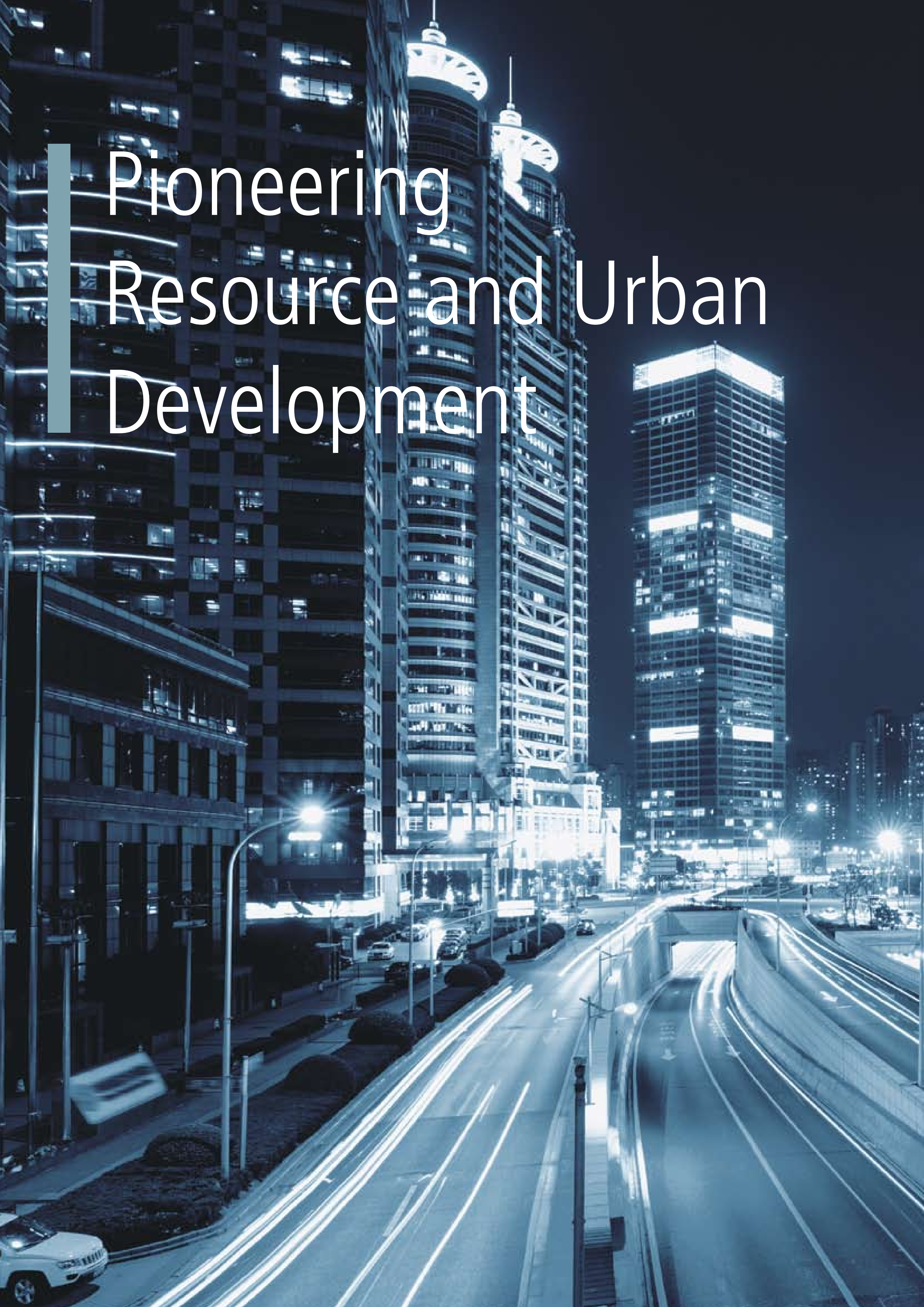
M M P RESOURCES LIMITED

Annual Report 2015

DIRECTORS' STATEMENT AND FINANCIAL STATEMENTS

Pioneering Resource and Urban Development



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Corporate Profile

MMP Resources Limited (the"Company") is a construction focussed, business creation platform that is aimed to deliver robust earnings and growth opportunities, through construction, management and the multiplication of existing or near term cash flow based business, that have a global aspiration. This allows the Company a broad range of acquisition and/or partnership opportunities within the construction sector, from retail, food & beverage, brand conceptualisation, construction, urban revitalisation, service and cash flow acquisition.

The Company has an experienced and well versed Board and Management Team, capable of leading and implementing core business initiatives within the construction sector. The Company has recently implemented an aggressive restructuring program, which has resulted in a low debt, highly agile vehicle for growth opportunities.

Group Structure

M M P RESOURCES LIMITED

SC Building & Construction Pte. Ltd.
100%

Magnum Energy Pte. Ltd.
100%

Board of Directors

Drew Ethan Madacsi
Executive Director

Mr Madacsi currently holds a number of leadership positions, including Senior Partner of Lighthouse Strategic Group Limited – a global Development, Merger, Acquisition and Venture Capital (DMAV) firm, and as an adviser of Allington Advisory Pte. Ltd. (Allington), a Singapore based corporate advisory firm. In addition to these leadership positions, he currently serves as Interim Executive Director of MMP Resources Limited. 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. Hailing from a multi-generational mining family, he has extensive experience in the resource market and a proven track record of managing multidimensional corporate structures, with specialty focus in Corporate Restructuring and Broad-based Business Strategy.

Chan Ying Wei
Independent Director

Mr Chan has about 21 years of experience in areas of auditing, accounting, treasury, taxation and corporate finance & planning in various industries. He is responsible for financial reporting, governance and compliance, treasury, corporate finance and investor relations of a public listed company in Malaysia. Previously, Mr Chan was the Chief Financial Officer of OCK Group Berhad and also the Vice President - Treasury & Corporate Finance with IEV Holdings Limited, a company listed on the Catalist Board of the SGX-ST.

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 and expertise in financial reporting, governance and compliance would be invaluable to ensure adherence to good corporate governance practices.

Board of Directors

Chong Chee Meng Gerard
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 18 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 organizational goals.

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

Rajesh Dilip Wadhwani
Independent Director

Mr Wadhwani is currently a Director of EMSUS Singapore Pte Ltd, which offers Energy Savings, Renewable Energy, Municipal Solid Waste and Land Rehabilitation Solutions.

Mr Wadhwani is a technologist, entrepreneur and problem solver with over 19 years of experience in business development and business management, building of high performance teams, change management and process enhancement. His career spans line management, general management and directorships. He has extensive experience with global sales operations and global business transformations.

Mr Wadhwani graduated with a Bachelor of Computing Science from Curtin University of Technology, Perth, Western Australia and a Master of Business Administration from Southern Cross University, New South Wales, Australia.

Board of Directors

Christopher Michael Peck
Non-Executive Director

Mr Peck is currently the principal investor of Maiora Asset Management Pte. Ltd., a Registered Fund Management Company in Singapore, which is regulated by the Monetary Authority of Singapore. He is also responsible for the legal and compliance activities of the firm. Mr. Peck holds a Certificate in Anti Money Laundering from the International Compliance Association.

Mr Peck has been a senior banking professional for nearly 20 years, and held the most senior risk positions in 2 large, United States Securities Exchange Commission and Japanese SESC and FSA regulated institutions, Lehman Brothers and Deutsche Bank. He also founded and is the representative director of Annupuri Village K.K., which holds a Japanese Real Estate License.

Mr Peck graduated from University of Colorado with a Bachelor of Political Science.

Key Management

Jeslyn Leong
MMP Resources Limited

Ms Leong was appointed as Senior Accountant of MMP Resources Limited since 5 March 2015. As senior accountant, she is responsible for maintaining the accounts for MMP Resources Limited and its subsidiaries.

Ms Leong graduated with a Bachelor of Commerce from Curtin University, majoring in Accountancy.

Statement by Executive Director

Dear Shareholders,

On behalf of the Board of Directors, I present to you the annualised report of MMP Resources Limited ("**MMPR**" or the "**Company**") and its subsidiaries (the "**Group**") for the financial year ended 31 December 2015.

Our Financial Performance

The Group recorded a loss after tax of S$43.743 million in FY2015. The loss was primarily due to the write down of mineral assets acquired in FY2014, as part of the previous executives foray into the resource sector. There was a further loss attributed to the discontinuation of Micro Power Plant operations in South Korea in late Q4, caused by an incomplete placement exercise.

The Group was left with no profit alternative in 2015, as it wrote off FY2014 non-performing mineral assets that required heavy funding requirements and limited near term cash flow potential, in a crashing global commodities market. Additionally, an aggressive share sell down in late February caused a severe eroding of market confidence in the Company, elevated by the immediate resignations of the core executive team, shareholding changes by large stakeholders and a restructuring initiative that required the disposal of recent mineral acquisitions. The financial sector saw a weaker local performance in the Singapore and Asian markets, with global markets taking large losses.

Outlook

It is with immense satisfaction that I can announce that the Group has effectively restructured its entire business within FY2015, through the write off all non-performing assets, the majority resource sector focussed. This exceeded the Board's original expectations, as it initially believed the unwinding and/or disposal of some of the assets would have potentially taken longer than three fiscal quarters, with exiting costs much higher than actualised. The Board's decision to initiate a complete and far reaching restructure of its business and a return back to construction-based enterprise has proven prophetic. The global commodities and resource markets did not recover in 2015, unlikely for at least another 12 to 24 months according to most market pundits. Although the write-down of

Statement by Executive Director

these assets in FY2015 forced the Company to record its third year of losses, it has allowed the new financial year to start unencumbered.

The focus of the Board in 2016 is revenue stability, a fundamental imperative for share growth. The Board is extremely aware of the pain shareholders have experienced since March 2015, with the decline in share value. However, the start of 2016 marks the first time in several years the Company enters into a new financial year with only operational debt and a small list of cash creditors. It is asset low, however debt low and with an operational team that is experienced, and growing, capable of executing a construction strategy in a relatively flat global market.

The continued volatility in global markets, competition from within the construction sector and a general unease, will make the next steps of internal corporate due diligence of new ventures and acquisitions, critical. We are continuing to focus the Group's growth in major developed economies within Asia that offer geopolitical and fiscal stability.

As stated in the FY2014 Annual Report, "In recognising the opportunities created by developed urbanisation and industrialisation in populous parts of the world, lays the fundamentals for a re-emergence of the construction sector. However there are downside risks in traditional construction, primarily decreasing margins and competition, as some financial markets remain fragile. A sustainable competitive advantage with short, medium and long-term revenue streams is paramount", the Company must remain cognisant of this statement at all times. To continue to grow within the existing construction sector that is high in capital expenditure, but producing narrowing cash flow causes increased and often desperate competition.

The Board sees the reemergence of the Company in 2016, in joint venture relationship with operational partners and/or acquisitions that include existing operators in key growth sectors. Private businesses with global growth aspirations are looking for the support of a listed company, one capable of funding ability and operational support in global markets. These operating businesses provide the Company with immediate cash flow stability, providing an organic growth platform that can simply be increased on funding availability. The Board has implemented stringent approval

Statement by Executive Director

and corporate governance processes that will ensure capital is allocated in staged increments, tied directly to increases in cash flow.

The Company is actively exploring private operating business opportunities that are advantageous to the Company, and would be supported by the Company's potential funders. The investment community, are requiring higher margin, scalable models capable of regional or global expansion, wanting to spread risk over several jurisdictions. Therefore, investing in low to medium capital-intensive projects, producing higher margins is fundamental to maintaining a strong balance sheet, and the continued interest of future funding partners.

The Board and key executive management "recognises that risk is an integral and unavoidable part of doing business and that while risk carries inherent issues, it also offers opportunities. The Board believes risk can be mitigated by ethical guidance, a fiduciary code of conduct and the adoption of industry best practices". The Board will continue to evolve, strengthen and serve this indispensable value proposition, appointing operationally capable personnel to execute the Board's initiatives and growth programs.

Acknowledgements

On behalf of the Group, I would like to thank our shareholders and amazing staff for their continued support.

Drew Ethan Madacsi
Executive Director

Review of Operations

During the financial year 2015, MMP Resources Limited ("**MMPR**" or the "**Company**") had disposed of and/or written down the remainder of its non-producing assets and/or assets that did not meet the medium to long-term initiatives being implemented by the Board of Directors ("**Board**"). These assets primarily included:

1. Elite Bay Sdn Bhd
2. Renaissance Enterprises S.A.
3. Magnum Modular Power Generation Pte. Ltd.
4. Sunny Cove Investments Limited (Ardilaun Energy Limited)

The Company invested and then disposed of a joint venture asset, Magnum Modular Power Generation Pte. Ltd. ("**MMPGPL**"), a 3MwH Micro Power Plant ("**MPP**") operation in South Korea, within FY2015.

The Board, lead by a new Executive Director, initiated a complete restructuring initiative in late February, focused on heavily reducing debt, nullifying outstanding creditors, moving towards short-term profitability and a return to cash flow generating assets within the construction sector. With a falling value proposition of mineral resources assets, the 2014 corporate direction to enter into the resource sector could result in possible slow or even negative growth over the next several financial years. The Board felt the future success of the Company laid within constructing, and then operating assets, teaming with suitable experienced partners within new markets. The first venture under the new Board initiative was within the energy sector, the construction of proprietary MPP technologies, with additional focus on multiple fuel feedstocks namely, biofuel and CVO.

The Board announced on 23 February 2015, that MMPGPL, a joint venture subsidiary with Primeforth Renewable Energy Limited ("**Primeforth**"), had commenced execution of a MPP construction strategy in the City of Pohang, South Korea. The joint venture was focussed on rolling out a comprehensive MPP footprint within 36 months in the developed South Korean market, due to attractive tariffs and a liberalised market for power generation. The Company would fund the construction of the first two MMP through financial support from Primeforth, whilst pending a funding placement of S$6.5m. This funding would allow for a fully executed, scalable model, a Korean operational team and an operational cash reserve. The Company would then secure more traditional debt instruments to complete the rollout. Unfortunately, at the time the placement was to be completed, the Company stock price fell below the placement issue price, leading to only two placees subscribing for the Company's new shares, something unforeseen by the Board.

The Company viewed a growing global trend of developed countries implementing preferential tariff rates for renewable fuel sources used in power generation, so as to reduce carbon emissions. This has resulted in immense market opportunities for entrants like MMPGPL, to build a long term, stable margin business. The conventional power generation technologies are capital investment intensive, the transmission infrastructure is huge, the building and commissioning period can be years and is often still outstripped by growing demand; in both developed and developing countries. MMPGPL's modular systems would allow direct access, consistent margins and little competition in both urban and rural settings for power generation.

Mr Peter Kim, a South Korean national, spearheaded the South Korean execution. Mr Kim had been conducting research and development programs in the renewable energy sector in both the U.S. and South Korea for over 30 years.

In August 2015, Sino Construction Limited was renamed MMP Resources Limited, to better reflect its core business. The Board felt that "Sino Construction" could be misleading, and that MMPR, representing Mechanism for Mass Produced Resources was more fitting to the Company's direction to construct and operate entities that could be scaled globally.

The Company entered into a binding Sale of Shares Agreement ("**SSA**") in November 2015, to sell its 70% equity stake in the joint venture company, MMPGPL, to Primeforth for a total consideration of S$500,000. In conjunction with the Disposal, the Company's wholly owned subsidiary, Magnum Energy Pte. Ltd. ("**Magnum Energy**"), entered a management services agreement with Primeforth and MMPGPL, pursuant to which Magnum Energy would oversee finalised construction of the second 3MwH MPP and manage the operations of the two South Korean MPPs for 24 months. Magnum Energy shall be paid a monthly management fee of S$100,000.

The Board believed the sale was inline with the restructuring strategy implemented in February 2015. The incomplete placement exercise had led to a review of the Group's 2015/16 expansion program with the current joint venture entity MMPGPL. As previously announced, the ideal breakeven model for the Korean rollout was 5 MPPs, supported by the Company and Primeforth. Without sufficient funds to continue the construction of MPPs in 2016, the Company felt it prudent to avoid risking a breach of the terms with Primeforth, by failing to meet agreed commitments, while continuing to absorb losses by having an incomplete rollout model. The SSA also stipulated that Primeforth would bear MMPGPL's operating costs and provide for any new funding it required with effect from the date of the SSA, which heavily reduced the Company's current liabilities.

The Board believed that under the current financial conditions, the Disposal and Management Agreement was in the best interests of the Company and its shareholders. The Company had delivered on the ability to build and manage MPPs in Korea on time and budget, and would continue to generate revenue after the Disposal by providing management services to MMPGPL.

Since the sale, the Company has been focussed on two imperatives - a) to secure funding to reduce outstanding liabilities, and b) new partnerships and acquisitions that are cash flow generating and have the ability to immensely scalable. The Board believes that both imperatives are critical to the Company creating a robust and highly valued financial base.

Corporate Governance Report

The Board of Directors (the "**Board**") of MMP Resources Limited (the "**Company**" and its Subsidiaries (the "**Group**")) 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 2012 (the "**Code**").

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

STATEMENT OF COMPLIANCE

The Board confirms that for the financial year ended 31 December 2015 ("FY2015"), the Company has generally adhered to the principles and guidelines as set out in the Code, save as otherwise explained below.

BOARD MATTERS

The Board's Conduct of its Affairs

Principle 1: Every company should be headed by an effective Board to lead and control the company. The Board is collectively responsible for the long-term success of the company. The Board works with the management to achieve this objective and the management remains accountable to the Board.

The Board has five members comprising one executive director, one non-executive director and three independent non-executive 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 the Board's approval which include:-

- approval of the Group's strategic objectives
- approvals of the annual operating and capital expenditure budgets and any material changes to them
- review of performance in the light of the Group's strategic objectives, business plans
- changes relating to the Group's capital structure including reduction of capital, share issues, share buy backs
- 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's results announcements; annual reports and accounts, including the corporate governance report
- approval of the dividend policy and declaration of the interim dividend and recommendation of the final dividend
- approval of any significant changes in accounting policies or practices

Corporate Governance Report

- ensuring maintenance of a sound system of internal control and risk management
- approval of major capital projects
- 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 documentation to be put forward to shareholders at a general meeting including approval of all circulars, prospectuses etc
- approval of press releases concerning matters decided by the Board
- changes to the structure, size and composition of the Board, including following recommendations from the nominating committee regarding appointment, cessation of directors, members of board committees
- determine the remuneration policy for the 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
- establishing board committees and approving their terms of reference, and approving material changes thereto
- approval of policies, including, code of conduct, share dealing code, whistle blowing policy, environment and sustainability policy, corporate social responsibility policy etc
- any decision likely to have a 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 provide for meetings of directors to be held by means of telephone conference or other methods of simultaneous communication by electronic or telegraphic means.

The attendance of the directors at meetings of the Board and board committees, as well as the frequency of such meetings is disclosed in Table 1 on Page 29 of this Annual Report.

The Company recognizes 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, mission 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 extension of 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.

Corporate Governance Report

Briefings and updates provided to the directors in FY2015 :-

- the external auditors, Moore Stephens LLP, updated the AC members on the compliance with the Singapore Financial Reporting Standards and other regulatory matters

- the Executive Director 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 for them to stay abreast of relevant business developments and outlook.

BOARD COMPOSITION AND BALANCE

Principle 2: There should be a strong and independent element on the Board, which is able to exercise objective judgment on corporate affairs independently, in particular, from management and substantial shareholders. No individual or small group of individuals should be allowed to dominate the Board's decision making.

As at the date of this report, the Board comprises the following members:

Drew Ethan Madacsi	Executive director
Christopher Michael Peck*	Non-executive director
Chan Ying Wei	Non-executive independent director
Chong Chee Meng Gerard	Non-executive independent director
Rajesh Dilip Wadhwani	Non-executive independent director

*Appointed on 17 March 2016

Independent directors make up more than one-half of the Board. The Board has adopted the Code's criteria of an independent director in its review. An independent director is one who has no relationship with the Company, its related companies or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the directors' independent business judgment with a view to the best interests of the Company. The independence 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 as a result of its review.

The composition of the Board will be reviewed annually by the NC to ensure that there is an appropriate mix of expertise and experience, which the Group may tap for assistance in furthering its business objectives and shaping its business strategies. Together, the directors as a group provide core competencies in business, accounting, investment, audit and taxation matters.

The 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 independent directors are encouraged to meet without the presence of Management. During FY2015, the non-executive independent directors met four times and there was no major issue to be highlighted.

Corporate Governance Report

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.

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

The profiles of the directors are set out on pages 4 to 6 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 should be a clear division of responsibilities between the leadership of the Board and the executives responsible for managing the company's business. No one individual should represent a considerable concentration of power.

Mr Drew Ethan Madacsi, is the acting Chairman of the Board and the executive director. He assumes responsibility for the smooth functioning of the Board and ensures timely flow of information between shareholders, management and the Board, sets the agenda and ensures that adequate time is available for discussion of all agenda items, in particular strategic issues; promotes a culture of openness and debate at the Board and ensures non-executive independent directors are able to speak freely and contribute effectively; and promotes high standards of corporate governance. In addition, he also assumes responsibility for running the day-to-day business of the Group; ensures implementation of policies and strategy across the Group as set by the Board; manages the management team; and leads the development of the Group's future strategy including identifying and assessing risks and opportunities for the growth of its business and reviewing the performance of its existing business.

The Board has not adopted the recommendation of the Code to have separate directors appointed as the Chairman and the CEO. This is because the Board is of the view that there is already a sufficiently strong independent element on the Board to enable independent exercise of objective judgement on affairs and operations of the Group by members of the Board, taking into account factors such as the number of non-executive independent directors on the Board as well as the contributions made by each member at meetings which relate to the affairs and operations of the Group. The Board is satisfied that one person is able to effectively discharge the duties of both positions. In this connection, the Board is of the view that there are adequate safeguards in place to prevent an uneven concentration of power and authority in a single individual.

BOARD MEMBERSHIP

Principle 4: There should be a formal and transparent process for the appointment and re-appointment of directors to the Board.

The NC comprises the following members:

Chong Chee Meng Gerard	(Chairman and non-executive independent director)
Chan Ying Wei	(Non-executive independent director)
Rajesh Dilip Wadhwani	(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

Corporate Governance Report

- 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 for the evaluation of the performance of the Board, the Board Committees and individual directors, and propose objective performance criteria to assess the effectiveness of the Board as a whole and the contribution of each director, annual assessment of the effectiveness of the Board
- decide whether a director who has multiple board representations is able to and has been adequately carrying out his duties as director 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 senior management personnel
- review of training and professional development programmes for the Board

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 particular skills, the NC or the Board would determine the selection criteria and source for candidates. The NC would make reference checks, meet up with 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 re-nomination of retiring directors standing for re-election and appointment of new directors. The review ensures that the director to be re-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 re-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 Rajesh Dilip Wadhwani and Mr Christopher Michael Peck be nominated for re-election at the forthcoming AGM pursuant to Regulation 104 and Regulation 114 of the Company's Constitution respectively. In making the recommendation, the NC had given regard to the results of the Board assessment in respect of Mr Rajesh Dilip Wadhwani's competencies fulfilling his responsibilities as director to the Board. Mr Christopher Michael Peck, who was appointed on 17 March 2016 was subjected to re-election at the forthcoming AGM pursuant to Regulation 114 of the Company's Constitution.

More information on Mr Rajesh Dilip Wadhwani and Mr Christopher Michael Peck can be found in the Key Information on the section entitled "Board of Directors" on Page 5 and 6 in this Annual Report respectively.

Corporate Governance 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 Rajesh Dilip Wadhwani, are independent. The Board, after taking into consideration the views of the NC, is of the view that Mr Chan Ying Wei, Mr Chong Chee Meng Gerard and Mr Rajesh Dilip Wadhwani 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 none of the directors sit on multiple boards, except for Mr Drew Ethan Madacsi, Mr Chan Ying Wei and Mr Rajesh Dilip Wadhwani who hold principal commitments. The NC reviewed and has concluded that Mr Drew Ethan Madacsi, Mr Chan Ying Wei and Mr Rajesh Dilip Wadhwani 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, notwithstanding their multiple board appointments. Please refer to Table 2 on Page 30 below for the disclosure of Mr Drew Ethan Madacsi, Mr Chan Ying Wei and Mr Rajesh Dilip Wadhwani'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 in light of 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 Page 4 to 6 in this Annual Report. The shareholdings of the individual directors are set out on page 32 of this Annual Report.

During FY2015, the NC met on one occasion.

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: There should be a formal annual assessment of the effectiveness of the Board as a whole and its board committees and the contribution by each director to the effectiveness of the Board.

The Board through the NC has used 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 our industry and relevant geographic areas, and in business 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 and the contribution by individual directors to the effectiveness of the Board.

During FY2015, 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.

Corporate Governance Report

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 re-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.

ACCESS TO INFORMATION

Principle 6: In order to fulfill their responsibilities, directors should be provided with complete, adequate and timely information prior to Board meetings and on an on-going basis so as to enable them to make informed decisions to discharge their duties and responsibilities.

Directors are from time to time furnished with complete, adequate information concerning the Group to enable them to be fully cognizant of the decisions and actions of the management. 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 enable the directors to be properly briefed on issues to be considered at Board meetings.

Directors are entitled to request from management and should be provided with such additional information as needed to make informed decisions. Management shall provide the same 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 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 him/them to 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.

Corporate Governance Report

REMUNERATION MATTERS

PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

Principle 7: There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors. No director should be involved in deciding his own remuneration.

The RC comprises the following members:

Rajesh Dilip Wadhwani	(Chairman and non-executive independent director)
Chan Ying Wei	(Non-executive independent director)
Chong Chee Meng Gerard	(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 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 which 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 CEO's assessment of and recommendation for remuneration and bonus.

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 has access to appropriate expert advice inside and/or outside the Company on remuneration of all the directors. For FY2015, the RC has not consulted any external remuneration consultant.

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 FY2015, the RC met on two occasions.

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.

Corporate Governance Report

LEVEL AND MIX OF REMUNERATION

Principle 8: The level and structure of remuneration should be 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. However, companies should avoid paying more for this purpose. A significant proportion of executive directors' remuneration should be structured so as to link rewards to corporate and individual performance.

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 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.

Management Services Agreement

The Company has entered into a management services agreement with a restructuring agent – Lighthouse Strategic Group Limited ("**LSG**"). Mr Drew Ethan Madacsi has appointed as an interim executive director provided by LSG to the Company pursuant to the management services agreement.

The management service agreement is renewable annually unless otherwise terminated by either party giving not less than six (**6**) months' notice in writing to the other. The executive director does not receive director's fee.

The non-executive director and non-executive independent directors do not have any service agreements with the Company. Except for directors' fees, which have to be approved by shareholders 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-executive, 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.

The Company does not use contractual provisions to allow the Company to reclaim incentive components of remuneration from executive directors and key management personnel in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the Company. The executive director owes a fiduciary duty to the Company. The Company should be able to avail itself to remedies against the executive directors in the event of such breach of fiduciary duties.

Corporate Governance Report

DISCLOSURE ON REMUNERATION

Principle 9: Every company should provide clear disclosure of its remuneration policies, level and mix of remuneration, and the procedure for setting remuneration in the company's annual report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to directors and key management personnel, and performance.

The following shows the breakdown of remuneration of each director paid or payable for FY2015:

Remuneration bands	Salary (1) $'000	Bonus $'000	Directors' fees (2) $'000	Total $'000
Chan Ying Wei	–	–	30	30
Chong Chee Meng Gerard	–	–	30	30
Rajesh Dilip Wadhwani	–	–	30	30
**Chee Tet Choy Andy	–	–	–	–
*Drew Ethan Madacsi	1,200			1,200
**Lim Tiong Hian (Lin ZhongXian)	50	–	–	50

* Appointed on 9 February 2015
** Resigned on 18 February 2015

Details of remuneration (expressed in percentage terms paid to the top 5 key management personnel of the Group (who are not directors) for FY2015 are set out below:-

Remuneration bands	Salary (1)	Bonus	Total
Key Executives			
Up to S$250,000			
Jeslyn Leong	100%	–	100%
*Linda Pek	100%	–	100%
**Mak Hon Hum	100%	–	100%
***Chen Guo Shen	100%	–	100%

	Total $'000
Total aggregated remuneration for key executives	157

* Resigned on 29 December 2015
** Resigned on 7 September 2015
*** Resigned on 28 February 2015

Notes:-
(1) Salary is inclusive of salary, allowances, Central Provident Fund contributions, pension funds and other benefits.
(2) Directors' fees are subject to approval of the shareholders at the forthcoming AGM.

Corporate Governance Report

The profiles of our key executives are found on page 6 of this Annual Report.

The Company does not have any employee who is an immediate family member of a director or the CEO and whose remuneration exceeds S$50,000 for FY2015.

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.

ACCOUNTABILITY AND AUDIT

ACCOUNTABILITY

Principle 10: The Board should present a balanced and understandable assessment of the company's performance, position and prospects.

The Board reviews and approves the results as well as any announcements before their release to the SGX-ST and the media. Shareholders are provided with the quarterly and full year results and annual financial reports on a timely manner. In presenting the quarterly and full year results and annual financial reports to shareholders, it is the aim of the Board to provide the shareholders with a balanced and understandable assessment of the Company's performance, position and prospects. This responsibility is extended to regulators. Financial reports and other price-sensitive information are disseminated to shareholders through announcement via SGXNET, press releases and the Company's website. The Company's Annual Report is accessible on the Company's website.

To ensure compliance with legislative and regulatory requirements, including requirements under the SGX-ST Listing Manual, the Board through management, reviews the relevant compliance reports and ensure that management seeks the Board's approval of such reports or requirements.

In compliance with the Listing Rules of the SGX-ST, the Board provides a negative assurance statement to the shareholders in its quarterly financial statements announcements, confirming to the best of its knowledge that nothing had come to the attention of the Board which might render the financial statements false or misleading in any material aspect.

Management provides the Board with management accounts and such explanation and information on a timely basis and as the Board may require from time to time to enable the Board to make a balanced and informed assessment of the Company's performance, position and prospects. As the Board has separate and non-executive independent access to management, the Board has no objection to receiving the management accounts with such explanation and information on a quarterly basis.

The Board also provides an opinion on the adequacy and effectiveness of the Group's risk management and internal controls systems are in place, including financial, operational compliance and information technology controls.

Corporate Governance Report

RISK MANAGEMENT AND INTERNAL CONTROLS

Principle 11: The Board is responsible for the governance of risk. The Board should ensure that management maintains a sound system of risk management and internal controls to safeguard shareholders' interests and the company's assets, and should determine the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objectives.

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, proper accounting records are maintained, operational controls are adequate and business risks are suitably managed.

The Board has engaged the services of an independent accounting firm, Baker Tilly Consultancy (Singapore) Pte. Ltd as internal auditors ("**internal auditors**"). The internal auditors have presented their internal audit plan to the AC and the Board during FY2015 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 that have been identified are analysed, monitored and reported. In this connection, the Group has conducted risk assessment and has established the risk-reporting dashboard with a view to develop a detailed risk register.

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 FY2015, 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.

The Board is of the opinion that the system of internal controls maintained by the management and that was in place throughout the financial year was adequate and provides reasonable, but not absolute, assurance against material financial misstatements of loss, and include the safeguarding of assets, the maintenance of proper accounting records, the reliability of financial information, compliance with appropriate legislation, regulation and best practice, and the identification and containment of business risk.

Corporate Governance Report

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 FY2015, the Board and the AC have received assurance from the executive director and the senior accountant that the financial records of the Group have been properly maintained and the financial statements 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 12: 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:

Chan Ying Wei	(Chairman and non-executive independent director)
Chong Chee Meng Gerard	(Non-executive independent director)
Rajesh Dilip Wadhwani	(Non-executive independent director)

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

(a) 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

(b) review the financial statements and balance sheet and profit and loss accounts including reviewing the significant financial reporting issues and judgments 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

(c) 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

(d) review and report to the Board at least annually the adequacy and effectiveness of the Company's internal controls

(e) review the effectiveness of the Company's internal audit function

(d) 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

(e) make recommendation to the Board on the proposals to the shareholders on the appointment, re-appointment and removal of the external auditors

Corporate Governance Report

(f) review interested person transactions (if any) falling within the scope of Chapter 9 of the SGX-ST Listing Manual

(g) review potential conflicts of interest, if any

(h) 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

(i) 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 their independence 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 FY2015	
Fees payable to the external auditors in respect of audit services	S$125,000
Fees payable to the external auditors in respect of non-audit services	Nil
Total	S$125,000

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.

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 FY2015, there were no reported incidents pertaining to whistle blowing.

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

Principle 13: The company should establish an effective internal audit function that is adequately resourced and independent of the activities it audits.

The AC approves the hiring, removal, evaluation and compensation of the internal auditors. The internal audit function of the Company is outsourced to Baker Tilly Consultancy (Singapore) Pte. Ltd. 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 have 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 FY2015 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.

SHAREHOLDER RIGHTS AND RESPONSIBILITIES

SHAREHOLDER RIGHTS

Principle 14: Companies should treat all shareholders fairly and equitably, and should recognize, protect and facilitate the exercise of shareholders' rights, and continually review and update such governance arrangements.

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.

Corporate Governance Report

The Group respects the equal information rights of all shareholders and is committed to the practice of fair, transparent and timely disclosure.

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.

Shareholders will be given the opportunity to air their views and ask questions regarding matters affecting the Group. The Company's Constitution allows a Shareholder to appoint one or two proxies to attend and vote at the general meetings on his/her behalf. On 3 January 2016, the legislation was amended, among other things to allow certain members, defined as "relevant intermediary" to attend and participate in general meeting without being constrained by the two-proxy requirement. Relevant intermediary includes corporations holding licenses in providing nominee and custodial services and CPF Board which purchases shares on behalf of the CPF investors.

COMMUNICATION WITH SHAREHOLDERS

Principle 15: Companies should actively engage their shareholders and put in place an investor relations policy to promote regular, effective and fair communication with shareholders.

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 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 strives to supply shareholders with reliable and timely information so as to strengthen the relationship with its shareholders based on trust and accessibility.

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 FY2015 due to the Group's loss position and and the need to conserve cash for future business growth.

CONDUCT OF SHAREHOLDER MEETINGS

Principle 16: Companies should encourage greater shareholder participation at general meetings of shareholders and allow shareholders the opportunity to communicate their views on various matters affecting the company.

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.

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.

Corporate Governance Report

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.

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 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.

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 90 to 94 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, executive officers 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 FY2015, the Company has complied with Listing Rule 1207(19).

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 the shareholders.

Corporate Governance Report

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.

There was no interested person transaction for the financial year under review.

MATERIAL CONTRACTS AND LOANS

There are no material contracts of the Company or its subsidiaries involving the interest of the directors or controlling shareholder during the year under review.

TABLE 1 - DIRECTORS' ATTENDANCE AT BOARD, AUDIT COMMITTEE, REMUNERATION COMMITTEE AND NOMINATING COMMITTEE MEETINGS

Name of director	Board		Audit Committee		Remuneration Committee		Nominating Committee	
	No. of meetings held	No. of meetings attended	No. of meetings held	No. of meetings attended	No. of meetings held	No. of meetings attended	No. of meetings held	No. of meetings attended
#Drew Ethan Madacsi	4	4	4*	4	2*	2	1*	1
##Christopher Michael Peck	4	NA	4	NA	2*	NA	1*	NA
Chan Ying Wei	4	4	4	4	2	2	1	1
Chong Chee Meng Gerard	4	4	4	4	2	2	1	1
Rajesh Dilip Wadhwani	4	4	4	4	2	2	1	1
^Chee Tet Choy Andy	4	NA	4*	NA	2*	NA	1*	NA
^^Lim Tiong Hian (Lin ZhongXian)	4	NA	4*	NA	2*	NA	1*	NA

The number of meetings held and attendance at the meetings in FY2015 were as follows:

*By invitation
Appointed on 9 February 2015
Appointed on 17 March 2016
^ Resigned on 18 February 2015
^^ Resigned on 18 February 2015

Corporate Governance Report

TABLE 2 – KEY INFORMATION REGARDING THE DIRECTORS, INCLUDING THEIR PRESENT AND PAST THREE YEARS' DIRECTORSHIP IN OTHER LISTED COMPANIES AND PRINCIPAL COMMITMENTS

Name of director	Appointment	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	Executive Director	9 February 2015	30 April 2015	Nil	Nil	- Magnum Energy Pte. Ltd. - Lighthouse Strategic Group Limited - Laurose Consulting Ltd - African Coal Resources Ltd
Christopher Michael Peck	Non-executive Director	17 March 2016	Nil	Nil	Nil	- Maiora Asset Management Pte. Ltd.
Chan Ying Wei	Non-executive independent Director	19 December 2013	30 April 2015	Nil	Nil	- British Elite Sdn. Bhd.
Chong Chee Meng Gerard	Non-executive independent Director	19 December 2013	30 May 2014	Nil	Nil	- Radian Communications LLP - SC Building & Construction Pte. Ltd. - Magnum Energy Pte. Ltd.
Rajesh Dilip Wadhwani	Non-executive independent Director	19 December 2013	30 May 2014	Nil	Nil	- Paradime Solutions Pte. Ltd. - Emsus (Singapore) Pte. Ltd.

Directors' Statement

For the financial year ended 31 December 2015

The Board of Directors ("**Board**") present their statement to the members together with the audited consolidated financial statements of MMP Resources Limited (the "**Company**"), formerly known as Sino Construction Limited, and its subsidiaries (collectively the "**Group**") for the financial year ended 31 December 2015 and the balance sheet of the Company as at 31 December 2015, as set out on pages 39 to 99.

As mentioned in Note 12 to the financial statements, in prior year, the Group and the Company acquired unquoted equity investments amounting to S$35,380,000 and S$23,380,000 respectively, held at cost less impairment. We were unable to obtain reliable estimates of fair value for the investments, as the probability of success of the exploration activities conducted by the investees could not be reliably estimated. Full impairment has been provided for the investments in the current financial year.

As mentioned in Note 13(c)(i), the Group acquired a 60% interest in Elite Bay Sdn Bhd ("Elite Bay"), in the financial year ended 31 December 2014. In the current financial year, all interests in Elite Bay were disposed on 30 June 2015. The results of Elite Bay for the period up to its disposal are disclosed as losses from discontinued operations in the consolidated statement of comprehensive income. We were unable to ascertain whether the results of Elite Bay were fairly stated.

Notwithstanding the limitations referred to above, the Board has made its best effort to prepare the consolidated financial statements in accordance with the provisions of the Act and Singapore Financial Reporting Standards.

The independent auditors have highlighted the matters discussed above in their independent auditors' report dated 8 April 2016 and the Board concurs with their findings.

Except for the matters highlighted above, in the opinion of the Board, the consolidated financial statements of the Group and the balance sheet of the Company as set out on pages 39 to 99 are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2015, the financial statements changes in equity and cash flows of the Group for the year ended on that date; and

In the opinion of the Board, at the date of this statement, for the reasons set out in Note 4 to the financial statements there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

1 Directors

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

Chan Ying Wei	
Rajesh Dilip Wadhwani	
Chong Chee Meng Gerard	
Drew Ethan Madacsi	(Appointed on 9 February 2015)
Christopher Michael Peck	(Appointed on 17 March 2016)

2 Arrangements to Enable Directors to Acquire Shares and Debentures

Except as described under "Performance Shares" in this report on page 32 to page 33, 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 or debentures of the Company or any other body corporate.

Directors' Statement

For the financial year ended 31 December 2015

3 Directors' Interests in Shares and Debentures

The following directors, who held office at the end of the financial year, had, according to the register of directors' shareholdings required to be kept under Section 164 of the Singapore Companies Act, Chapter 50, an interest in shares of the Company and related corporations (other than wholly-owned subsidiaries) as stated below:

	Direct Interest		*Deemed Interest*	
Name of director	**At the beginning of the financial year/ at date of appointment, if later**	**At the end of the financial year**	**At the beginning of the financial year/ at date of appointment, if later**	**At the end of the financial year**
	No. of ordinary shares		No. of ordinary shares	
The Company				
Drew Ethan Madacsi (appointed 9 February 2015)	–	100,000,000	–	–

There was no change in any of the above-mentioned interests in the Company between the end of the financial year and 21 January 2016.

Except as disclosed in this statement, no director who held office at the end of the financial year had interests in shares, share options, warrants or debentures of the Company, or of related corporations, either at the beginning of the financial year or date of appointment, if later, or at the end of the financial year.

4 Performance Shares

The particulars of the performance share compensation plan of the Company are as follows:

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

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

Directors' Statement

For the financial year ended 31 December 2015

4 Performance Shares (cont'd)

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

Rajesh Dilip Wadhwani	(Chairman and non-executive independent director)
Chan Ying Wei	(Non-executive independent director)
Chong Chee Meng Gerald	(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 (included executive directors) selected by the RC to participate in the MMP SPP

Awards

Awards represent the right of a participant to receive 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 targets may be shorter-term targets aimed at encouraging continued service 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 Remuneration Committee. 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).

On 9 December 2015, the Remuneration Committee authorised a one-off special award of 100,000,000 shares to Drew Madacsi in recognition of services rendered during the year.

No other performance shares were granted to any eligible employees of the Group under the MMP SPP during the year.

Directors' Statement

For the financial year ended 31 December 2015

5 Audit Committee

The Audit Committee carried out its functions in accordance with the Listing Manual and the Code of Corporate Governance.

The functions performed by the Audit Committee are disclosed in the Corporate Governance Report.

6 Independent Auditors

The auditors, Moore Stephens LLP, Public Accountants and Chartered Accountants, have expressed their willingness to accept reappointment.

On behalf of the Board of Directors,

Drew Ethan Madacsi
Director

Chong Chee Meng Gerard
Director

Singapore
8 April 2016

Independent Auditors' Report

To the members of MMP Resources Limited
(Incorporated in Singapore)

Report on the Financial Statements

1. We were engaged to audit the accompanying financial statements of MMP Resources Limited (the "**Company**") and its subsidiaries (collectively the "**Group**"), as set out on pages 39 to 99, which comprise the balance sheets of the Group and the Company as at 31 December 2015, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, and consolidated statement of cash flows of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

2. 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, Chapter 50 (the "**Act**") and Singapore Financial Reporting Standards, 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.

Auditors' Responsibility

3. Our responsibility is to express an opinion on these financial statements based on conducting the audit in accordance with Singapore Standards on Auditing. However, because of the matters described in the Basis for Disclaimer of Opinion paragraphs, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Independent Auditors' Report

To the members of MMP Resources Limited
(Incorporated in Singapore)

Basis for Disclaimer of Opinion

4. In our auditors' report dated 8 April 2015, we expressed a disclaimer of opinion in respect of the financial statements for the previous financial year ended 31 December 2014 due to the following matters:

   (a) As disclosed in Note 13(c)(i) to the financial statements, the Group acquired a 60% interest in Elite Bay Sdn Bhd ("**Elite Bay**"), during the financial year ended 31 December 2014.

      i. We were unable to obtain sufficient information about whether the Company had substantive rights to direct the relevant activities of Elite Bay during the financial year. Accordingly, we were unable to ascertain whether Elite Bay met the requirements to be consolidated under FRS 110 Consolidated Financial Statements.

      ii. We were unable to obtain all the information and explanations which we considered necessary in order to provide us with reasonable assurance that the financial statements of Elite Bay, included in the consolidated financial statements of the Group, are appropriately and properly consolidated. There were no other practicable audit procedures that we could perform to satisfy ourselves that the financial statements of Elite Bay have been properly reflected in the consolidated financial statements of the Group.

   (b) As disclosed in Note 12 to the financial statements, the Group and the Company have unquoted equity investments amounting to S$35,380,000 and S$23,380,000, respectively, held at cost less impairment loss as at 31 December 2014. We were unable to obtain sufficient appropriate audit evidence concerning the carrying amount of these investments as at 31 December 2014, nor were we able to perform alternative audit procedures to ascertain the appropriateness of the carrying amount of these investments. Consequently, we were unable to determine whether any impairment charges should be recognised against the investments as at 31 December 2014.

   (c) As disclosed in Note 13(c)(ii) to the financial statements, the carrying amount of the investments in subsidiaries by the Company as at 31 December 2014 included an investment amounting to S$12,000,000 in Sunny Cove Investments Ltd. We were unable to obtain sufficient appropriate audit evidence concerning the carrying amount of this investment as at 31 December 2014, nor were we able to perform alternative audit procedures to ascertain the appropriateness of the carrying amount of this investment. Consequently, we were unable to determine whether any impairment charge should be recognised against the investments as at 31 December 2014.

5. The matters referred to in paragraph 4 above remain unresolved in the current year. In view of this, we were unable to perform the necessary audit procedures to obtain sufficient audit evidence to ascertain the appropriateness of the carrying amount of the opening balances relating to these investments in the financial statements for the financial year ended 31 December 2015. Consequently, we were unable to determine whether any adjustment to the accompanying financial statements was necessary.

Independent Auditors' Report

To the members of MMP Resources Limited
(Incorporated in Singapore)

Basis for Disclaimer of Opinion (cont'd)

6. As disclosed in Note 10(b) to the financial statements, included in loss from discontinued operations of S$231,000 for the financial year ended 31 December 2015 is a loss of S$515,000 arising from the results of Elite Bay prior to its disposal, and a gain of S$284,000 arising from the disposal of Elite Bay. Due to the matters highlighted in paragraph 4(a) above, we were unable to obtain sufficient appropriate audit evidence that the current year results of Elite Bay, prior to its disposal, have been appropriately included in the consolidated financial statements of the Group. We were also unable to assess the appropriateness of the gain on disposal of Elite Bay. Consequently, we were unable to determine whether any adjustment to the accompanying financial statements was necessary.

7. As disclosed in Note 12 to the financial statements, the Group and the Company have recognised impairment charges amounting to S$35,380,000 and S$23,380,000 respectively in respect of the unquoted equity investments during the current financial year. Due to the matter highlighted in paragraph 4(b) above, we were unable to obtain sufficient appropriate audit evidence on the appropriateness of the impairment charges recognised during the year. Consequently, we were unable to determine whether any adjustment to the accompanying financial statements was necessary.

8. As disclosed in Note 13 to the financial statements, the Company has recognised an impairment charge of S$12,000,000 in respect of its investment in a subsidiary during the current financial year. Due to the matter highlighted in paragraph 4(c) above, we were unable to obtain sufficient appropriate audit evidence on the appropriateness of the impairment charge recognised during the year. Consequently, we were unable to determine whether any adjustment to the accompanying financial statements was necessary.

9. As disclosed in Note 4 to the financial statements, the Group incurred a net loss of S$43,743,000 and a total comprehensive loss of S$43,741,000 for the financial year ended 31 December 2015 (2014: net loss of S$2,694,000 and a total comprehensive loss of S$1,604,000). As at 31 December 2015, the Group's current liabilities exceeded its current assets by S$6,748,000 (2014: current liabilities exceeded its current assets by S$33,005,000), while the Company's current liabilities exceeded its current assets by S$6,707,000 (2014: current liabilities exceeded its current assets by S$31,928,000). As disclosed in Note 31(c), the Group has also received a formal letter of demand on 21 August 2015 for full and immediate repayment of a loan amounting to S$4,700,000. These conditions indicate the existence of an uncertainty that may cast significant doubt as to the ability of the Group and the Company to continue as going concerns.

10. The financial statements are prepared on a going concern basis for the reasons disclosed in Note 4(b).

Independent Auditors' Report

To the members of MMP Resources Limited
(Incorporated in Singapore)

Basis for Disclaimer of Opinion (cont'd)

11. In view of the material uncertainties as discussed above, we were unable to obtain sufficient audit evidence to satisfy ourselves as to the ability of the Group and the Company to continue as going concerns. In the event that the Group and the Company are unable to continue as going concerns, it could have an impact on the Group's and the Company's ability to realise assets at their recognised amounts and to extinguish liabilities in the normal course of business at the amounts stated in the balance sheets of the Group and the Company. The Group and the Company may also have to provide for further liabilities which arise, and to reclassify non-current assets as current assets. No such adjustments have been made to these financial statements.

Disclaimer of Opinion

12. Because of the significance of the matters described in the Basis for Disclaimer of Opinion paragraphs 4 to 11, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on the financial statements.

Report on Other Legal and Regulatory Requirements

13. In our opinion, except for the effects of the matters described in the Basis for Disclaimer of Opinion paragraphs 4 to 8, the accounting and other records required by the Act to be kept by the Company and by those subsidiaries incorporated in Singapore of which we are the auditors, have been properly kept in accordance with the provisions of the Act.

Moore Stephens LLP
Public Accountants and
Chartered Accountants

Singapore
8 April 2016

Consolidated Statement of Comprehensive Income

For the financial year ended 31 December 2015

	Note	2015 S$'000	2014 (restated) S$'000
Continuing operations			
Revenue from power generation		998	–
Cost of sales		(1,269)	–
Gross (loss)		(271)	–
Other income		317	31
Expenses			
Administrative expenses		(5,679)	(1,656)
Finance costs	5	(132)	(3)
Other expenses	6	(37,747)	(5)
Loss before tax	7	(43,512)	(1,633)
Income tax	9(a)	–	–
Loss for the year from continuing operations		(43,512)	(1,633)
Discontinued operations			
Loss for the year from discontinued operations	10	(231)	(1,061)
Total loss for the financial year		(43,743)	(2,694)
Other comprehensive (loss)/income			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation difference-foreign operation		(13)	(2)
Foreign currency translation differences, reclassified to profit and loss on disposal of foreign operation.		15	1,092
Other comprehensive income for the year, net of tax		2	1,090
Total comprehensive loss for the financial year		(43,741)	(1,604)
Loss attributed to			
Owners of the company		(43,968)	(2,704)
Non-controlling interest		225	10
Total loss for the financial year		(43,743)	(2,694)
Total comprehensive(loss)/income attributed to			
Owners of the company		(43,966)	(1,614)
Non-controlling interest		225	10
Total comprehensive loss for the financial year		(43,741)	(1,604)
Loss per share			
Basic and diluted (S$ cents per share) - continuing operations	11	(3.10)	(0.12)
Basic and diluted (S$ cents per share) - discontinued operations	11	(0.02)	(0.08)

The accompanying notes form an integral part of the financial statements

Statement of Financial Position

As at 31 December 2015

	Note	Group 2015 S$'000	Group 2014 S$'000	Company 2015 S$'000	Company 2014 S$'000
ASSETS					
Non-current Assets					
Investments in unquoted equities	12	–	35,380	–	23,380
Investment in subsidiaries	13	–	–	–	12,100
Property, plant and equipment	14	45	836	45	–
Deferred tax asset	9(c)	–	3	–	–
Goodwill	13(d)	–	26	–	–
		45	36,245	45	35,480
Current Assets					
Trade and other receivables	15	776	2,781	46	1,661
Due from subsidiaries		–	–	12	698
Income tax receivable		–	10	–	–
Prepaid operating expenses		20	43	20	10
Cash and bank balances	16	6	169	6	63
		802	3,003	84	2,432
Total Assets		847	39,248	129	37,912
EQUITY AND LIABILITIES					
Equity					
Capital and reserves attributable to equity holders of the Company					
Share capital	17	121,992	95,482	121,992	95,482
Other reserve	18	2,421	(5,200)	2,421	(5,200)
Foreign currency translation reserve	18(a)	–	(2)	–	–
Accumulated losses		(131,116)	(87,148)	(131,075)	(86,730)
Equity attributable to owners of the company		(6,703)	3,132	(6,662)	3,552
Non-controlling interest	19	–	69	–	–
Total equity		(6,703)	3,201	(6,662)	3,552
Current Liabilities					
Loan and borrowings	20	5,682	662	5,682	–
Trade and other payables	21	1,443	29,317	644	28,946
Due to directors	22	–	150	–	–
Due to subsidiaries		–	–	40	–
Due to shareholders	22	–	5,133	–	5,133
Other liabilities	23	425	296	425	281
Gross amount due to customer on construction work-in-progress	24	–	450	–	–
		7,550	36,008	6,791	34,360
Non-Current Liabilities					
Loans and borrowings	20	–	39	–	–
Total Liabilities		7,550	36,047	6,791	34,360
Total Equity and Liabilities		847	39,248	129	37,912

The accompanying notes form an integral part of the financial statements

Consolidated Statement of Changes in Equity

For the financial year ended 31 December 2015

	Attributable to owners of the Company							
	Share capital S$'000	Share-based payment S$'000	Other reserve S$'000	Foreign currency translation reserve S$'000	Accumulated losses S$'000	Total S$'000	Non-controlling interest S$'000	Total equity S$'000
Group								
Balance at 1 January 2015	95,482	–	(5,200)	(2)	(87,148)	3,132	69	3,201
Loss for the year	–	–	–	–	(43,968)	(43,968)	225	(43,743)
Other comprehensive income								
- Foreign currency translation gain	–	–	–	2	–	2	–	2
Total comprehensive loss for the year	–	–	–	2	(43,968)	(43,966)	225	(43,741)
Issuance of ordinary shares	26,650	–	5,200	–	–	31,850	–	31,850
Share issue expenses	(140)	–	–	–	–	(140)	–	(140)
Share-based payment	–	2,421	–	–	–	2,421	–	2,421
Disposal of subsidiary	–	–	–	–	–	–	(294)	(294)
Balance at 31 December 2015	121,992	2,421	–	–	(131,116)	(6,703)	–	(6,703)
Balance at 1 January 2014	95,482	–	–	(1,092)	(84,444)	9,946	–	9,946
Loss for the year	–	–	–	–	(2,704)	(2,704)	10	(2,694)
Other comprehensive income								
– Foreign currency translation gain	–	–	–	1,090	–	1,090	–	1,090
Total comprehensive loss for the year	–	–	–	1,090	(2,704)	(1,614)	10	(1,604)
Issuance of convertible bond (Note 21)	–	–	(5,200)	–	–	(5,200)	–	(5,200)
Acquisition of subsidiaries	–	–	–	–	–	–	59	59
Balance at 31 December 2014	95,482	–	(5,200)	(2)	(87,148)	3,132	69	3,201

Consolidated Statement of Cash Flows

For the financial year ended 31 December 2015

	Note	2015 S$'000	2014 S$'000
Cash Flows from Operating Activities			
Loss before tax from continuing operations		(43,512)	(1,633)
Loss before tax from discontinued operations	10	(231)	(1,061)
		(43,743)	(2,694)
Adjustments for:			
Depreciation of property, plant and equipment	14	91	81
Write-off of property, plant and equipment	14	15	–
Impairment of investment		35,380	–
Impairment of receivables		1,746	–
Share-based payment		3,621	–
Finance costs		132	26
Loss on disposal of subsidiaries		215	1,086
Operating cash flows before changes in working capital		(2,543)	(1,501)
Changes in working capital:			
(Decrease) in gross amount due from customer for contract work-in-progress		(371)	–
Increase in inventories		(56)	–
(Increase)/Decrease in prepaid operating expenses		(1)	(28)
(Increase)/Decrease in trade and other receivables		(1,395)	3,337
Decrease in amount due to directors		(150)	–
Decrease in trade and other payables		(1,810)	(4,822)
(Decrease)/Increase in other liabilities		(296)	19
Cash Flows used in operations		(6,622)	(2,995)
Interest paid		(132)	(26)
Income taxes paid		–	(30)
Net cash used in operating activities		(6,754)	(3,051)
Cash Flows from Investing Activities			
Net cash inflow on disposal of subsidiaries	13	598	4,634
Net cash flow from acquisition of subsidiary	13	–	(151)
Purchase of property, plant and equipment	14	(956)	(119)
Acquisition of unquoted equity investments	A	–	(10,000)
Net cash used in investing activities		(358)	(5,636)

The accompanying notes form an integral part of the financial statements

Consolidated Statement of Cash Flows

For the financial year ended 31 December 2015

(cont'd)

	Note	2015 S$'000	2014 S$'000
Cash Flows from Financing Activities			
Proceeds of non-trade amount due to directors		–	150
Proceeds of non-trade amount due to shareholders		–	3,133
Proceeds from loan and borrowings		5,530	36
Repayment of loan and borrowings		–	(79)
Proceeds from issuance of new ordinary shares	17	1,590	–
Share issuance expense	17	(140)	–
Net cash generated from financing activities		6,980	3,240
Net (decrease)/increase in cash and cash equivalents		(132)	(5,447)
Cash and cash equivalents at the beginning of the financial year		138	5,585
Cash and cash equivalents at the end of the financial year	16	6	138

Note A

	2015 S$'000	2014 S$'000
Total consideration paid for unquoted equity investments	–	35,380
Less:		
Convertible loans issued in consideration for unquoted equity investments	–	(23,380)
Amount paid on behalf by shareholders	–	(2,000)
Cash consideration paid	–	10,000

Notes to the Financial Statements

31 December 2015

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

1 General Information

MMP Resources Limited (the "**Company**"), formerly known as "Sino Construction Limited", was incorporated and domiciled in the Republic of Singapore on 11 September 2006 under the Singapore Companies Act, Chapter 50 as a private company limited by shares under the name of "Sino Construction Pte Ltd.". On 16 April 2007, 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 registered office of the Company is at 20 Martin Road, #10-02, Seng Kee Building, Singapore 239070.

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are disclosed in Note 13 to the financial statements.

2 Significant Accounting Policies

(a) Basis of Preparation

The consolidated financial statements of the Group and the balance sheet of the Company have been prepared in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards ("FRS"). These financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with FRS requires management to exercise judgments in the process of applying the Group's accounting policies. It also requires the use of certain critical accounting estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, revenues and expenses, and the disclosure of contingent assets and contingent liabilities at the balance sheet date that are not readily apparent from other sources. Estimates and judgments are continually evaluated and are based on historical experience and other factors that are considered to be relevant, including expectations of future events that are believed to be reasonable under the circumstances. However, actual results may ultimately differ from these estimates.

Critical accounting judgements and estimates that affect the application of accounting policies and reported amounts of assets, liabilities, revenue and expenses are disclosed in Note 3.

Notes to the Financial Statements

31 December 2015

2 Significant Accounting Policies (cont'd)

(a) Basis of Preparation (cont'd)

Adoption of New and Revised FRS

The accounting policies adopted are consistent with those of the previous financial year except as follows:

On 1 January 2015, the Group adopted the new or amended FRS and Interpretations of FRSs ("INT FRS") 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 FRS and INT FRS.

Annual Improvements to FRSs (January 2014)

- Amendments to FRS 102 *Share Based Payments*
- Amendments to FRS 103 *Business Combinations*
- Amendments to FRS 108 *Operating Segments*
- Amendments to FRS 16 *Property, Plant and Equipment*
- Amendments to FRS 24 *Related Party Disclosures*

Annual Improvements to FRSs (February 2014)

- Amendments to FRS 103 *Business Combinations*
- Amendments to FRS 113 *Fair Value Measurement*

The adoption of these new or amended FRS and INT FRS did not result in substantial changes to the accounting policies of the Group and the Company and had no material effect on the amounts reported for the current or prior financial years, except that more disclosures have been required by some of the above amendments, which have been included in the notes to the accounts.

Amendment to FRS 102 *Share Based Payments*

The amendment changes the definitions of 'vesting conditions' and 'market condition' and add the definitions of 'performance condition' and 'service condition' to clarify various issues, including: (i) a performance condition must contain a service condition; (ii) a performance target must be met while the counterparty is rendering service; (iii) a performance target may relate to the operations or activities of an entity, or those of another entity in the same group; (iv) a performance condition may be a market or non-market condition; and (v) if the counterparty, regardless of the reason, ceases to provide service during the vesting period, the service condition is not satisfied.

Notes to the Financial Statements

31 December 2015

2 Significant Accounting Policies (cont'd)

(a) Basis of Preparation (cont'd)

Adoption of New and Revised FRS (cont'd)

Amendment to FRS 103 — *Business Combinations - Accounting for contingent consideration in a business combination*

The amendments clarify that contingent consideration in a business combination that is not classified as equity should be measured at fair value through profit and loss at each reporting date, regardless of whether the contingent consideration is within the scope of FRS 39. Changes in fair value, other than measurement period adjustments, are recognised in profit or loss. Consequential amendments were made to FRS 37 and FRS 39.

Amendment to FRS 103 is effective prospectively to business combinations for which the acquisition date is on or after the effective date.

Amendment to FRS 108 — *Operating Segments*

The amendments require the disclosure of judgements made by management in deciding whether to combine operating segments for segment reporting purposes, including the economic indicators (e.g. gross margins) that have been assessed in determining whether the aggregated operating segments have similar economic characteristics.

The reconciliation of the total reportable segments' assets to the entity's total assets is required to be disclosed only if segment assets are regularly reported to the chief operating decision maker.

Amendment to FRS 108 is effective retrospectively in accordance with FRS 8 Accounting Policies, Changes in Accounting Estimates and Errors.

Amendment to FRS 16 — *Property, Plant and Equipment* and FRS 38 *Intangible Assets*

The amendments to FRS 16 and FRS 38 removed perceived inconsistencies in the accounting for accumulated depreciation/amortisation when an item of property, plant and equipment or an intangible asset is revalued. The amended standards clarify that the gross carrying amount may be adjusted in a manner consistent with the revaluation of the carrying amount of the asset and the accumulated depreciation/amortisation is the difference between the gross carrying amount and the carrying amount after taking into account accumulated impairment losses.

Amendment to FRS 16 and FRS 38 are effective retrospectively in accordance with FRS 8 *Accounting Policies, Changes in Accounting Estimates and Errors.*

Notes to the Financial Statements

31 December 2015

2 Significant Accounting Policies (cont'd)

(a) Basis of Preparation (cont'd)

Adoption of New and Revised FRS (cont'd)

Amendment to FRS 24 *Related Party Disclosures*

This amendment clarifies that an entity providing key management personnel services to the reporting entity or to the parent of the reporting entity is a related party of the reporting entity. The amendments require the amounts incurred by an entity for such services to be included in the related party disclosures. However, this amount need not be split into components required for other key management personnel compensation (e.g. short-term employee benefits, post-employment benefits, etc.).

Amendment to FRS 24 is effective retrospectively in accordance with FRS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*.

Amendment to FRS 103 *Business Combinations (Scope of exception for joint ventures)*

The amendment clarifies that the formation of all types of joint arrangements (and not just joint ventures) are outside the scope of FRS 103. This scope exception applies only to the accounting in the financial statements of the joint arrangement itself.

Amendment to FRS 103 is effective prospectively.

Amendment to FRS 113 *Fair Value Measurement*

The amendment clarifies that the portfolio exception for measuring the fair value of a group of financial assets and financial liabilities on a net basis includes all contracts that are within the scope of, and accounted for in accordance with FRS 39. These contracts need not meet the definitions of financial assets or financial liabilities in FRS 32.

Amendment to FRS 113 is effective prospectively.

New and Revised FRSs Issued but not yet Effective

The Group and the Company have not adopted the following standards and interpretations that have been issued but are not yet effective:

Description		Effective for annual periods beginning
FRS 27	*Equity Method in Separate Financial Statements*	1 January 2016
FRS 1	*Disclosure Initiative*	1 January 2016
FRS 7	*Disclosure Initiative*	1 January 2017
FRS 115	*Revenue from Contracts with Customers*	1 January 2018
FRS 109	*Financial Instruments*	1 January 2018

Notes to the Financial Statements

31 December 2015

2 Significant Accounting Policies (cont'd)

(a) Basis of Preparation (cont'd)

New and Revised FRSs Issued but not yet Effective (cont'd)

Except for FRS 115 and FRS 109, the directors expect that the adoption of the other standards above will have no significant impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policy on adoption of FRS 115 and FRS 109 are described below:

FRS 115 *Revenue from Contracts with Customers*

FRS 115, published in November 2014, establishes a revised framework for revenue recognition based on the following five-step approach:

- Identification of the contracts
- Identification of the performance obligations in the contract
- Determination of the transaction price
- Allocation of the transaction price to the performance obligations
- Recognition of revenue when (or as) an entity satisfies a performance obligation.

FRS 115 will replace the existing revenue recognition guidance including FRS 18 Revenue, FRS 11 Construction Contracts and INT FRS 113 Customer Loyalty Programs.

FRS 115 is effective retrospectively with early adoption permitted.

FRS 109 *Financial Instruments*

FRS 109, published in December 2015, prescribes the accounting requirements for financial instruments and replaces the existing guidance in FRS 39 Financial Instruments: Recognition and Measurement. FRS 109 prescribes a new classification and measurement framework for financial instruments, requires financial assets to be impaired based on a new expected credit loss model, changes the hedge accounting requirements, and carries forward the recognition and de-recognition requirements for financial instruments from FRS 39.

FRS 109 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted.

Notes to the Financial Statements

31 December 2015

2 Significant Accounting Policies (cont'd)

(b) Group Accounting

Subsidiaries 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. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual agreements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

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

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

Any contingent consideration to be transferred by the group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with FRS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

Notes to the Financial Statements

31 December 2015

2 Significant Accounting Policies (cont'd)

(b) Group Accounting (cont'd)

The excess of 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 fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the income statement.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform to the Group's accounting policies.

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

Disposals of subsidiaries or businesses

When a change in the Group's ownership interest in a subsidiary results in a loss of control over the subsidiary, the assets and liabilities of the subsidiary 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 interest in the entity is remeasured at fair value. The difference between the carrying amount of the retained investment at the date when control is lost and its fair value is recognised in profit or loss.

(c) Functional and Foreign Currency

Functional and presentation currency

The financial statements of each entity in the Group are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to each entity (the "**functional currency**"). The functional currency of the Company is Singapore Dollar ("S$").

Transactions and balances

In preparing the financial statements of the individual entities, transactions in currencies other than the functional currency ("foreign currency") are recognised at the exchange rates prevailing at the dates of the transactions.

At the end of each reporting date, monetary items denominated in foreign currencies are retranslated at the exchange rates prevailing at that date.

Notes to the Financial Statements

31 December 2015

2 Significant Accounting Policies (cont'd)

(c) Functional and Foreign Currency (cont'd)

Currency translation differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing exchange rates at the end of the reporting date are recognised in profit or loss, unless they arise from borrowings in foreign currencies and other currency instruments qualifying as net investment hedges and net investment in foreign operations. Those currency translation differences are recognised in the foreign currency translation reserve in the consolidated financial statements and transferred to profit or loss as part of the gain or loss on disposal of the foreign operation.

Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the exchange rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in foreign currencies are not retranslated.

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 date of the balance sheet;

(ii) Income and expenses for each statements presenting profit and loss and other comprehensive income (i.e. including comparatives) shall be translated at exchange rates at the dates of the transactions; and

(iii) All resulting exchange differences are recognised in other comprehensive income and accumulated in the currency translation reserve.

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation), all of the accumulated exchange differences in respect of that operation attributable to the Group are reclassified to profit or loss. Any exchange differences that have previously been attributed to non-controlling interests are derecognised, but they are not reclassified to profit or loss.

In the case of a partial disposal (i.e. no loss of control) of a subsidiary that includes a foreign operation, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. of associates or jointly controlled entities not involving a change of accounting basis), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing exchange rate at the reporting date.

Notes to the Financial Statements

31 December 2015

2 Significant Accounting Policies (cont'd)

(d) Property, Plant and Equipment

Property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

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. Dismantlement, removal or restoration costs are also included as part of the cost of property, plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the asset.

Depreciation is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives as follows:

	Estimated useful lives
Buildings	20 to 50 years
Motor vehicles	5 years
Machinery and Construction equipment	5 years
Office equipment and furniture and fittings	5 years

Construction-in-progress relates to factory facilities and are not depreciated as these assets are not considered available for use.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying values may not be recoverable.

The residual values, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in profit and loss in the year the asset is derecognised.

(e) Assets Classified as Held-for-Sale and Discontinued Operations

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of the assets' previous carrying amount and fair value less cost to sell.

Notes to the Financial Statements

31 December 2015

2 Significant Accounting Policies (cont'd)

(e) Assets Classified as Held-for-Sale and Discontinued Operations (cont'd)

The assets are not depreciated or amortised while they are classified as held-for-sale. Any impairment loss on initial classification and subsequent measurement is recognised as an expense. Any subsequent increase in fair value less costs to sell (not exceeding the accumulated impairment loss that has been previously recognised) is recognised in profit or loss.

A discontinued operation is a component of an entity that either has been disposed of, or that is classified as held-for-sale and:

(i) represents a separate major line of business or geographical area of operation; or

(ii) is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or

(iii) is a subsidiary acquired exclusively with a view to resale.

(f) Impairment of Non-Financial Assets

(i) Goodwill

Goodwill is tested for impairment annually and whenever there is an indication that the goodwill may be impaired.

For the purpose of impairment testing of goodwill, goodwill is allocated, from the acquisition date, to each of the Group's cash-generating-units ("**CGU**") or groups of CGU, that are expected to benefit from synergies arising from the business combination.

An impairment loss is recognised when the carrying amount of a CGU, including the goodwill, exceeds the recoverable amount of the CGU. The recoverable amount of a CGU is the higher of the CGU's fair value less cost of disposal and value-in-use.

The total impairment loss of a CGU is allocated first to reduce the carrying amount of goodwill allocated to the CGU and then to the other assets of the CGU pro-rata on the basis of the carrying amount of each asset in the CGU.

An impairment loss on goodwill is recognised in profit or loss and is not reversed in a subsequent period.

Where goodwill forms part of a cash-generating unit and part of the operation within that CGU is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative fair values of the operations disposed of and the portion of the CGU retained.

Notes to the Financial Statements

31 December 2015

2 Significant Accounting Policies (cont'd)

(f) Impairment of Non-Financial Assets (cont'd)

(ii) Property, plant and equipment, investments in subsidiaries

Property, plant and equipment and investments in subsidiaries are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment and investments in subsidiaries to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any), on an individual asset.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual CGU, or otherwise they are allocated to the smallest group of CGU for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an 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.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or CGU) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

(g) Subsidiaries

A subsidiary is an entity over which the Group has the power to govern the financial and operating policies so as to obtain benefits from its activities.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less any impairment loss.

Notes to the Financial Statements

31 December 2015

2 Significant Accounting Policies (cont'd)

(h) Financial Assets

Financial assets are recognised on the balance sheet when, and only when, the Group and Company becomes a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that has been recognised in other comprehensive income is recognised in profit or loss.

All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e. the date that the Group and Company commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are presented as non-current assets unless the investment matures or management intends to dispose of the assets within 12 months after the balance sheet date. Available-for-sale financial assets are subsequently carried at fair value. Interest and dividend income on available-for-sale financial assets are recognised separately in income. Changes in the fair values of available-for-sale debt securities (i.e. monetary items) denominated in foreign currencies are analysed into currency translation differences on the amortised cost of the securities and other changes; the currency translation differences are recognised in profit or loss and the other changes are recognised in other comprehensive income and accumulated in the fair value reserve. Changes in fair values of available-for-sale equity securities (i.e. non-monetary items) whose fair value can be reliably measured are recognised in other comprehensive income and accumulated in the fair value reserve, together with the related currency translation differences.

Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured, and derivatives that are linked to and must be settled by delivery of such unquoted equity instruments, are measured at cost less impairment.

Loans and receivables

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables including trade and other receivables, amounts due from subsidiaries, and cash and bank balances. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Notes to the Financial Statements

31 December 2015

2 Significant Accounting Policies (cont'd)

(i) Impairment of Financial Assets

The Group and Company assess at each balance sheet date whether there is any objective evidence that a financial asset is impaired.

Loans and receivables

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy, and default or significant delay in payments are objective evidence that these financial assets are impaired.

The carrying amount of these assets is reduced through the use of an impairment allowance account which is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. When the asset becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised against the same line item in profit or loss.

The allowance for impairment loss account is reduced through profit or loss in a subsequent period when the amount of impairment loss decreases and the related decrease can be objectively measured. The carrying amount of the asset previously impaired is increased to the extent that the new carrying amount does not exceed the amortised cost had no impairment been recognised in prior periods.

If there is objective evidence that an impairment loss has been incurred on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, or on a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed.

Available-for-sale financial assets

In addition to the objective evidence of impairment described above, a significant or prolonged decline in the fair value of an equity security below its cost is considered as an indicator that the available-for-sale financial asset is impaired.

If any evidence of impairment exists, the cumulative loss that was previously recognised in other comprehensive income is reclassified to profit or loss. The cumulative loss is measured as the difference between the acquisition cost (net of any principal repayments and amortisation) and the current fair value, less any impairment loss previously recognised as an expense. The impairment losses recognised as an expense on equity securities are not reversed through profit or loss.

(j) Cash and Cash Equivalents

Cash and cash equivalents comprise cash at bank and on hand and short-term, highly liquid investments that are readily convertible to know amount of cash and which are subject to an insignificant risk of changes in value.

Notes to the Financial Statements

31 December 2015

2 **Significant Accounting Policies** (cont'd)

(k) Construction Contracts

Contract revenue and contract costs are recognised as revenue and expenses respectively by reference to the stage of completion of the contract activity at the end of the reporting period (the percentage of completion method), when the outcome of a contract can be estimated reliably. The outcome of a construction contract can be estimated reliably when: (i) total contract revenue can be measured reliably; (ii) it is probable that the economic benefits associated with the contract will flow to the entity; (iii) the costs to complete the contract and the stage of completion can be measured reliably; and (iv) the contract costs attributable to the contract can be clearly identified and measured reliably so that actual contract costs incurred can be compared with prior estimates.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable and contract costs are recognised as an expense in the period in which they are incurred.

An expected loss on the construction contract is recognised as an expense immediately when it is probable that total contract costs will exceed total contract revenue.

In applying the percentage of completion method, the Group determines the stage of completion of a contract in a variety of ways. The Group uses the method that measures reliably the work performed. Depending on the nature of the contract, the methods include:

(i) the proportion that contract costs (as defined below) incurred for work performed to date bear to the estimated total contract costs.

(ii) surveys of work performed.

Contract revenue – Contract revenue corresponds to the initial amount of revenue agreed in the contract and any variations in contract work, claims and incentive payments to the extent that it is probable that they will result in revenue; and they are capable of being reliably measured.

Contract costs – Contract costs include costs that relate directly to the specific contract and costs that are attributable to contract activity in general and can be allocated to the contract. Costs that relate directly to a specific contract comprise: site labour costs (including site supervision); costs of materials used in construction; depreciation of equipment used on the contract; costs of design, and technical assistance that is directly related to the contract.

The Group's contracts are typically negotiated for the construction of a single asset or a group of assets which are closely interrelated or interdependent in terms of their design, technology and function. In certain circumstances, the percentage of completion method is applied to the separately identifiable components of a single contract or to a group of contracts together in order to reflect the substance of a contract or a group of contracts.

Notes to the Financial Statements

31 December 2015

2 Significant Accounting Policies (cont'd)

(k) Construction Contracts (cont'd)

Assets covered by a single contract are treated separately when:

– Separate proposals have been submitted for each asset;

– Each asset has been subjected to separate negotiation and the contractor and customer have been able to accept or reject that part of the contract relating to each asset; and

– The costs and revenues of each asset can be identified.

A group of contracts are treated as a single construction contract when:

– The group of contracts is negotiated as a single package; the contracts are so closely interrelated that they are, in effect, part of a single project with an overall profit margin; and

– The contracts are performed concurrently or in a continuous sequence.

(l) Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Warranty provisions

Provisions for warranty-related costs are recognised when the product is sold or service provided. Initial recognition is based on historical experience. The initial estimate of warranty-related costs is revised annually.

(m) Financial Liabilities

Financial liabilities are recognised on the balance sheet when, and only when, the Group and Company become a party to the contractual provisions of the financial instrument.

Financial liabilities are recognised initially at fair value, plus, in the case of financial liabilities other than derivatives, directly attributable transaction costs.

Subsequent to initial recognition, all financial liabilities are measured at amortised cost using the effective interest method.

For financial liabilities, gains and losses are recognised in profit or loss when the liabilities are derecognised or impaired, and through the amortisation process.

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

Notes to the Financial Statements

31 December 2015

2 Significant Accounting Policies (cont'd)

(n) Borrowing Costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

(o) Employee Benefits

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

Defined contribution plans

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities such as the Central Provident Fund and Social Insurance Schemes participated by the subsidiaries (in respect of retirement insurance and medical insurance scheme organised by the People's Republic of China ("**PRC**") provisional social security bureau pursuant to the relevant provisions), and will have no legal or constructive obligation to pay further contributions if any of the funds does not hold sufficient assets to pay all employee benefits relating to employee service in the current and preceding financial years. The Group's contributions to defined contributions are recognised as employee compensation expense when they are due.

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 become exercisable on the vesting date.

At each reporting 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 retained earnings 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 expensed as appropriate.

Notes to the Financial Statements

31 December 2015

2 Significant Accounting Policies (cont'd)

(p) Leases

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date: whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

(i) As lessee

Finance leases which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

(ii) As lessor

Leases where the Group retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

(q) Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is made. Revenue is measure at the fair value of consideration received or receivable, excluding discounts, rebates and sales taxes or duty. The Group assesses its revenue arrangements to determine if it is acting as principal or agent, and has concluded that is acting as a principal in all of its revenue arrangements. In addition, the following specific recognition criteria must also be met before revenue is recognised:

(i) Construction revenue

Construction revenue is recognised using the percentage of completion when the outcome of the construction contracts can be reliably estimated. The accounting policy for construction contracts is set out in Note 2(l).

(ii) Management fees

Service income, management and consultancy fees are recognised in the period in which the services are rendered.

Notes to the Financial Statements

31 December 2015

2 Significant Accounting Policies (cont'd)

(r) Income Taxes

Income tax expense represents the sum of the tax currently payable and deferred tax.

(i) Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statement of comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

(ii) Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Notes to the Financial Statements

31 December 2015

2 Significant Accounting Policies (cont'd)

(r) Income taxes (cont'd)

(ii) Deferred tax (cont'd)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items that are recognised outside profit or loss (whether in other comprehensive income or directly in equity), in which case the tax is also recognised outside profit or loss, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in the accounting for the business combination.

(s) Segment Reporting

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

(t) Share Capital and Share Issue Expenses

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

(u) Contingencies

A contingent liability is:

(i) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or

(ii) a present obligation that arises from past events but is not recognised because:

i. It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

ii. The amount of the obligation cannot be measured with sufficient reliability.

Notes to the Financial Statements

31 December 2015

2 Significant Accounting Policies (cont'd)

(u) Contingencies (cont'd)

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

Contingent liabilities and assets are not recognised on the balance sheet of the Group, except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined.

(v) Related Parties

A related party is defined as follows:

A related party is a person or entity that is related to the entity that is preparing its financial statements (in this Standard referred to as the "reporting entity").

a. A person or a close member of that person's family is related to a reporting entity if that person:

   i. has control or joint control over the reporting entity;

   ii. has significant influence over the reporting entity; or

   iii. is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

b. An entity is related to a reporting entity if any of the following conditions applies:

   i. the entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);

   ii. one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);

   iii. both entities are joint ventures of the same third party;

   iv. one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

   v. the entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity;

   vi. the entity is controlled or jointly controlled by a person identified in (a); or

   vii. a person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Notes to the Financial Statements

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3 Significant Accounting Judgements and Estimates

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which has the most significant effect on the amounts recognised in the financial statements:

Impairment of investments in unquoted equities and subsidiaries

The Company assesses at each balance sheet date whether there is any indication that an investment is impaired. To determine whether there is indication of impairment, the Company considers factors such as the industry/sector performance, technology changes, and operational and financing cash flow. Management will exercise significant judgement to evaluate the financial conditions and business prospects of the investment.

Where there is indication of impairment, the amount and timing of future cash flows are estimated based on the forecasted performance of the investee. The carrying amounts and the amounts of impairment of the Company's investments in unquoted equities and subsidiaries at the balance sheet date are disclosed in Note 12 and 13 of the financial statements respectively.

Impairment of trade and other receivables

The Group and the Company assess at each balance sheet date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group and the Company consider factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amounts and the amounts of impairment of the Group's and the Company's trade and other receivables at the balance sheet date are disclosed in Note 15 to the financial statements.

4 Going Concern Assumption

(a) The Group incurred a net loss of S$43,743,000 and a total comprehensive loss of S$43,741,000 for the financial year ended 31 December 2015 (2014: net loss of S$2,694,000 and a total comprehensive loss of S$1,604,000). As at 31 December 2015, the Group's current liabilities exceeded its current assets by S$6,748,000 (2014: current liabilities exceeded its current assets by S$33,005,000), while the Company's current liabilities exceeded its current assets by S$6,707,000 (2014: current liabilities exceeded its current assets by S$31,928,000). As disclosed in Note 31(c), the Group has also received a formal letter of demand on 21 August 2015 for full and immediate repayment of a loan amounting to S$4,700,000. These conditions indicate the existence of an uncertainty that may cast significant doubt as to the ability of the Group and the Company to continue as going concerns.

Notes to the Financial Statements

31 December 2015

4 Going Concern Assumption (cont'd)

(b) The financial statements are prepared on a going concern basis for the following reasons:

– the Group and Company renegotiated repayment terms for borrowings amounting to S$0.5 million to be repaid no later than mid-2017 with the option to be repaid in cash or shares or a combination of the two at the discretion of the Group;

– the Group and Company has also renegiotiated repayment terms for borrowings amounting to S$4.7 million to be repaid no later than mid-2017 with the option to be repaid in cash or shares or a combination of the two at the discretion of the Group. However this amount is the subject of a legal dispute as disclosed in Note 31(c);

– on 15 January 2016, the Group and Company issued new ordinary shares of the Company to ISR Capital, settling payables of approximately S$200,000;

– the Group and Company has renegotiated to repay S$440,000 in loans owing to Broadwell Limited in new ordinary shares of the Company;

– on 2 March 2016, the Group and the Company issued convertible notes amounting to S$600,000 to Maiora Asian Structured Finance Fund which are convertible at the option of the Group and Company on maturity;

– through its subsidiary, the Group entered into a management fee agreement with Primeforth Renewable Energy Limited in November 2015. As at 31 December 2015, the Group has contracted to receive S$2,400,000 in management fees over a period of 24 months from the balance sheet date; and

In the opinion of management, there is a reasonable expectation that the above measures will enable the Group and the Company to continue in operation and pay its debts as and when they fall due for at least the next 12 months from the date of these financial statements. In the event that the Group and the Company are unable to continue as going concerns, it could have an impact on the Group's and the Company's ability to realise assets at their recognised amounts and to extinguish liabilities in the normal course of business at the amounts stated in the balance sheets of the Group and the Company. The Group and the Company may also have to provide for further liabilities which arise, and to reclassify non-current assets as current assets. No such adjustments have been made to these financial statements.

5 Finance Costs

	Group	
	2015	2014 (restated)
	S$'000	S$'000
Continuing operations		
Bank charges	2	3
Interest on borrowing	130	–
Interest on finance lease liabilities	–	–
	132	3

Notes to the Financial Statements

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6 Other Expenses

	Group	
	2015	2014
	S$'000	S$'000
Continuing operations		
Impairment of amounts due from related parties (Note 15)	1,746	–
Impairment of investments in unquoted equities (Note 12)	35,380	–
Other losses	621	5
	37,747	5

7 Loss before Tax

This is arrived at after charging/(crediting) the following items:

	Group	
	2015	2014 (restated)
	S$'000	S$'000
Continuing operations		
Depreciation of property, plant and equipment (Note 14)	91	9
Operating lease expense (Note 25)	407	139
Personnel expenses (Note 8)	1,917	385
Share-based payment for professional services to related party	2,421	–
Audit fees:		
- Auditors of the Company	125	100
- Overprovision in prior financial year	–	(9)
- Underprovision in prior financial year	33	–
Non-audit fees:		
- Auditors of the Company	–	15

Notes to the Financial Statements

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8 Personnel Expenses (including key management remuneration)

	Group	
	2015	2014 (restated)
	S$'000	S$'000
Salaries and bonuses	644	542
Share-based payment (Note 26)	1,200	–
Other short-term benefits (Note 26)	93	–
Contribution to defined contribution plans	37	45
Less: Amounts attributable to discontinued operations	(57)	(202)
	1,917	385

9 Income Tax

(a) Income tax expense

	Group	
	2015	2014
	S$'000	S$'000
Current income tax	–	–

(b) The tax expenses for the year can be reconciled to the accounting loss as follows:

	Group	
	2015	2014 (restated)
	S$'000	S$'000
Loss before tax from continuing operations	(43,512)	(1,633)
Income tax benefit calculated at applicable rates	(7,397)	(278)
Non-taxable income	(377)	(1)
Effects of different tax rate in other jurisdictions	103	(3)
Utilisation of previous unrecognised deferred tax asset	–	(5)
Deferred tax asset not recognised	225	287
Expenses not deductible for tax purposes	(7,446)	–
	–	–

The tax rates used for the tax reconciliations above are the corporate tax rate of 17% payable by corporate entities in Singapore on taxable profits. Included in expenses not deductible for tax purposes is the tax effect of impairment of investments amounting to S$35,380,000.

Notes to the Financial Statements

31 December 2015

9 Income Tax (cont'd)

(c) Deferred income taxes

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income taxes relate to the same fiscal authority. The amounts, determined after appropriate offsetting, are shown on the balance sheet as follows:

	Group	
	2015	**2014**
	S$'000	**S$'000**
Deferred income tax assets:		
- To be recovered after one year	–	3

Movement in deferred income tax assets/(liabilities) account are as follows:

	Group	
	2015	**2014**
	S$'000	**S$'000**
Fair value and other adjustments on acquisition of subsidiaries	–	3
Reclassified as held-for-sale	–	–
End of financial year	–	3

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$1,600,000 (FY2014: S$475,000) at the balance sheet date.

10 Discontinued Operations

(a) Disposal of construction businesses

On 30 June 2015, the Group completed the disposal of its 60% equity interest in Elite Bay Sdn Bhd ("**Elite Bay**") to Goh Kim Chey and Yuen Pin Wai for a purchase consideration of S$100,000. Elite Bay previously operated in the construction segment for the Group.

On 27 March 2014, the Group completed the disposal of its 100% equity interest in its wholly owned subsidiary, Daqing Xinyuan Construction Installation Co., Ltd ("**Xinyuan**"), together with Xinyuan's wholly-owned subsidiary, Daqing Sunshine Reli Thermal Co., Ltd. ("**Sunshine**"), to Calcourt Limited (the "**Purchaser**") for a purchase consideration of S$10 million. Xinyuan operates the heating services business of the Group. The Group has recognised a loss on disposal of S$1,086,000 in the previous financial year.

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10 Discontinued Operations (cont'd)

(b) Analysis of loss for the year from discontinued operations

The combined results of the discontinued operations included in the consolidated statement of comprehensive income are set out below. The comparative profit and cash flows from discontinued operations have been re-presented to include those operations classified as discontinued in the current period.

	Group	
	2015	**2014**
	S$'000	**S$'000**
Revenue	810	2,331
Expense	(1,348)	(2,306)
Loss from operations	(538)	(25)
Other income	23	–
Gain/(Loss) on disposal of subsidiaries (Note 13)	284	(1,086)
Loss before tax from discontinued operations	(231)	(1,061)
Loss after tax from discontinued operations	(231)	(1,061)

The impact of the discontinued operations on the cash flows of the Group was as follows:

	Group	
	2015	**2014**
	S$'000	**S$'000**
Net cash flow from operating activities	637	(1,449)
Net cash flow from investing activities	(6)	(51)
Net cash flow from financing activities	314	3,968
Net cash inflow	945	2,468

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11 Loss Per Share

Basic 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		
	Continuing	**Discontinued**	**Total**
2015			
Loss attributable to equity holders of the Company (S$'000)	(43,512)	(231)	(43,743)
Weighted average number of ordinary shares for basic loss per share calculation ('000)	1,401,855	1,401,855	1,401,855
Basic and diluted loss per share (cents per share)	(3.10)	(0.02)	(3.12)
2014			
Loss attributable to equity holders of the Company (restated) (S$'000)	(1,633)	(1,061)	(2,694)
Weighted average number of ordinary shares for basic loss per share calculation ('000)	1,316,764	1,316,764	1,316,764
Basic and diluted loss per share (cents per share)	(0.12)	(0.08)	(0.20)

For the financial years ended 31 December 2015 and 31 December 2014, the basic and diluted loss per share of the Group were the same as there were no potential dilutive ordinary shares outstanding as at 31 December 2015 and 31 December 2014.

12 Investments in Unquoted Equities, held at Cost Less Impairment

	Group		Company	
	2015	**2014**	**2015**	**2014**
	S$'000	**S$'000**	**S$'000**	**S$'000**
Investments in unquoted equities	35,380	35,380	23,380	23,380
Accumulated impairment losses	(35,380)	–	(23,380)	–
	–	35,380	–	23,380
Movements in allowance for impairment losses were as follows:				
Balance at the beginning of the year	–	–	–	–
Impairment made during the year	35,380	–	23,380	–
Balance at the end of the year	35,380	–	23,380	–

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12 Investments in Unquoted Equities, held at Cost Less Impairment (cont'd)

(i) On 29 April 2014, the Group acquired 19.9% of Renaissance Enterprises S.A. ("**Renaissance**") for S$23.4m.

Renaissance is a limited liability company incorporated in Luxembourg. Topkapi Mineral Sanayi ve Ticaret A.S. ("**Topkapi**") is a wholly-owned subsidiary of Renaissance. Topkapi is a corporation established in The Republic of Turkey and its principal activities are those of exploration, development, extraction, processing, production and trading of metals and minerals in Turkey.

(ii) On 14 February 2014, the Group acquired 19.9% of Ardilaun Energy Limited ("**Ardilaun**"), a company established in the Republic of Ireland, through the acquisition of Sunny Cove (see Note 13) for S$12m.

The principal activities of Ardilaun are those of oil and gas exploration and development in Irish territories and internationally.

In the current year, based on detailed cash flow analysis performed by the Group, it was determined that the investments above will not be recoverable. Accordingly, all interests were fully impaired.

13 Investment in Subsidiaries

	Company	
	2015	**2014**
	S$'000	**S$'000**
Unquoted shares, at cost		
At 1 January	12,100	163
Additions (# - Less than S$1,000)	#	12,000
Disposal	–	(63)
	12,100	12,100
Less: Allowance for impairment loss	(12,100)	–
At 31 December	–	12,100

Movement in the allowance for impairment loss is as follows:

	Company	
	2015	**2014**
	S$'000	**S$'000**
At 1 January	–	49,393
Impairment made during the year	12,100	–
Written off upon disposal of subsidiaries	–	(49,393)
At 31 December	12,100	–

Notes to the Financial Statements

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13 Investment in Subsidiaries (cont'd)

(a) Significant subsidiaries of the Group

Name of company	Country of incorporation	Principal activities	Proportion (%) of ownership interest 2015 %	2014 %
Held by the Company				
Sunny Cove Investments Limited [(2)]	BVI	Investment holding	100	100
Sino Building & Construction Pte. Ltd. ("**SCBC**") [(1)]	Singapore	Design, construction and civil engineering activities, project consultancy and management services	100	100
Magnum Energy Limited [(1)]	Singapore	Investment holding	100	–
Held by Magnum Energy				
Magnum Modular Power Generation Pte. Ltd. [(1),(3)]	Singapore	Provision of power generation services	–	–
Held by SCBC				
Elite Bay Sdn Bhd [(2),(4)]	Malaysia	Design and construction services	–	60

(1) Audited by Moore Stephens LLP Singapore
(2) Unaudited
(3) Incorporated and disposed during the year
(4) Disposed during the year

(b) Incorporation of subsidiaries

(i) On 23 January 2015, the Company incorporated a wholly-owned subsidiary, Magnum Energy Pte. Ltd., with an initial capital of S$1.

(ii) On 11 February 2015, the Company incorporated Magnum Modular Power Generation Pte. Ltd. ("**MMPGPL**") as a joint company with Primeforth Renewable Energy Limited ("**Primeforth**"). The Company held a 70% equity interest in MMPGPL from the date of incorporation to the date of disposal.

Notes to the Financial Statements

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13 Investment in Subsidiaries (cont'd)

(c) Acquisition of subsidiaries

(i) On 30 January 2014, the Group acquired a 60% equity interest in Elite Bay Sdn Bhd ("**Elite Bay**") for a cash consideration of S$114,000.

Details of the assets acquired and liabilities assumed, the non-controlling interest recognised and the effects on the cash flows of the Group, at the acquisition date, are as follows:

	S$'000
Effect on cash flows of the Group	
Cash paid (as above)	114
Less: Cash and cash equivalents in subsidiary acquired, net of bank overdraft acquired	37
Cash outflow on acquisition	151

	At fair values S$'000
Identifiable assets acquired and liabilities assumed	
Cash at bank	3
Property, plant and equipment (Note 14)	804
Deferred tax asset (Note 9b)	3
Trade and other receivables	1,132
Total assets	1,942
Trade and other payables	(745)
Borrowings, excluding bank overdraft	(709)
Bank overdraft	(40)
Amount due to customers for work-in-progress	(281)
Current tax liabilities	(20)
Total liabilities	(1,795)
Total identifiable net assets	147
Less: Non-controlling interest at proportionate share of book value	(59)
Add: Goodwill	26
Consideration transferred for the business	114

Notes to the Financial Statements

31 December 2015

13 Investment in Subsidiaries (cont'd)

(c) Acquisition of subsidiaries (cont'd)

(ii) On 14th February 2014, the Group acquired a 100% equity interest in Sunny Cove Investments Limited ("**Sunny Cove**"), which owns a 19.9% interest in Ardilaun Energy Limited.

Details of the consideration paid, the assets acquired and liabilities assumed, the non-controlling interest recognised and the effects on the cash flows of the Group, at the acquisition date, are as follows:

	S$'000
Purchase consideration	
Cash paid	2,000
Liabilities incurred	10,000
	12,000
Effect on cash flows of the Group	
Cash paid (as above)	2,000
Less: Cash and cash equivalents in subsidiary acquired	–
Cash outflow on acquisition	2,000
Assets acquired, at cost	
Investments in unquoted equity securities (Note 12)	12,000

The acquisition of Sunny Cove has been accounted for as an asset acquisition rather than a business combination as the Group did not acquire any processes as part of the transaction.

Notes to the Financial Statements
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13 Investment in Subsidiaries (cont'd)

(d) Disposal of subsidiaries

Financial year 2015

(i) On 30 June 2015, the Group disposed of Elite Bay Sdn Bhd, which operated the design and construction services of the Group in the prior financial year.

The effects of the disposal on the cash flows of the Group were:

	S$'000
Carry amounts of assets and liabilities disposed:	
Property, plant and equipment	718
Deferred tax assets	3
Income tax recoverable	13
Prepaid operating expenses	18
Trade and other receivables	1,190
Cash and bank balances	2
Total assets	1,944
Trade and other payables	1,160
Gross amount due to customers for contract work-in-progress	263
Loan and borrowings	871
Total liabilities	2,294
Net liabilities disposed	(350)
Share of net liabilities disposed	(210)

The aggregate cash inflow arising from the disposal of subsidiaries is as follow:

	S$'000
Net liabilities disposed of (as above)	(210)
Gain on disposal (Note 10)	284
Foreign currency translation differences reclassified to profit and loss on disposal of foreign operation	2
Cash consideration from disposal	76
Add: Goodwill associated with subsidiary	26
Less: cash and cash equivalent in subsidiaries disposed	(2)
Net cash inflow on disposal	100

Notes to the Financial Statements

31 December 2015

13 Investment in Subsidiaries (cont'd)

(d) Disposal of subsidiaries (cont'd)

Financial year 2015 (cont'd)

(ii) On the 13th November 2015, the Group and Company disposed of its 70% interest in Magnum Modular Power Generation Pte. Ltd.

The effects of the disposal on the cash flows of the Group were:

	S$'000
Carry amounts of assets and liabilities disposed:	
Property, plant and equipment	873
Inventories	56
Prepaid operating expenses	7
Gross amount due to customers for contract work-in-progress	183
Trade and other receivables	462
Cash and bank balances	2
Total assets	1,583
Trade and other payables	98
Other liabilities	59
Total liabilities	157
Net asset disposed	1,426
Share of net assets disposed	999

The aggregate cash inflow arising from the disposal of subsidiaries is as follow:

	S$'000
Net asset disposed of (as above)	999
Loss on disposal (Note 10)	(499)
Cash consideration from disposal	500
Less: cash and cash equivalent in subsidiaries disposed	(2)
Net cash inflow on disposal	498

Notes to the Financial Statements

31 December 2015

13 Investment in Subsidiaries (cont'd)

(d) Disposal of subsidiaries (cont'd)

Financial year 2014

(i) In the prior year, on 27 April 2014, the Group disposed of Xinyuan and its subsidiary Sunshine, which operated the heating business of the Group in the prior financial year.

The effects of the disposal on the cash flows of the Group were:

	S$'000
Carrying amounts of assets and liabilities disposed:	
Assets classified as held for sale	52,333
Liabilities directly associated with assets classified as held for sale	(42,332)
Net assets disposed	10,001

The aggregate cash inflow arising from the disposal of subsidiaries is as follow:

	S$'000
Net assets disposed of (as above)	10,001
Loss on disposal (Note 10)	(1,086)
Foreign currency translation differences reclassified to profit and loss on disposal of foreign operation	1,086
Cash consideration from disposal	10,001
Less: cash and cash equivalent in subsidiaries disposed	(5,373)
Net cash inflow on disposal	4,628

Notes to the Financial Statements

31 December 2015

13 Investment in Subsidiaries (cont'd)

(d) Disposal of subsidiaries (cont'd)

Financial year 2014 (cont'd)

(ii) On the 29th December 2014, the Group and Company disposed of Daqing Nafei Le Consulting Co.

The effects of the disposal on the cash flows of the Group were:

	2014 S$'000
Carry amounts of assets and liabilities disposed:	
Other assets	6
Cash and bank balances	15
Net assets disposed	21

The aggregate cash inflow arising from the disposal of subsidiaries is as follow:

	2014 S$'000
Net assets disposed of (as above)	21
Cash consideration from disposal	21
Less: cash and cash equivalent in subsidiaries disposed	(15)
Net cash inflow on disposal	6

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14 Property, Plant and Equipment

	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					
2015					
Cost					
At 1 January 2015	780	18	40	78	916
Additions	–	–	940	16	956
Disposal of subsidiary	(730)	–	(940)	(11)	(1,681)
Written off	–	(18)	(40)	(15)	(73)
Translation	(50)	–	–	–	(50)
At 31 December 2015	–	–	–	68	68
Accumulated depreciation					
At 1 January 2015	12	18	40	10	80
Depreciation charge for the year	–	–	76	15	91
Written off	–	(18)	(40)	–	(58)
Derecognised on disposals of subsidiary	(12)	–	(76)	(2)	(90)
At 31 December 2015	–	–	–	23	23
Net book value					
At 31 December 2015	–	–	–	45	45
2014					
Cost					
Acquisition of Subsidiary	743	18	41	2	804
Additions	43	–	–	76	119
Currency translation differences	(6)	–	(1)	–	(7)
At 31 December 2014	780	18	40	78	916
Accumulated depreciation					
Depreciation charge for the year	12	18	41	10	81
Currency translation differences	–	–	(1)	–	(1)
At 31 December 2014	12	18	40	10	80
Net book value					
At 31 December 2014	768	–	–	68	836

Notes to the Financial Statements

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14 Property, Plant and Equipment (cont'd)

	Office equipment and furniture and fittings S$'000
Company	
2015	
Cost	
At 1 January 2015	–
Additions	5
Transferred from subsidiary	58
At 31 December 2015	63
Accumulated depreciation	
At 1 January 2015	–
Transferred from subsidiary	17
Depreciation charge for the year	1
At 31 December 2015	18
Net book value	
At 31 December 2015	45

There were no property, plant and equipment held by the Company as at 31 December 2014.

15 Trade and Other Receivables

	Group		Company	
	2015 S$'000	2014 S$'000	2015 S$'000	2014 S$'000
Trade receivables				
Third parties	160	557	–	–
Retention monies	–	283	–	–
	160	840	–	–
Other receivables				
Third parties	511	174	–	21
Related parties	1,746	1,767	1,746	1,640
Deposits	105	–	46	–
	2,522	1,941	1,792	1,661
Less:				
Allowance for impairment loss	(1,746)	–	(1,746)	–
	776	2,781	46	1,661

Notes to the Financial Statements

31 December 2015

15 Trade and Other Receivables (cont'd)

Trade receivables

Trade receivables are non-interest bearing and normally settled on 30 to 90 days' term. They are recognised at their original invoice amounts, which represented their fair values on initial recognition.

Retention monies

At 31 December 2014, trade receivables of the Group included retentions of $283,000 related to construction contracts in progress.

Other receivables

Included in other receivables of the Group and the Company is an amount of S$1,746,000 (FY2014: S$1,640,000) due from an investee of the Company, Renaissance Enterprises S.A (Note 12). This amount is unsecured interest-free and repayable on demand. Full impairment has been provided for this amount in the current year.

At 31 December 2014, included in other receivables of the Group is an amount of S$127,273 due from companies in which certain directors of a subsidiary have a significant interest.

16 Cash and Bank Balances

Cash and cash equivalents comprise the following at the end of the reporting period:

	Group		Company	
	2015	2014	2015	2014
	S$'000	S$'000	S$'000	S$'000
Cash at banks and on hand	6	169	6	63

Cash and cash equivalents are denominated in Singapore Dollars.

Cash and cash equivalent at the end of the reporting period as shown in the consolidated statement of cash flows can be reconciled to the related items in the consolidated balance sheet as follows:

	Group	
	2015	2014
	S$'000	S$'000
Cash at banks and on hand	6	169
Bank overdrafts (Note 20)	–	(31)
	6	138

Notes to the Financial Statements

31 December 2015

17 Share Capital

	2015		2014	
	Number of shares '000	Value S$'000	Number of shares '000	Value S$'000
Issued and fully paid:				
At 1 January	1,316,764	95,482	1,316,764	95,482
Issuance of ordinary shares (a)	210,000	2,790	–	–
Issuance of ordinary shares for debt capitalisation (b)	161,700	23,860	–	–
Share issue expense	–	(140)	–	–
At 31 December	1,688,464	121,992	1,316,764	95,482

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions. The ordinary shares have no par value.

(a) On 9 October 2015, the Company completed a placement of 110,000,000 ordinary shares of the Company issued at a price of S$0.0248 per placement share and raised gross proceeds of S$1,590,000. As disclosed in Note 31 to the financial statements, the Company is in the process of reversing the remaining 45,887,097 ordinary shares.

On 9 December 2015, the Remuneration Committee authorised and completed the issue of 100,000,000 ordinary shares of the Company, at a price of S$0.012 per share, to Drew Madacsi, under the MMP Share Performance Plan.

(b) On 3 July 2015, as disclosed in Note 21 to the financial statements, the Company converted loan notes into 135,000,000 new ordinary shares of the Company.

On 16 November 2015, the Company issued 26,700,000 new ordinary shares of the Company at a price of S$0.02 per share to settle a loan from a third party amounting to S$534,000.

18 Other Reserves

(a) Foreign currency translation reserve

The foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency. The movement in foreign currency translation reserves is presented in the statement of changes in equity.

Notes to the Financial Statements

31 December 2015

18 Other Reserves (cont'd)

(b) Share-based payment reserve

Share-based payment reserve represents the equity-settled share options and performance shares granted to employees. The reserve is made up of the cumulative value of services received from employees recorded over the period in which the performance and/or service conditions are fulfilled.

	Group and Company	
	2015	2014
	S$'000	S$'000
At the beginning of the year	–	–
Value of services received	2,421	–
At the end of the year	2,421	–

(c) Other reserves

	Group and Company	
	2015	2014
	S$'000	S$'000
At the beginning of the year	(5,200)	–
Issuance of convertible bond (Note 21)	–	(5,200)
Conversion of convertible bond (Note 21)	5,200	–
At the end of the year	–	(5,200)

19 Non-controlling Interests ("NCI")

The following summarises the financial information of the Group's 60% subsidiary, Elite Bay Sdn Bhd ("**Elite Bay**"), based on its financial statements prepared in accordance with FRS, modified for fair value adjustments on acquisition and differences in the Group's accounting policies.

Elite Bay first became a subsidiary on 30 January 2014 and was subsequently disposed during the year on 30 June 2015. Accordingly, the information relating to Elite Bay for the financial period ended 31 December 2014 is only for the period from 30 January 2014 to 31 December 2014.

There are no other subsidiaries with NCI in the financial period ended 31 December 2015 and 31 December 2014.

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19 Non-controlling Interests ("NCI") (cont'd)

	S$'000
2014	
Revenue	2,331
Profit	24
Total comprehensive income	2,355
Profit and total comprehensive income attributable to NCI	10
Non-current assets	772
Current assets	1,084
Non-current liabilities	(39)
Current liabilities	(1,647)
Net assets	170
Net assets attributable to NCI	69
Cash flows from operating activities	(152)
Cash flows from investing activities	29
Cash flows from financing activities (dividends to NCI: nil)	165
Net increase/(decrease) in cash and cash equivalents	42

20 Loan and Borrowings

	Group		Company	
	2015 S$'000	2014 S$'000	2015 S$'000	2014 S$'000
Current				
Bank overdraft (Note 16)	–	31	–	–
Borrowings				
- bank borrowings	–	590	–	–
- third parties	418	–	418	–
- related parties	5,264	–	5,264	–
Finance lease liabilities	–	41	–	–
	5,682	662	5,682	–
Non-current				
Finance lease liabilities	–	39	–	–
Total borrowings	5,682	701	5,682	–

Notes to the Financial Statements

31 December 2015

20 Loan and Borrowings (cont'd)

The exposure of the borrowings of the Group and of the Company to interest rate changes and the contractual repricing dates at the balance sheet date are as follows:

	Group		Company	
	2015	2014	2015	2014
	S$'000	S$'000	S$'000	S$'000
Current				
Within the next year	5,682	662	5,682	–
Between 1-5 years	–	39	–	–
Over 5 years	–	–	–	–
	5,682	701	5,682	–

Bank borrowings

Bank borrowings bear variable interest rates pegged to the Malaysian Ringgit Base Lending Rate of the lender.

Third party borrowings

Third party borrowings bear interest at a rate of 8% per annum.

Related party borrowings

Related party borrowings are non-trade, interest free and repayable on demand.

Obligation under finance lease

The obligation was secured by a charge over leased motor vehicles (Note 14), which have been fully depreciated as at 31 December 2014. The average discount rate implicit in the finance lease was 3.38% per annum.

21 Trade and Other Payables

	Group		Company	
	2015	2014	2015	2014
	S$'000	S$'000	S$'000	S$'000
Trade payables	–	236	–	–
Convertible loans	–	28,580	–	28,580
Other payables	1,443	501	644	366
	1,443	29,317	644	28,946

Trade payables

Trade payables were non-interest bearing and normally settled on 30 to 90 days terms.

Notes to the Financial Statements

31 December 2015

21 Trade and Other Payables (cont'd)

Convertible loans

	Group and Company	
	2015	2014
	S$'000	S$'000
Fair value of convertible loans upon issue	–	23,380
Amount classified as equity (Note 18(c))	–	5,200
Carrying amount of liability	–	28,580

Convertible loans consist of S$28,580,000 in interest-free loan notes that were issued on 29 April 2014. On 3 July 2015, the Group and Company exercised the right to convert all notes into 135,000,000 new ordinary shares of the Company at an issue price of S$0.2117 per share.

Other payables

Other payables are non-interest bearing and are due within 12 months.

22 Amount due to Directors and Shareholders

The amounts due to directors and shareholders are non-trade in nature, interest-free, and repayable on demand. Shareholders are corporations in which certain directors of the Group have a controlling interest.

23 Other Liabilities

	Group		Company	
	2015	2014	2015	2014
	S$'000	S$'000	S$'000	S$'000
Accrued operating expenses	425	296	425	281

Notes to the Financial Statements

31 December 2015

24 Gross amount due to customer on construction work-in-progress

	Group	
	2015	2014
	S$'000	S$'000
Construction contract work-in-progress:		
Beginning of financial year	–	–
Contract costs incurred	–	2,052
Contract expense recognised in profit or loss	–	(2,052)
End of financial year	–	–
Aggregated costs incurred and profit recognised to date on uncompleted construction contract	–	9,273
Less: Progress billing	–	(9,723)
Due to customers on construction contracts	–	(450)

25 Contingent Liabilities and Commitments

(a) Contingent liabilities

Continuing financial support

The Company has undertaken to provide continuing financial support to its subsidiaries by not demanding payment for loans and receivables owing by them until they have the financial capability to repay the Company. The Company will also, when required, provide sufficient working capital to enable them to operate as a going concern for a period of at least twelve months from the respective dates of the Directors' reports of the subsidiaries relating to the audited financial statements for the financial year ended 31 December 2015.

Legal litigation

The Group is involved in a legal dispute with Quintestellar Re Capital Inc ("Quintestellar"), a company incorporated in the British Virgin Islands. Quintestellar was previously a significant shareholder of the Group and was a related party of the Group through a common Director, up to the date of his resignation.

Between May and June 2014, the Group received various monies amounting to a total of approximately S$4.7 million. It was later alleged that these monies potentially represented a loan from an individual being, a significant shareholder of the Company, to the Group. The monies were transferred to the Group through Quintestellar as an intermediary.

On 21 August 2015, a formal Letter of Demand was issued to the Group by Quintestellar for full and immediate repayment of the loan amounting to S$4.7 million.

The Group refutes the claim that the amounts are owed to Quintestellar and the matter is now the subject of litigation.

As at the date of the audit report, the outcome of the legal case is uncertain, and accordingly, it is not practical to provide an estimate of the financial effect, or the amount and timing of any outflow of resources, or the possibility of any reimbursement in relation to this lawsuit.

Notes to the Financial Statements

31 December 2015

25 Contingent Liabilities and Commitments (cont'd)

(b) Commitments

Operating lease commitments – where the Group is a lessee

The Group has entered into non-cancellable operating lease arrangements during the year in respect of its office building.

Minimum lease payments recognised as an expense in profit or loss for the financial year ended 31 December 2015 amounted to S$407,000 (2014: S$139,000).

Future minimum rental payable under non-cancellable operating leases at the end of the reporting period are as follows:

	Group	
	2015	**2014**
	S$'000	**S$'000**
Not later than one year	268	274
Later than one year but not later than five years	2	245
	270	519

Operating lease commitments – where the Group is a lessor

The Group and the Company sub-leases office space to a third party under a non-cancellable operating lease agreement. The lessee is required to pay a fixed monthly lease payment during the lease period. The future minimum lease receivables under non-cancellable operating leases contracted for at the reporting date but not recognised as receivables, are as follows:

	Group	
	2015	**2014**
	S$'000	**S$'000**
Not later than one year	64	–
Later than one year but not later than five years	–	–
	64	–

Notes to the Financial Statements

31 December 2015

25 Contingent Liabilities and Commitments (cont'd)

(b) Commitments (cont'd)

Finance lease commitments

In prior year, the Group entered into finance lease arrangements for certain motor vehicles. Future minimum lease payments under finance leases together with the present value of the net minimum lease payments are as follows:

	Group				
	2015			2014	
	Minimum lease payments S$'000	Interest S$'000	Present value of payments S$'000	Minimum lease payments S$'000	Present value of payments S$'000
Not later than one year	–	–	–	–	41

26 Related Party Transactions

In addition to the related party information disclosed elsewhere in the financial statements, the Group and Company also engaged in the following transactions with related parties.

	Group	
	2015 S$'000	2014 S$'000
Loans provided by shareholders of the company	500	–
Loans provided by companies with a common director	153	–
Payments on behalf of the Group by companies with a common director	73	–
Share-based payment to a company owned by a director	2,421	–
Amounts due from companies in which a director of a subsidiary has a controlling interest	–	127
Payments on behalf of the Group by shareholders in which certain directors have a controlling interest	–	5,330
Payments by the Group on behalf of shareholders in which certain directors have a controlling interest	–	1,640

Notes to the Financial Statements

31 December 2015

26 Related Party Transactions (cont'd)

Compensation of key management personnel

	Group 2015 S$'000	Group 2014 S$'000
Directors' fees	90	90
Salaries and bonuses	108	542
Share-based payment to director	1,200	–
Other short-term benefits	93	–
Contribution to defined contribution plans	10	45
Total compensation to key management personnel	1,501	677
Comprises amount paid to:		
– Directors	1,383	430
– Other key management personnel	118	247
	1,501	677

27 Financial Risk Management Objectives and Policies

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, interest rate risk, foreign currency risk, and liquidity risk. The board of directors reviews and agrees policies and procedures for the management of these risks, which are executed by the finance department. The audit committee provides independent oversight to the effectiveness of the risk management process. It is, and has been throughout the year under review, the Group's policy that no trading in derivative financial instruments shall be undertaken. The Group and the Company do not apply hedge accounting.

The following sections provide details regarding the Group's and Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the risks.

(a) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including cash and bank balances), the Group and Company minimise credit risk by dealing exclusively with high credit rating counterparties.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis.

Notes to the Financial Statements

31 December 2015

27 Financial Risk Management Objectives and Policies (cont'd)

(a) Credit risk (cont'd)

Exposure to credit risk

At the end of the reporting period, the Group's and the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial asset recognised in the balance sheet.

Credit risk concentration profile

The Group has no significant concentration of credit risk except as disclosed in Note 15 and Note 30.

Trade and other receivables that are neither past due nor impaired are creditworthy customers with a good payment record with the Group. Cash and bank balances are placed with reputable financial institutions with high credit ratings and no history of default.

As at 31 December 2015, trade and other receivables are neither past due or impaired amounted to S$776,000 (2014: S$2,781,000).

Financial assets that are past due but not impaired

There are no trade and other receivables that are past due at the end of the reporting period but not impaired.

Financial assets that are past due and impaired

The Group's trade and other receivables that are impaired at the end of the reporting period and the movement of the allowance accounts used to record the impairment are as follows:

	Group	
	2015	**2014**
	S$'000	**S$'000**
Trade and other receivables – nominal amounts	1,746	–
Less: Allowance for impairment	(1,746)	–
	–	–
Movement in allowance accounts:		
At 1 January	–	67,135
Impairment provided during the year	1,746	–
Written off during the year	–	(67,135)
At 31 December	1,746	–

Trade and other receivables that are individually determined to be impaired at the end of the reporting period relate to debtors that are in significant financial difficulties and might not be able to repay within the next 12 months. These receivables are not secured by any collateral or credit enhancements.

Notes to the Financial Statements

31 December 2015

27 Financial Risk Management Objectives and Policies (cont'd)

(b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates. The Group's and the Company's exposure to interest rate risk arises primarily from their floating rate cash at bank balances for the financial year. The Group's policy is to obtain the most favourable interest rates available.

Surplus funds are placed with reputable banks.

Information relating to the Group's interest rate exposure is also disclosed in the notes on the Group's borrowings.

Sensitivity analysis for interest rate risk

As at 31 December 2015, the Group's loans and borrowings bear interest at a fixed rate. The Group's exposure to variable interest rates during the year is therefore nil.

As at 31 December 2014, the Group's exposure to variable interest rates mainly arise from bank borrowings of S$590,000 (Note 20), which is pegged to the floating Malaysian Ringgit (RM) Base Lending Rate (BLR) of the lender. If the RM BLR is 100 basis points higher with all other variables held constant, the Group's loss before tax would have been S$6,000 higher, arising mainly as a result of higher interest expense on the RM borrowings. If the RM BLR is 100 basis points lower, the Group's loss before tax would have been S$6,000 lower.

(c) Foreign currency risk

The Group is not exposed to significant foreign exchange risk as at 31 December 2015 and 2014.

(d) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

The Group's and the Company's liquidity risk management policy is to maintain sufficient liquid financial assets and stand-by credit facilities with various banks.

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and the Company's financial liabilities at the end of the reporting period based on contractual undiscounted cash flows.

Notes to the Financial Statements

31 December 2015

27 Financial Risk Management Objectives and Policies (cont'd)

(d) Liquidity risk (cont'd)

	Carrying amount S$'000	Contractual cash flows S$'000	1 year or less S$'000	2 to 5 years S$'000
Group				
2015				
Financial liabilities:				
Loans and borrowings (Note 20)	5,682	5,682	5,682	–
Trade and other payables (Note 21)	1,443	1,443	1,443	–
Other liabilities (Note 23)	425	425	425	–
	7,550	7,550	7,550	–
2014				
Financial liabilities:				
Loans and borrowings (Note 20)	701	701	662	39
Trade and other payables (Note 21)	29,317	29,317	29,317	–
Due to director (Note 22)	150	150	150	–
Due to shareholders (Note 22)	5,133	5,133	5,133	–
Other liabilities (Note 23)	296	296	296	–
Gross amount due to customer on construction work-in-progress (Note 24)	450	450	450	–
	36,047	36,047	36,008	39
Company				
2015				
Financial liabilities:				
Loans and borrowings (Note 20)	5,682	5,682	5,682	–
Trade and other payables (Note 21)	644	644	644	–
Due to subsidiaries	40	40	40	–
Other liabilities (Note 23)	425	425	425	–
	6,791	6,791	6,791	–
2014				
Financial liabilities:				
Trade and other payables (Note 21)	28,946	28,946	28,946	–
Due to shareholders (Note 22)	5,133	5,133	5,133	–
Other liabilities (Note 23)	281	281	281	–
	34,360	34,360	34,360	–

Notes to the Financial Statements

31 December 2015

27 Financial Risk Management Objectives and Policies (cont'd)

(e) 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		Company	
	2015 S$'000	2014 S$'000	2015 S$'000	2014 S$'000
Loans and receivables	782	2,950	64	2,422
Financial liabilities at amortised cost	7,550	35,597	6,791	34,360

28 Capital Management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 December 2015 and 31 December 2014.

The Group monitors capital using a gearing ratio, which is measured as net debt divided by total capital plus net debt. The Group includes within net debt, trade and other payables, amounts due to directors and shareholders, gross amount due to customers on construction work-in-progress, other liabilities and loan and borrowings, less cash and bank balances. Capital represents equity attributable to the owners of the Company.

	Group	
	2015 S$'000	2014 S$'000
Loan and borrowings (Note 20)	5,682	701
Trade and other payables (Note 21)	1,443	29,317
Amount due to directors (Note 22)	–	150
Amount due to shareholders (Note 22)	–	5,133
Other liabilities (Note 23)	425	296
Gross amount due to customers on construction work-in-progress (Note 24)	–	450
Less: Cash and bank balances (Note 16)	(6)	(169)
Net debt	7,544	35,878
Total capital, comprising of equity attributable to owners of the Company	(6,703)	3,132
Total capital plus net debt	841	39,010
Gearing ratio	898%	92%

Notes to the Financial Statements

31 December 2015

29 Fair Value Measurement

The Group classifies its fair value measurements into Levels 1 to 3 based on the extent to which the fair value is based on observable inputs.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from 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); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As at 31 December 2015 and 2014, there are no assets and liabilities held by the Group that are measured at fair value on a recurring basis.

Fair value of financial assets and liabilities that are not measured at fair value on a recurring basis

Financial assets and liabilities of the Group include current trade and other receivables (Note 15), trade and other payables (Note 21), loan and borrowings (Note 20), amounts due to directors and shareholders (Note 22), and other liabilities (Note 23).

The carrying amounts of these financial assets and liabilities are a reasonable approximation of fair values, either due to their short-term nature or frequent re-pricing. The carrying amount of loans and borrowings approximates fair value as the average implicit discount rate approximates market interest rate.

30 Segment Information

In prior years, for management purposes, the Group was organised into business units based on their products and services and had reportable operating segments as follows:

- The "Construction – China" segment relates to the Group's activities in acting as main contractors on construction projects in the PRC, and provision of services mainly to property and infrastructure developers in both the private and public sectors.
- The "Concrete products – China" segment relates to the sale of concrete and bricks.
- The "Service – China" segment relates to provision of heating services.
- The "Investment holding – Singapore" segment relates to general investment holding activities at the corporate level.
- The "Construction – Malaysia" segment relates to the Group's activities in acting as main contractors on construction projects in Malaysia.

Notes to the Financial Statements

31 December 2015

30 Segment Information (cont'd)

In the current year, the Group acquired an additional business unit:

– The "Power Generation – Korea" segment relates to the Group's power generation activities using Micro Power Plants in Korea.

No operating segments have been aggregated to form the above reportable segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which in certain respects, as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements. Group financing (including finance costs) and income taxes are managed on a Group basis and are not allocated to operating segments.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

	Discontinued operations					
	Construction - Malaysia S$'000	**Investment-holding - Singapore S$'000**	**Power Generation - Korea S$'000**	**Elimination S$'000**	**Notes**	**Total S$'000**
Group						
2015						
Segment revenue						
External customers, representing total revenue	810	–	998	(810)	A	998
Segment results						
Profit/Loss before tax from continuing operations	(509)	(44,667)	1,427	237	A,B	(43,512)
Segment assets	1,944	957	–	(2,054)	B,C	847
Segment liabilities	2,294	7,409	–	(2,310)	B,C	7,550
Other disclosures						
Finance costs	–	92	40	–	–	132
Depreciation of property, plant and equipment	5	14	77	(5)	A	91
Allowance for impairment of receivables	–	1,746	–	–	–	1,746
Additions to non- current assets	–	16	940	–	–	956
Impairment of investment	–	35,380	–	–	–	35,380

Notes to the Financial Statements

31 December 2015

30 Segment Information (cont'd)

	Discontinued operations				
	Construction - Malaysia S$'000	Investment-holding - Singapore S$'000	Elimination S$'000	Notes	Total S$'000
Group					
2014					
Segment Revenue					
External customers, representing total revenue	2,331	–	–		2,331
Segment Results					
Cost of work done	(2,052)	–	–		(2,052)
Depreciation of plant, property and equipment	(72)	(9)	–		(81)
Loss before tax from continuing operations	25	(1,633)	–		(1,608)
Segment assets	1,843	37,405	–		39,248
Segment liabilities	1,674	34,373	–		36,047
Other disclosures					
Additions to non-current assets	874	35,455	–	D	36,329

Notes to the segment information

Nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements:

A: These amounts include the results of Elite Bay which have been excluded from the results of continuing operations and presented separately on the consolidated statement of comprehensive income as "discontinued operations".

B: These amounts relate to inter-company transactions & balances.

C: These amounts relate to the assets and liabilities of Elite Bay and Magnum Modular.

D: Additions to non-current assets consist of additions to goodwill, property, plant and equipment and investments in unquoted equities.

Notes to the Financial Statements

31 December 2015

30 Segment Information (cont'd)

The Group operates in Singapore, Malaysia and Korea. The Group's revenue from continuing operations from external customers and information about its non-current assets (excluding financial instruments, deferred tax assets and assets under disposal group held for sale) by geographical location is detailed below:

	Group's revenue from continuing operations from external customers		Group's non-current assets	
	Year ended 31/12/15 S$'000	Year ended 31/12/14 S$'000	Year ended 31/12/15 S$'000	Year ended 31/12/14 S$'000
Singapore	–	–	45	67
Malaysia	–	2,331	–	795
Korea	998	–	–	–
Total	998	2,331	45	862

Information about major customers

Included in revenues from continuing operations arising from power generation services is an amount of S$0.998 million (2014: Nil) that is due from one single customer.

31 Events Occurring after the Reporting Date

(a) On 10th September 2015, the Group released an announcement entitled "Issuance of Subscription Shares" and "Response to SGX Queries" on 2nd December 2015; Mr Levin Lee has decided to not take up the agreed subscription shares of 60,000,000. Mr Levin Lee has only taken up S$350,000 worth of shares (14,112,903 shares). The Group is currently getting the remaining shares to be reversed. The Group's legal consultants are still in the process of preparing the necessary documentation to have the shares reversed.

(b) Following the Group's announcement on 2nd November 2015 to inform the shareholders about the Group's intention to transfer listing from main board to Catalist sponsored regime. The application has been declined by SGX on 4th January 2016.

(c) The Group is involved in a legal dispute with Quintestellar Re Capital Inc. ("**Quintestellar**"), a company incorporated in the British Virgin Islands. Quintestellar was previously a significant shareholder of the Group and was a related party of the Group through a common Director, up to the date of his resignation.

Notes to the Financial Statements

31 December 2015

31 Events Occurring after the Reporting Date (cont'd)

As disclosed in note 4(b), the Group has renegotiated repayment terms for borrowings amounting to S$4,700,000 with the creditor. However, Quintestellar has filled a claim that these borrowings of S$4,700,000 are due and payable to Quintestellar instead of the creditor, and has issued a formal Letter of Demand to the Group on 21st August 2015 for full and immediate repayment of these loans. The case was heard by the High Court of Singapore on 26th February 2016 and a further hearing took place on 25th March 2016. The High Court is currently pending Quintestellar's final affidavit which is to be filled and served on 13 April 2016.

(d) As at 31 December 2015, the Group has a total rent payable amounting to S$207,476 to ISR Capital Limited ("**ISR**"). On 15th January 2016, the Group has converted the rent amount outstanding and 3 months of advance rent to ISR to shares at an issue price of S$0.0098. A total of 26,509,030 shares were allotted and issued to ISR.

(e) With effect from 3rd March 2016, the Group has been placed on the watch-list by the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"). The Group will endeavour to fulfil the requirements under Rule 1314 of the SGX-ST Listing Manual for its removal from the watch-list within 36 months from 3rd March 2016.

(f) On 2nd March 2016, the Group has entered into a binding term sheet with Maiora Asian Structured Finance Fund ("**Maiora**") for a convertible notes with a fair value of SGD 600,000 due in FY2017. Subject to the approval of the SGX-ST and the shareholders of the Group being obtained, the Group shall issue up to 86,000,000 fully paid shares as security for the redemption of the Convertible Notes on the closing date and up to 25,000,000 free detachable warrants to Maiora which may be exercisable in full by Maiora into 25,000,000 new shares, each warrant carrying the right to subscribe for one share at an exercise price of SGD 0.007 for each share. Prior to obtaining the relevant approvals for the proposed loan, one of the directors as agreed to transfer 86,000,000 of his shares to Maiora for and on behalf of the Company as collateral shares.

(g) On 17th March 2016, the Group appointed Mr Christopher Michael Peck as a non-executive director.

Statistics of Shareholdings

As at 23 March 2016

ISSUED AND FULLY PAID-UP CAPITAL	:	135,202,388*
NO. OF SHARES ISSUED	:	1,714,972,829
CLASS OF SHARES	:	Ordinary Shares
VOTING RIGHTS	:	1 Vote per share
TREASURY SHARES	:	Nil

* This is based on records kept with the Accounting & Corporate Regulatory Authority and differs from the accounting records of the Company which amounts to S$122,219,375.24 due to certain share issue expenses.

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	SHAREHOLDERS	%	NO. OF SHARES	%
1 - 99	3	0.17	135	0.00
100 - 1,000	79	4.64	71,793	0.00
1,001 - 10,000	284	16.67	1,784,100	0.10
10,001 - 1,000,000	1,170	68.66	262,350,393	15.30
1,000,001 AND ABOVE	168	9.86	1,450,766,408	84.60
TOTAL	**1,704**	**100.00**	**1,714,972,829**	**100.00**

Statistics of Shareholdings

As at 23 March 2016

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	MAIORA ASIAN STRUCTURED FINANCE SEGREGATED PORTFOLIO	135,000,000	7.87
2	DBS NOMINEES (PRIVATE) LIMITED	100,897,400	5.88
3	DREW ETHAN MADACSI	100,000,000	5.83
4	RAFFLES NOMINEES (PTE) LIMITED	88,114,300	5.14
5	OCBC SECURITIES PRIVATE LIMITED	64,946,800	3.79
6	LEVIN LEE KENG WENG	45,887,100	2.68
7	SINO XIN YUAN CONSTRUCTION INVESTMENTS PTE LTD	42,311,413	2.47
8	RHB SECURITIES SINGAPORE PTE. LTD.	41,574,000	2.42
9	CHENG YUN CHIANG STEVE	33,500,000	1.95
10	PHILLIP SECURITIES PTE LTD	31,444,300	1.83
11	UOB KAY HIAN PRIVATE LIMITED	31,000,133	1.81
12	ANG KOK PIN MARVIN	30,000,000	1.75
13	KOK WEI JIAN ALEX (GUO WEIJIAN ALEX)	30,000,000	1.75
14	PEH HONG CHEE (BAI HONGZHI)	30,000,000	1.75
15	ONG AH WHATT	27,182,600	1.59
16	SELECT EQUITY GROWTH LIMITED	26,700,000	1.56
17	DYNAMIC RETURN (SINGAPORE) PTE LTD	26,509,030	1.55
18	KOH YEW CHOO	25,596,000	1.49
19	CITIBANK NOMINEES SINGAPORE PTE LTD	22,400,000	1.31
20	DEALSON LIMITED	20,000,000	1.17
	TOTAL	**953,063,076**	**55.59**

SUBSTANTIAL SHAREHOLDERS

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
Maiora Asian Structured Finance Segregated Portfolio	135,000,000	–	–	135,000,000	7.87%
Drew Ethan Madacsi	100,000,000	–	–	100,000,000	5.83%

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Company will be held at 20 Martin Road #10-02 Seng Kee Building Singapore 239070 on 29 April 2016, Friday at 2.00 p.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 2015 and the Auditors' Report thereon. **[Resolution 1]**

2. To re-elect Mr Rajesh Dilip Wadhwani, 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 2]**

3. To re-elect Mr Christopher Michael Peck who is retiring in accordance with Regulation 114 of the Company's Constitution, as a Director of the Company. **[Resolution 3]**

4. To approve the amount of S$120,000.00 as Directors' fees for the financial year ending 31 December 2016. [2015: S$90,000.00] **[Resolution 4]**

5. To re-appoint Moore Stephens LLP as Auditors of the Company and to authorise the Directors to fix their remuneration. **[Resolution 5]**

6. 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 Resolution, with or without modifications: -

7. 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 (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 (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 shall be calculated based on the total number of issued Shares excluding treasury shares 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; and

(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 (b)] **[Resolution 6]**

8. Authority to allot 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

Notice of Annual General Meeting

(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.

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) 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 (c)] **[Resolution 7]**

By Order of the Board

Sharon Yeoh
Company Secretary

Singapore
14 April 2016

Notice of Annual General Meeting

Explanatory Notes:

(a) Mr Rajesh Dilip Wadhwani, if re-elected, will remain as a member of the Company's Nominating Committee and Audit Committee and will also continue to be the Chairman of the Remuneration Committee. Mr Rajesh Dilip Wadhwani will be considered as an Independent Director of the Company.

(b) The ordinary resolution 6 set out in item 7 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 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 in the capital of the Company, as more particularly set out in the resolution.

(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 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) in the capital of the Company for the time being.

Note:

1. A member entitled to attend and vote at the Annual General Meeting is entitled to appoint no more than two proxies to attend and vote on his behalf. Where a member appoints more than one proxy, he shall specify the proportion of his shares to be represented by each proxy.

2. Pursuant to Section 181 of the Companies Act, Chapter 50 of Singapore, any member who is a relevant intermediary is entitled to appoint one or more proxies to attend and vote at the Annual General Meeting. Relevant intermediary 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 ("**CPF**") Board established by the Central Provident Fund Act (Cap. 36), in respect of shares purchased on behalf of CPF investors.

3. A proxy need not be a member of the Company.

4. The instrument appointing a proxy or proxies, duly executed, must be deposited at the registered office of the Company at 20 Martin Road #10-02 Seng Kee Building Singapore 239070 not less than 48 hours before the time appointed for 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 FOR CPF INVESTORS ONLY:

1. A relevant intermediary may appoint more than two proxies to attend the Annual General Meeting and vote (please see Note 3 for the definition of "relevant intermediary").
2. For investors who have used their CPF monies to buy shares in the Company, this Proxy Form is not valid for use and shall be ineffective for all intents and purposes if used or is purported to be used by them.
3. Please read the notes to the Proxy Form.

PROXY FORM

I/We ______________________________ NRIC/Passport/Co. Registration No. ______________

of ____

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

Name	Address	NRIC/Passport No.	Proportion of Shareholdings (%)

and/or (delete as appropriate)

Name	Address	NRIC/Passport No.	Proportion of Shareholdings (%)

as my/our proxy/proxies to vote for me/us and on my/our behalf at the Annual General Meeting ("AGM") of the Company to be held at 20 Martin Road #10-02 Seng Kee Building Singapore 239070 on **29 April 2016 at 2.00 p.m.** and at any adjournment thereof.

I/We have indicated with an "X" in the appropriate box below how I/we wish my/our proxy/proxies to vote. If no specific direction as to voting is given, my/our proxy/proxies may vote or abstain at his/their discretion as he/they will on any other matters arising at the AGM.

No.	Resolutions Relating To:	For	Against
AS ORDINARY BUSINESS			
1	Directors' Statement and Audited Financial Statements for the financial year ended 31 December 2015		
2	Re-election of Mr Rajesh Dilip Wadhwani as director		
3	Re-election of Mr Christopher Michael Peck as director		
4	Approval of directors' fees FY2016		
5	Re-appointment of Moore Stephens LLP as auditors		
AS SPECIAL BUSINESS			
6	Authority to directors to issue new shares		
7	Authority to allot and issue shares pursuant to the MMP PSP		

* Please indicate your vote "For" or "Against" with an "X" within the box provided.

Dated this __________ day of ________________ 2016

Total Number of Shares Held

____
Signature(s) of Member(s) or
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, you should insert that number. If you have shares registered in your name in the Register of Members of the Company (maintained by or on behalf of the Company), you should insert that number. 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. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by you.

2 A member entitled to attend and vote at a meeting of the Company is entitled to appoint not more than two proxies to attend and vote on his behalf. A proxy need not be a member of the Company.

3 Pursuant to Section 181 of the Companies Act, Chapter 50 of Singapore, any member who is a relevant intermediary is entitled to appoint one or more proxies to attend and vote at the meeting. Relevant intermediary 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 ("CPF") Board established by the Central Provident Fund Act (Cap. 36), in respect of shares purchased on behalf of CPF investors.

4 The instrument appointing a proxy or proxies must be deposited at the Company's registered office at 20 Martin Road #10-02 Seng Kee Building Singapore 239070 not less than 48 hours before the time set for the AGM.

5 Where a member appoints more than one proxy, he shall specify the proportion of his shareholding to be represented by each proxy. If no such proportion or number is specified and the first named proxy may be treated as representing 100% of the shareholding and any second named proxy as an alternate to the first named.

6 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.

7 Where an instrument appointing a proxy or proxies 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, 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 any person 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.

Corporate Information

Board of Directors
Chan Ying Wei
Rajesh Dilip Wadhwani
Chong Chee Meng Gerard
Drew Ethan Madacsi (Appointed on 9 February 2015)
Christopher Michael Peck (Appointed on 17 March 2016)

Company Secretaries
Sharon Yeoh
Angeline Chiang

Audit Committee
Chan Ying Wei
Rajesh Dilip Wadhwani
Chong Chee Meng Gerard

Nominating Committee
Chong Chee Meng Gerard
Rajesh Dilip Wadhwani
Chan Ying Wei

Remuneration Committee
Rajesh Dilip Wadhwani
Chan Ying Wei
Chong Chee Meng Gerard

Registered Office
20 Martin Road
#10-02
Seng Kee Building
Singapore 239070

Bankers
UOB Bank

Share Registrar
Boardroom Corporate & Advisory Services Pte Ltd
50 Raffles Place #32-01
Singapore Land Tower
Singapore 048623

Auditors
Moore Stephens LLP
Public Accountants and Chartered Accountants
10 Anson Road #29-15
International Plaza
Singapore 079903
Partner in charge: Christopher Bruce Johnson

M M P RESOURCES LIMITED

(Incorporated in the Republic of Singapore) Company Registration No. 200613299H
20 Martin Road #10-02 Seng Kee Building Singapore 239070