



M M P RESOURCES LIMITED

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

ENTRY INTO NON-BINDING HEADS OF AGREEMENT WITH ALLIANCE BRANDS LIMITED

1. INTRODUCTION

The board of directors (the “**Board**”) of MMP Resources Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) wishes to announce that the Company has entered into a non-binding heads of agreement dated 5 July 2016 (the “**HOA**”) with Alliance Brands Limited (“**ABL**” and collectively with the Company, the “**HOA Parties**”) in relation to, *inter alia*, a series of transactions leading to a joint venture between the Company and ABL (the “**Proposed Transactions**”).

The HOA sets out in broad terms the principal terms and conditions as well as the structure under which the Proposed Transactions will be evaluated further by the Company and ABL.

2. INFORMATION ON ABL

ABL is a global brand development and operational company incorporated in the British Virgin Islands (BVI Company Number 1838155) with their registered office at NovaSage Chambers, PO Box 4389, Road Town, Tortola, British Virgin Islands. ABL currently consists of an operational team of between 25 and 30 consultants, and operates several international food and beverage businesses. ABL is the holding company for the various ventures entered into by ABL with its respective partners. ABL operates in multiple jurisdictions and for operational, tax and accounting convenience, ABL was registered in the British Virgin Islands, responsible for all subsidiary compliance pertaining to ABL’s various lines of business.

ABL’s business comprises two main segments, brand conceptualization and brand activation, with a specific focus on incubating inception ideas related to global trends within the food and beverage, hospitality, leisure and apparel sectors. ABL has a strong execution and project management team, having worked on transactions all over the world.

3. RATIONALE FOR THE PROPOSED TRANSACTIONS

As the Company encounters more construction and refurbishment opportunities, the Company sees an increasing trend in the demand for synergic brands as anchor tenants in shopping malls and commercial buildings. The Proposed Transactions allow the Company direct access to brand design and operational teams, significantly increasing margins and negating brand buyouts and increased valuation multiples.

The joint venture arrangement with ABL will also allow the Company to create, operate and own their own brands, allowing for regional and international expansion.

4. SALIENT TERMS OF THE HOA

4.1. Proposed Transactions

The Proposed Transactions involve, *inter alia*, the following:-

- (a) *The Share Swap*

- (i) The Company will issue to ABL such number of its shares, with an aggregate value of SGD 1,000,000, or equivalent to approximately 29% of the Company's current market capitalisation of SGD 3,500,000 (the "**Listed Shares**"). The Listed Shares will be subject to a 12-month moratorium on the sale, disposal and transfer of such shares. The number of Listed Shares to be issued to ABL shall be determined as follows:

$$\text{Number of Listed Shares} = \frac{\text{SGD 1,000,000}}{\text{Issue Price}}$$

where "**Issue Price**" shall mean the volume weighted average price of shares in the Company for trades done over the last three (3) market days immediately preceding the date of the HOA.

- (ii) The consideration for the Listed Shares shall be fully satisfied by the issuance and allotment of such number of shares in ABL (the "**Consideration Shares**") to the Company.
- (iii) The number of Consideration Shares to be issued and allotted to the Company shall be determined as per the formula set out below.

$$\text{Number of Consideration Shares} = \frac{\text{Aggregate value of the Listed Shares}}{\text{Enterprise Valuation}} \times \text{Total number of issued shares in ABL immediately preceding the issuance of the Consideration Shares}$$

where:

- (aa) the aggregate value of the Listed Shares shall be S\$ 1,000,000; and
- (bb) "**Enterprise Valuation**" shall refer to the agreed enterprise valuation of ABL of S\$7,000,000 provided that such valuation may vary depending on the review of the audited financials of ABL for the financial year 2015.

(b) *The Joint Venture*

- (i) The Company is to enter into a joint venture arrangement with ABL in respect of selected territories through the establishment of a special purpose vehicle in each of the selected territories (each a "**Joint Venture**").
- (ii) The Company will provide the funds for the capital required in each Joint Venture and will receive 70% of the after-tax net profits of each Joint Venture.
- (iii) Expenses incurred by the Joint Venture for any consulting, operational and other miscellaneous non-capital costs (the "**Relevant Expenses**") will be borne by the Company and ABL respectively. The Company and ABL will be reimbursed for the Relevant Expenses incurred by them out of the operating capital of the relevant Joint Venture. The reimbursement shall be at a rate and value as agreed between the Company and ABL from time to time.

- (iv) Any expansion and current retail operations in South Africa and USA will be excluded from the scope of the joint venture arrangement.

(c) *The Shareholder's Loan*

On completion of the issuance and allotment of the Consideration Shares to the Company and the issuance and allotment of the Listed Shares to ABL, the Company and ABL shall enter into a loan agreement pursuant to which the Company shall provide a loan of S\$450,000 to ABL for working capital purposes.

4.2. Term

The terms of the HOA will remain valid until ninety (90) calendar days from the date of execution of the HOA unless otherwise agreed in writing between the HOA Parties (the "**Term**").

4.3. Entry into the Definitive Agreement

- (a) The entry by the relevant parties into the definitive agreement is subject to the following:
 - (i) the terms of the definitive agreement being satisfactory to each of the relevant parties; and
 - (ii) the Company being satisfied of the result of its due diligence exercise on ABL including the legal, financial and other information provided to the Company by ABL in respect of its asset and business. During the Term, ABL will provide all reasonable assistance to the Company to enable the Company to complete its due diligence investigations.
- (b) The HOA Parties agree to negotiate the content of the definitive agreement in good faith and that such negotiation may contemplate the replacement or addition of entities into the definitive agreement subject to the express written consent of the other HOA Party which is not to be unreasonably withheld.
- (c) The HOA Parties will use their reasonable endeavours to execute the definitive agreement within the Term.
- (d) The Company will use its reasonable endeavours to provide ABL with a draft of the definitive agreement within thirty (30) days from the date of the HOA.

4.4. Completion and Conditions Precedent

Completion of the Proposed Transactions will occur within sixty (60) business days from the date of the definitive agreement and shall be conditional on the satisfaction of the following conditions.

- (a) ABL providing acceptable financial returns for the preceding three (3) years, including audited returns for the past twelve (12) months;
- (b) completion of the due diligence exercise by the Company and the results of such due diligence being to the absolute satisfaction of the Company; and
- (c) the Company obtaining the relevant shareholders' approval.

4.5. Termination

- (a) Either of the HOA Parties may terminate the negotiations at any time prior to the execution of the definitive agreement after giving forty-eight (48) hours' notice to the other HOA Party.
- (b) Unless otherwise agreed in writing by the HOA Parties, the HOA shall automatically terminate if the definitive agreement is not signed for any reason whatsoever on or before ninety (90) calendar days from the signing of the HOA.

4.6. Exclusivity Period

The Company and ABL both waive the right to negotiate with and enter into contracts that contemplate the same or similar purpose as the Proposed Transactions and encompass the same or a similar scope as the HOA for as long as the HOA shall remain in effect.

5. **INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS**

Save for their respective shareholding interests in the Company, none of the directors (the "**Directors**") and, to the best of the Directors' knowledge, substantial shareholders of the Company have an interest, direct or indirect in the transactions set out in this announcement.

6. **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 Transactions, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this announcement misleading. Where information in this announcement has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this announcement in its proper form and context.

7. **CAUTION IN TRADING**

Shareholders and potential investors are advised to exercise caution when dealing or trading in the shares of the Company. As at the date of this announcement, no definitive documentation has been executed in relation to the Proposed Transactions and accordingly, there is no certainty or assurance that (i) the definitive agreement will be entered into, (ii) the final terms of the definitive agreement with respect to the Proposed Transactions will not change from that in the HOA, and (iii) the Proposed Transactions will materialise. The Company will provide further details in subsequent announcements in accordance with the listing rules of the Singapore Exchange Securities Trading Limited at the appropriate junctures. Shareholders and potential investors are advised to consult their stock brokers, bank managers, solicitors or other professional advisors if they have any doubt about the actions they should take.

BY ORDER OF THE BOARD

Paul Andrew Crosio
Executive Director
7 July 2016