



M M P RESOURCES LIMITED

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

**CONDITIONAL SETTLEMENT OF LOAN OWING BY JAPANESE SUBSIDIARY
– ENTRY INTO DEFINITIVE AGREEMENT IN RESPECT OF THE PROPOSED DISPOSAL**

1. INTRODUCTION

The Board of Directors (the “**Board**” or the “**Directors**”) of MMP Resources Limited (the “**Company**” and collectively with its subsidiaries, the “**Group**”) refers to the announcement released by the Company on 2 August 2019 (the “**Loan Settlement Announcement**”) in relation to the Company’s entry into an agreement (the “**Loan Settlement Agreement**”) with MMP Resources Japan K.K. (“**MMP Japan**”), being a wholly-owned subsidiary of the Company, and Maiora Global Fund SPC (“**Maiora**”) (for and on behalf of Maiora Asian Structured Finance Segregated Portfolio (“**MASFF**”)) in respect of, among others, the extension of the maturity date of the loan to MMP Japan and the proposed settlement of all amounts owing by the Company and MMP Japan to Maiora subject to the conditions therein (the “**Proposed Settlement**”).

Unless otherwise defined herein, all capitalised terms in this announcement shall have the meanings ascribed to them in the Loan Settlement Announcement.

2. CONDITIONS FOR THE PROPOSED SETTLEMENT AND ENTRY INTO DISPOSAL AGREEMENT

2.1 Conditions for the Proposed Settlement

2.1.1 Pursuant to the terms of the Loan Settlement Agreement, the Proposed Settlement shall be effective only upon the satisfaction of, among others, the following conditions:

- (a) the completion of the transfer to Maiora (or such nominee as may be nominated by Maiora) of all the shares held by the Company in MMP Japan pursuant to a definitive agreement to be entered into between the Company and Maiora (or such nominee as may be nominated by Maiora); and
- (b) the completion of the acquisition of a new asset (such asset not being an asset consisting wholly or substantially of cash or short-dated securities) or business by the Company or any of its subsidiaries.

The Company has until 31 December 2020 to satisfy (or procure the satisfaction) of the above conditions.

2.1.2 The Board is pleased to announce that the Company has on 28 April 2020 entered into a sale and purchase agreement with Majesty Asset Management Ltd. in respect of the proposed

acquisition by the Company of all the shares in GCM Ltd., a company incorporated in Japan (“**GCM**”). Please refer to the Company’s announcement dated 28 April 2020 for further details on the acquisition of GCM (the “**GCM Acquisition**”).

- 2.1.3 The GCM Acquisition entails the acquisition by the Company of a new asset (in the form of the acquisition of shares in GCM), such asset not being an asset consisting wholly or substantially of cash or short-dated securities, and therefore would enable the Company to satisfy one of the conditions for the Proposed Settlement (specifically the condition in **paragraph 2.1.1(b)** above). Accordingly, in the event that the GCM Acquisition is completed, subject to the satisfaction of the other conditions as set out in the Loan Settlement Agreement, the Proposed Settlement shall become effective.

2.2 Entry into Disposal Agreement

In order to satisfy one of the other conditions for the Proposed Settlement (specifically the condition in **paragraph 2.1.1(a)** above), the Company has, on 30 April 2020 entered into a conditional sale and purchase agreement (the “**Disposal Agreement**”) with 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 Japan (the “**Disposal Shares**”) as consideration for the Proposed Settlement (the “**Proposed Disposal**”).

3. INFORMATION ON THE PURCHASER, MMP JAPAN AND THE DISPOSAL SHARES

3.1 Maiora

Maiora is a company incorporated in the Cayman Islands and manages MASFF, which is a fund. MASFF is a substantial shareholder of the Company, holding approximately 13.04% of the issued share capital of the Company as at the date of this announcement. MASFF is also managed by Maiora Asset Management Pte. Ltd. Jason N Block, a Director of the Company, holds 24% of the shares in the issued share capital of Maiora Asset Management Pte. Ltd.

For the purpose of Chapter 9 of the Mainboard Rules of the SGX-ST Listing Manual (the “**Listing Rules**”), neither Maiora nor MASFF constitutes an “interested person” in respect of the Company as none of them (i) is interested in 15% or more of the shares in the Company, or (ii) is an associate of any Director of the Company.

3.2 MMP Japan

MMP Japan is a wholly owned subsidiary of the Company. Its principal activity is in construction in Tier-1 markets, with a specific focus on the travel, hospitality and leisure industry.

3.3 Value of the Disposal Shares

Based on the unaudited consolidated financial statements of the Group for the financial year ended 31 December 2019 (“**FY2019**”), the liabilities directly associated with MMP Japan as at 31 December 2019 was approximately S\$2.601 million.

Based on the unaudited financial statements of MMP Japan for FY2019:

- (a) the negative book value and net tangible liabilities of MMP Japan was approximately S\$ 1,693,930; and
- (b) the net loss attributable to the Disposal Shares was approximately S\$351,247.

There is no open market value for the Disposal Shares as they are not publicly traded.

4. PRINCIPAL TERMS OF THE PROPOSED DISPOSAL

4.1 The Proposed Disposal

Subject to the terms and conditions of the Disposal Agreement, the Company agrees to sell to Maiora and Maiora agrees to acquire from the Company all of the Company's interest in the whole of the issued share capital of MMP Japan.

4.2 Consideration

The Proposed Disposal is undertaken by the Company to satisfy part of the conditions for the Proposed Settlement. As set out in **paragraph 2.1.1(a)** of this announcement, as consideration for and a condition to the waiver and settlement of all the debts owing by the Company and MMP Japan pursuant to the Loan Agreement, the Company shall transfer to Maiora all of its interests in MMP Japan.

As at the date of this announcement, the total debt owing by the Company and MMP Japan (the "**Total Debt**") comprises the following:-

| | |
|---|-------------|
| Amount of loan extended to MMP Japan outstanding | US\$500,000 |
| Amount of interests accrued and unpaid up to the date of this announcement | US\$222,945 |

As agreed with Maiora pursuant to the Disposal Agreement, in view of the existing total debt owing to Maiora by the Company, upon completion of the Proposed Disposal (the "**Completion**"), all loans owing by MMP Japan to the Company shall be waived in its entirety. As at 31 December 2019, a total of S\$966,810 is owing by MMP Japan to the Company (the "**Outstanding Receivables**"). Accordingly, for the purposes of the Proposed Disposal, the "consideration" for the Disposal Shares shall be deemed to be equivalent to the aggregate amount of the Total Debt to be waived pursuant to the Loan Settlement Agreement, being the aggregate sum of US\$722,945 (or S\$1,026,582 based on an exchange rate of US\$1:S\$1.42 as at 29 April 2020), less the Outstanding Receivables, being the sum of S\$59,772.

Based on the amount of the Total Debt of US\$722,945 (or S\$1,026,582 based on an exchange rate of US\$1:S\$1.42 as at 29 April 2020) less the Outstanding Receivables of S\$966,810, the "consideration" for the Proposed Disposal represents an excess of approximately S\$1,753,702 over the negative book value of MMP Japan of approximately S\$1,693,930. Accordingly, assuming that the "consideration" had been satisfied in cash for such sum equivalent to the amount of the Total Debt less the Outstanding Receivables, the Group will recognise a gain of approximately S\$1,753,702 from the Proposed Disposal.

Shareholders should however note that as the “consideration” for the Proposed Disposal will be satisfied by way of the settlement of the Total Debt less the Outstanding Receivables, there will be no actual cash proceeds received by the Company for the Proposed Disposal.

4.3 Conditions Precedent

Completion is further conditional upon, *inter alia*, the following conditions having been fulfilled (or waived in accordance with the Disposal Agreement by the relevant party thereunder, to the extent legally permissible):

- (a) the Company obtaining such approval(s) required from the Board in connection with the Disposal Agreement and the transactions contemplated therein;
- (b) the Company receiving all necessary approvals from its shareholders (the “**Shareholders**”) in connection with the Disposal Agreement and the transactions contemplated therein at an extraordinary general meeting (the “**EGM**”) to be convened including such approvals as may be required pursuant to Chapter 10 of the Listing Rules, and where such approval(s) is / are subject to any conditions, such condition(s) being complied with; and
- (c) the completion of the GCM Acquisition or the acquisition of such other new asset (such asset not being an asset consisting wholly or substantially of cash or short-dated securities) or business by the Company.

4.4 Completion

Completion shall take place within 30 calendar days after the fulfilment of all of the conditions precedent under the Disposal Agreement.

4.5 Long Stop Date

Pursuant to the Disposal Agreement, the Company and Maiora have agreed that the long stop date for the Proposed Disposal (the “**Long Stop Date**”) shall be 31 December 2020 or such other date as the parties may mutually agree in writing. This is consistent with the deadline of 31 December 2020 for the satisfaction of the conditions precedent for the Proposed Settlement as agreed between the Company, MMP Japan and Maiora pursuant to the Loan Settlement Agreement.

If any of the conditions precedent for the Proposed Disposal is not fulfilled or waived by the relevant parties (subject to whether such condition precedent is capable of being waived by the relevant party) by the Long Stop Date, the Disposal Agreement shall cease and determine and (save for any antecedent breach) no party shall have any claim against the other party for costs, damages, compensation or anything whatsoever.

5. RATIONALE FOR THE PROPOSED DISPOSAL

The Company is undertaking the Proposed Disposal for the following reasons:-

5.1 Satisfaction of one of the conditions for the Proposed Settlement

The completion of the Proposed Disposal is one of the conditions for the Proposed Settlement. As such, the Company is undertaking the Proposed Disposal to satisfy the conditions for the Proposed Settlement in respect of the Total Debt which will in turn enable the Group to:

- (a) reduce its current liabilities and settle all outstanding loans owing by the Company and MMP Japan to Maiora;
- (b) eliminate the need for any cash repayment or payment to Maiora in view of the current financial and cash position of the Group;
- (c) eliminate one of the competing needs for working capital and improve the Company's net tangible assets value and reduce its loss per share;
- (d) eliminate / minimise the risk of a delayed recovery in the economic climate of Hokkaido, which would continue to devalue MMP Japan over the short to medium term; and
- (e) avoid the risk of Maiora demanding for repayment of the Total Debt after the extended maturity date of 31 December 2020 or enforcing the securities available to it in the event of a default, which may jeopardise or adversely affect the GCM Acquisition.

5.2 Challenges faced by the loss-making subsidiary and diversification into new business

The Group has been incurring losses in its existing tourism, hospitality and leisure business, primarily due to the lack of scale, and may continue to face challenges in the future in such industry. Based on the unaudited full year financial statements of the Group for FY2019, the Group reported a net loss of approximately S\$1.9 million.

In view of the challenging market conditions due to the COVID-19 outbreak, the Board believes that the Company's continued investment in MMP Japan, being a loss-making subsidiary of the Group, is unlikely to reap any material benefits in the foreseeable future. After careful consideration, the Board is of the view that the Proposed Disposal will allow the Group to dispose of underperforming assets and at the same time reduce its current liabilities.

With the Company's proposed venture into a new business in connection with the GCM Acquisition, the Proposed Disposal will allow the Company to re-strategise and re-allocate its financial and capital resources, and have more working capital to expand into the new businesses and undertake new sustainable investment opportunities that may arise in the future. This may in turn result in higher value and longer term benefits for the Shareholders.

6. RELATIVE FIGURES UNDER CHAPTER 10 OF THE LISTING RULES

6.1 Relative Figures computed on the bases set out in Rule 1006 of the Listing Rules

The relative figures computed on the relevant bases set out in Rule 1006 of the Listing Rules in respect of the Proposed Disposal and based on the latest announced consolidated financial statements of the Group for FY2019, are as follows:-

| Listing Rule | Relative Figures (%) |
|---|---|
| Rule 1006(a) The net asset value of the assets to be disposed of, compared with the Group's net asset value | 9.0 ⁽¹⁾ |
| Rule 1006(b) The net profits/loss attributable to the assets disposed, compared with the Group's net profits/loss ⁽²⁾ | 18.0 ⁽³⁾ |
| Rule 1006(c) The aggregate value of the consideration received, compared with the Company's market capitalisation based on the total number of issued shares excluding treasury shares | 0.6 ⁽⁴⁾ |
| Rule 1006(d) The number of equity securities issued by the Company as consideration for the acquisition, compared with the number of equity securities previously in issue | Not applicable as the Company is disposing of its interest in MMP Japan |
| Rule 1006(e) The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the Group's proved and probable reserves. This basis is applicable to a disposal of mineral, oil or gas assets by a mineral, oil and gas company, but not to an acquisition of such assets | Not applicable as the Company is not a mineral, oil and gas company |

Notes:

- (1) Computed based on (i) the net liability value of the assets to be disposed of, being approximately S\$727,120 for FY2019, and (ii) the Group's net liability value of approximately S\$8,120,140 for FY2019.

Pursuant to the Disposal SPA, the Outstanding Receivables of S\$966,810 shall be waived upon Completion. In accordance with paragraph 3.2(a) of Practice Note 10.1 of the Listing Rules, in computing the net asset/liability value of the business to be disposed of under Rule 1006(a), the amount of S\$966,810, being the amount of Outstanding Receivables to be waived by the Company on Completion, is added to the net asset/liability value of the business being disposed.

- (2) For the purpose of computation of the net profit/loss figures, pursuant to Rule 1002(3)(b) of the Listing Rules, "**net profits**" or "**net loss**" means profits or loss including discontinued operations that have not been disposed and before income tax and non-controlling interests.
- (3) Computed based on (i) the net loss before tax of MMP Japan of approximately S\$348,255 for FY2019, and (ii) the net loss before tax of the Group of approximately S\$1.9 million for FY2019.

- (4) Computed based on (i) the aggregate value of the consideration of S\$59,772 being the amount of the Total Debt less the Outstanding Receivables, and (ii) the Company's market capitalisation of approximately S\$9,374,112 derived by multiplying the issued share capital of the Company of 2,343,527,950 Shares by the VWAP of S\$0.004 per Share on 30 April 2020, being the last full market day preceding the date of the Disposal Agreement on which the Shares were traded. The Company does not have any treasury shares.

Pursuant to the Disposal SPA, the Outstanding Receivables shall be waived upon Completion. In accordance with paragraph 3.2(b) of Practice Note 10.1 of the Listing Rules, in computing the aggregate value of consideration received under Rule 1006(c), (i) the amount of the Total Debt of S\$1,026,582, and (ii) the amount of S\$966,810, being the Outstanding Receivables to be waived by the Company pursuant to the Disposal SPA, are included in computing the aggregate value of the consideration. There is no cash consideration payable by Maiora to the Company for the Proposed Disposal.

If the Outstanding Receivables is not included in computing the aggregate value of the consideration received under Rule 1006(c), the relative figure under Rule 1006(c) is 7.7%. This is computed based on (i) the aggregate value of the consideration of S\$1,026,582, being the amount of the Total Debt only, and (ii) the Company's market capitalisation of approximately S\$9,374,112 derived by multiplying the issued share capital of the Company of 2,343,527,950 Shares by the VWAP of S\$0.004 per Share on 30 April 2020, being the last full market day preceding the date of the Disposal Agreement on which the Shares were traded.

6.2 Major Transaction

As the relative figures computed on the bases set out in Rule 1006 exceed 5% but do not exceed 20%, the Proposed Disposal is deemed to be a "Discloseable Transaction" under Chapter 10 of the Listing Rules. Notwithstanding the foregoing, as the Proposed Disposal involves the disposal of the core business of the Group, the Company will, in any event, be seeking Shareholders' approval for the Proposed Disposal.

7. FINANCIAL EFFECTS

7.1 Bases and Assumptions

The financial effects of the Proposed Disposal on the share capital, net tangible assets ("NTA") per Share and loss per share ("LPS") / earnings per share ("EPS") of the Group have been prepared based on the unaudited consolidated financial statements of the Group for FY2019, being the most recently completed financial year. The *pro forma* financial effects of the Proposed Disposal are for illustration purposes only and do not necessarily reflect the actual future results and financial position of the Group following completion of the Proposed Disposal.

For illustration purposes only, the financial effects of the Proposed Disposal have been computed based on the following assumptions:

- (a) the financial effects on the Group's NTA attributable to the Shareholders and the NTA per Share have been computed assuming that the Proposed Disposal was completed on 31 December 2019, being the end of the most recently completed financial year;

- (b) the financial effects on the Group's loss / profit attributable to the Shareholders and LPS / EPS have been computed assuming that the Proposed Disposal was completed on 1 January 2019, being the beginning of the most recently completed financial year;
- (c) only the Proposed Disposal and GCM Acquisition are completed. In this regard, Shareholders should note that the Proposed Disposal will only be completed if the GCM Acquisition is also completed;
- (d) 39,333,333,333 new shares in the Company (each, a "**Share**") are issued as satisfaction of the consideration payable by the Company pursuant to the GCM Acquisition (the "**GCM Consideration Shares**"). Shareholders may wish to refer to the announcement released by the Company on 28 April 2020 for further details on the GCM Acquisition; and
- (e) the expenses in connection with the Proposed Disposal and GCM Acquisition have been disregarded.

For the purposes of this announcement, the financial effects set out herein reflect the financial effects of the Proposed Disposal and issuance of the GCM Consideration Shares under the GCM Acquisition on the share capital, NTA and LPS of the Group. The Company will set out the full financial effects of the GCM Acquisition, the Proposed Disposal and all other transactions as may be contemplated in connection thereto in the circular to be despatched to Shareholders in due course (the "**Circular**").

7.2 Share Capital

| | Before Completion | After Completion ⁽¹⁾ |
|--|-------------------|---------------------------------|
| Number of Shares | 2,343,527,950 | 41,676,861,283 |
| Issued and paid-up share capital (S\$'000) | 125,783 | 243,782 |

Note:

- (1) Assuming the allotment and issuance of 39,333,333,333 GCM Consideration Shares.

7.3 NTA per Share

| | Before Completion | After Completion ⁽¹⁾ |
|--|-------------------|---------------------------------|
| NTA attributable to Shareholders (S\$'000) | (8,121) | 143,930 |
| Number of Shares | 2,343,527,950 | 41,676,861,283 |
| NTA per Share attributable to Shareholders (Singapore cents) | (0.35) | 0.35 |

Note:

(1) Assuming the allotment and issuance of 39,333,333,333 GCM Consideration Shares.

7.4 LPS/EPS

| | Before Completion | After Completion⁽¹⁾ |
|--|--------------------------|---------------------------------------|
| Net (loss) / profit attributable to Shareholders (S\$'000) | (1,939) | 28,395 |
| Weighted average number of Shares | 2,343,527,950 | 41,676,861,283 |
| (LPS) / EPS (Singapore cents) | (0.08) | 0.07 |

Note:

(1) Assuming the allotment and issuance of 39,333,333,333 GCM Consideration Shares.

8. DIRECTOR'S SERVICE CONTRACT

There are no persons proposed to be appointed as Directors in connection with the Proposed Disposal. Accordingly, no service contract is proposed to be entered into between the Company and any such person. However, the Company expects new Director(s) to be appointed in connection with the GCM Acquisition. Details on any change in composition of the Board will be set out in the Circular.

9. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

MASFF is a substantial Shareholder of the Company. As at the date of this announcement, MASFF has a deemed interest in 305,701,215 Shares, representing 13.04% of the issued and paid-up capital of the Company. MASFF is also managed by Maiora Asset Management Pte. Ltd. Jason N Block, a Director of the Company, holds 24% of the shares in the issued share capital of Maiora Asset Management Pte. Ltd.

Save for (i) MASFF, and (ii) the Directors' and substantial Shareholders' shareholding interests and / or directorships in the Company (if any and as the case may be), and except as disclosed in this announcement, none of the Directors or, as far as the Company is aware, substantial Shareholders has any interest, direct or indirect, in the Proposed Disposal.

10. EGM AND CIRCULAR

The Company will convene the EGM to seek the approval of the Shareholders for the Proposed Disposal and the Circular containing, *inter alia*, details thereof, and enclosing the notice of EGM in connection therewith, will be dispatched to the Shareholders in due course.

11. DOCUMENTS AVAILABLE FOR INSPECTION

A copy of the Disposal Agreement will be available for inspection during normal business hours at the Company's registered office at 6 Eu Tong Sen Street, #12-20, The Central, Singapore 059817 for a period of 3 months from the date of this announcement.

12. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this announcement and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this announcement constitutes full and true disclosure of all material facts about the Proposed Disposal, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this announcement misleading.

Where information in the announcement has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in the announcement in its proper form and context.

13. CAUTIONARY STATEMENT

The Company wishes to highlight that completion of the Proposed Disposal is subject to the conditions precedent being fulfilled and there is no certainty or assurance that the Proposed Disposal will be completed or that no changes will be made to the terms of the Disposal Agreement. Shareholders and potential investors are reminded to exercise caution when dealing in the securities of the Company and should consult their stockbrokers, bank managers, solicitors, accountants, and/or other professional advisers if they are in doubt about the actions that they should take.

14. FURTHER ANNOUNCEMENTS

The Company will make further announcements on the Proposed Disposal as appropriate or when there are developments on the same.

By Order of the Board

Drew Madacsi
Non-Executive Chairman

4th May 2020