059817 via Live Webcast on Friday, 29 May 2020 at 10.00 a.m. to transact the following business:-

Ordinary Business

1. To receive and adopt the Directors' Statement and Audited Financial Statements for the financial year ended 31 December 2019 and the Auditors' Report thereon. **[Resolution 1]**

2. To re-elect Mr Drew Ethan Madacsi, who is retiring by rotation in accordance with Regulation 104 of the Company's Constitution, as a Director of the Company. **[Resolution 2]**

3. To re-elect Mr Chan Ying Wei, who is retiring by rotation in accordance with Regulation 104 of the Company's Constitution, as a Director of the Company.
[See Explanatory Note (a)] **[Resolution 3]**

4. To re-elect Mr Damian Paul Collins, who is retiring in accordance with Regulation 114 of the Company's Constitution, as a Director of the Company.
[See Explanatory Note (b)] **[Resolution 4]**

5. To approve the sum of S$200,000.00 as Directors' fees for the financial year ending 31 December 2020. [2019: S$200,000.00] **[Resolution 5]**

6. To re-appoint Nexia TS Public Accounting Corporation as Auditors of the Company and to authorise the Directors to fix their remuneration. **[Resolution 6]**

7. To transact any other business that may be transacted at an Annual General Meeting.

Special Business

To consider and, if thought fit, to pass the following as Ordinary Resolutions, with or without modifications: -

8. Share Issue Mandate

That pursuant to Section 161 of the Companies Act, Chapter 50 (the "Act") and the listing rules of the Singapore Exchange Securities Trading Limited (the "SGX-ST"), authority be and is hereby given to the Directors of the Company to:-

(A) (i) allot and issue shares in the capital of the Company ("Shares") (whether by way of rights, bonus or otherwise); and/or

(ii) make or grant offers, agreements, or options (collectively, "Instruments") that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible or exchangeable into Shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and

Notice of **Annual General Meeting**

(B) (notwithstanding that the authority conferred by this Resolution may have ceased to be in force) issue Shares in pursuance of any Instrument made or granted by the Directors while this Resolution was in force,

provided that:

(i) the aggregate number of Shares to be issued pursuant to this Resolution (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 50% of the total number of issued Shares excluding treasury shares and subsidiary holdings (as calculated in accordance with sub-paragraph (ii) below), of which the aggregate number of shares to be issued other than on a pro-rata basis to the existing shareholders of the Company (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 20% of the total number of issued Shares excluding treasury shares and subsidiary holdings (as calculated in accordance with sub-paragraph (ii) below); and

(ii) (subject to such manner of calculation and adjustments as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (i) above, the total number of issued Shares excluding treasury shares and subsidiary holdings shall be calculated based on the total number of issued Shares excluding treasury shares and subsidiary holdings at the time of the passing of this Resolution, after adjusting for:

(a) new Shares arising from the conversion or exercise of convertible securities;

(b) new Shares arising from the exercise of share options or vesting of share awards which are outstanding or subsisting at the time this Resolution is passed; and

(c) any subsequent bonus issue, consolidation or subdivision of Shares;

(iii) in relation to an Instrument, the number of Shares shall be taken to be that number as would have been issued had the rights therein been fully exercised or effected on the date of the making or granting of the Instrument;

(C) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the listing rules of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution for the time being of the Company;

(D) (unless revoked or varied by the Company in general meeting) the authority conferred by this Resolution shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier.

[See Explanatory Note (c)] **[Resolution 7]**

9. Authority to grant awards and issue shares under MMP Performance Share Plan

That pursuant to Section 161 of the Act, authority be and is hereby given to the Directors of the Company to:-

(i) offer and grant awards ("Awards") from time to time in accordance with the rules of the MMP Performance Share Plan (the "MMP PSP"); and

(ii) allot and issue from time to time such number of Shares as may be required to be issued pursuant to the vesting of Awards granted under the MMP PSP,

Notice of **Annual General Meeting**

provided always that the aggregate number of Shares to be issued pursuant to the Awards granted under the MMP PSP shall not exceed 15% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company from time to time and that such authority shall, unless revoked or varied by the Company in a general meeting, continue to in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier.

[See Explanatory Note (d)] **[Resolution 8]**

By Order of the Board

Sharon Yeoh
Angeline Chiang
Joint Company Secretaries

Singapore
14 May 2020

Notice of **Annual General Meeting**

Explanatory Notes:

(a) Mr Chan Ying Wei, if re-elected, will remain as the chairman of the Company's Audit Committee and will also continue to be a member of the Nominating Committee and Remuneration Committee. Mr Chan Ying Wei will be considered as an Independent Director of the Company. Pursuant to Rule 720(6) of the Listing Manual, further information on Mr Chan Ying Wei is set out in pages 25 - 26 of the Company's Annual Report.

(b) Mr Damian Paul Collins, if re-elected, will remain as a member of the Company's Audit Committee, Nominating Committee and Remuneration Committee. Mr Damian Paul Collins will be considered as an Independent Director of the Company. Pursuant to Rule 720(6) of the Listing Manual, further information on Mr Damian Paul Collins is set out in pages 25 - 26 of the Company's Annual Report.

(c) The ordinary resolution 7 set out in item 8 above, if passed, will empower the Directors from the date of this Annual General Meeting until the date of the next Annual General Meeting or the date by which the next Annual General Meeting is required by law to be held, to issue shares and convertible securities in the Company up to an aggregate number not exceeding 50% of the total number of issued shares excluding treasury shares and subsidiary holdings in the capital of the Company, of which the aggregate number issued other than on a pro rata basis to all existing shareholders of the Company shall not exceed 20% of the total number of issued shares excluding treasury shares and subsidiary holdings in the capital of the Company as more particularly set out in the resolution.

(d) The ordinary resolution 8 set out in item 9 above, if passed, will empower the Directors from the date of this Annual General Meeting until the date of next Annual General Meeting or the date by which the next Annual General Meeting is required by law to be held or such authority is revoked or varied by the Company in general meeting, whichever is earlier, to offer and grant Awards and to issue Shares in the capital of the Company pursuant to the MMP PSP, provided that the aggregate number of Shares to be issued under the MMP PSP shall not exceed 15% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company for the time to time.

Notes:

1. (a) A member who is not a Relevant Intermediary is entitled to appoint not more than two proxies to attend and vote in his/her stead at the Annual General Meeting. A proxy need not be a member of the Company.

   (b) A member who is a Relevant Intermediary is entitled to appoint more than two proxies to attend, speak and vote at the Annual General Meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

   "Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act, Chapter 50.

2. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 6 Eu Tong Sen Street, #12-20 The Central, Singapore 059817 or email to agm2020@mmpresources.com, not less than forty-eight (48) hours before the time set for holding the Annual General Meeting.

PERSONAL DATA PRIVACY

Where a member of the Company submits an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, proxy lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

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MMP RESOURCES LIMITED

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

IMPORTANT

1. An investor who holds shares under the Central Provident Fund Investment Scheme ("**CPF Investor**") and/or the Supplementary Retirement Scheme ("**SRS Investors**") (as may be applicable) may attend and cast his vote(s) at the Meeting in person. CPF and SRS Investors who are unable to attend the Meeting but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the Meeting to act as their proxy, in which case, the CPF and SRS Investors shall be precluded from attending the Meeting.
2. This Proxy Form is not valid for use by CPF and SRS Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

PROXY FORM

I/We _____ NRIC/Passport/Co. Registration No. _____

of _____

being a member/members of **MMP RESOURCES LIMITED** hereby appoint

Name	Address	NRIC/ Passport Number	Proportion of Shareholdings to be represented by proxy	
			Number of Shares	%
Chairman of the meeting				

as *my/our *proxy/proxies to attend, speak or vote for me/us and on *my/our behalf at the Annual General Meeting ("**AGM**") of the Company to be held at 6 Eu Tong Seng Street, #12-20, The Central,Singapore 059817 via live webcast on Friday, 29 May 2020 at 10.00 a.m. and at any adjournment thereof.

Voting would be conducted by poll. Please indicate your vote "For" or "Against" or "Abstained" with a tick [√] within the box provided.

No.	*Resolutions Relating To:*	For	Against	Abstained
AS ORDINARY BUSINESS				
1	Adoption of Directors' Statement and Audited Financial Statements for the financial year ended 31 December 2019			
2	Re-election of Mr Drew Ethan Madacsi as Director			
3	Re-election of Mr Chan Ying Wei as Director			
4	Re-election of Mr Damian Paul Collins as Director			
5	Approval of Directors' fees FY2020			
6	Re-appointment of Nexia TS Public Accounting Corporation as Auditors of the Company			
AS SPECIAL BUSINESS				
7	Authority to Directors to issue new shares			
8	Authority to grant awards and issue shares pursuant to the MMP PSP			

Dated this _____ day of _____ 2020

Total Number of Shares Held

_____

Signature(s) of Member(s) or/and
Common Seal of Corporate Member

IMPORTANT
PLEASE READ NOTES OVERLEAF

Notes:

1 Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, (Cap 289)), you should insert that number of Shares. If you have shares registered in your name in the Register of Members, you should insert that number of shares. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number of shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the shares held by you.

2 A member of the Company (other than a Relevant Intermediary*), entitled to attend and vote at a meeting of the Company is entitled to appoint Chairman of the meeting to attend and vote on his behalf.

3 For any member who acts as an intermediary pursuant to Section 181(6) of the Companies Act, Chapter 50, who is either:

(a) a banking corporation licensed under the Banking Act (Cap. 19) or its wholly-owned subsidiary which provides nominee services and holds shares in that capacity;

(b) a capital markets services licence holder which provides custodial services for securities under the Securities and Futures Act (Cap. 289) and holds shares in that capacity; or

(c) the Central Provident Fund Board established by the Central Provident Fund Act (Cap. 36), in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

You are entitled to appoint Chairman of the meeting to attend and vote at the AGM.

4 The instrument appointing a proxy or proxies must be deposited at the Company's registered office at 6 Eu Tong Sen Street, #12-20 The Central, Singapore 059817 or email to agm2020@mmpresources not less than 48 hours before the time set for holding the AGM.

5. The instrument appointing a proxy or proxies shall be in writing and signed by the appointor or his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed under its common seal or signed on its behalf by an attorney duly authorised by the corporation. The dispensation of the use of common seal pursuant to Sections 41A, 41B and 41C of the Companies Act, Chapter 50 of Singapore effective from 31 March 2017 is applicable at this Annual General Meeting.

7 Where an instrument appointing Chairman of the meeting is signed on behalf of the appointor by an attorney, the power of attorney or other authority or a duly certified copy of that power of attorney (failing previous registration with the Company) shall be attached to the instrument of proxy and must be left at the Company's Registered Office or email to agm2020@mmpresources.com, failing which the instrument may be treated as invalid.

8 A corporation which is a member may by resolution of its directors or other governing body authorise Chairman of the meeting to act as its representative at the AGM.

9 The Company shall be entitled to reject this instrument of proxy if it is incomplete, improperly completed, illegible or where the true intentions of the appointer are not ascertainable from the instructions of the appointer specified in this instrument of proxy. In addition, in the case of members whose shares are entered in the Depository Register, the Company may reject an instrument of proxy lodged if the member, being the appointer, is not shown to have shares entered against his name in the Depository Register as at 72 hours before the time set for holding the AGM, as certified by The Central Depository (Pte) Limited to the Company.

Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 14 May 2020.

Corporate **Information**

BOARD OF DIRECTORS
Drew Ethan Madacsi
Jason N Block
Chan Ying Wei
Chong Chee Meng Gerard
Damian Paul Collins

AUDIT COMMITTEE
Chan Ying Wei
Chong Chee Meng Gerard
Damian Paul Collins

NOMINATING COMMITTEE
Chong Chee Meng Gerard
Chan Ying Wei
Damian Paul Collins

REMUNERATION COMMITTEE
Chong Chee Meng Gerard
Chan Ying Wei
Damian Paul Collins

REGISTERED OFFICE
6 Eu Tong Sen Street
#12-20 The Central
Singapore 059817

SHARE REGISTRAR
RHT Corporate Advisory Pte. Ltd.
30 Cecil Street #19-08
Prudential Tower
Singapore 049712

COMPANY SECRETARIES
Sharon Yeoh
Angeline Chiang

BANKERS
UOB Bank

AUDITORS
Nexia TS Public Accounting Corporation
Public Accountants and Chartered Accountants
80 Robinson Road #25-00
Singapore 068898
Director in charge: Chan Siew Ting
(Appointed since Financial Year 2017)



M M P RESOURCES LIMITED

(Incorporated in the Republic of Singapore)
Company Registration No. 200613299H
6 Eu Tong Sen Street #12-20 The Central Singapore 059817