

CIRCULAR DATED 1 NOVEMBER 2018

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt as to the action you should take, you should consult your stockbroker, bank manager, accountant, solicitor or other professional adviser immediately.

If you have sold or transferred all your shares in the capital of Manhattan Resources Limited ("**Company**"), you should immediately forward this Circular together with the Notice of Extraordinary General Meeting and the accompanying Proxy Form immediately to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or the transferee.

Approval in-principle has been obtained from the Singapore Exchange Securities Trading Limited ("**SGX-ST**") for the listing of and quotation for the Rights Shares (as defined herein) on the Mainboard of the SGX-ST, subject to certain conditions. The Rights Shares will be admitted to the Mainboard of the SGX-ST and official quotation is expected to commence after all conditions are satisfied, all certificates relating thereto having been issued and the notification letters from The Central Depository (Pte) Limited ("**CDP**") having been despatched.

Approval in-principle by the SGX-ST is not to be taken as an indication of the merits of the Rights Issue (as defined herein), the Rights (as defined herein), the Rights Shares (as defined herein), and the Company and/or its subsidiaries.

This Circular does not constitute an offer to sell or a solicitation of an offer to buy shares nor shall there be any sale of any shares in any jurisdiction in which such an offer, solicitation or sale would be unlawful prior to registration or qualification under any securities laws of such jurisdiction. This Circular is issued to Shareholders (as defined herein) solely for the purpose of providing Shareholders with the information pertaining to, and seeking Shareholders' approval for the resolutions to be proposed at the Extraordinary General Meeting. Shareholders are authorised to use this Circular solely for the purpose of considering the approvals sought. Persons to whom a copy of this Circular has been issued shall not circulate to any other person, reproduce or otherwise distribute this Circular or any information herein for any purpose whatsoever nor permit or cause the same to occur.

The distribution of this Circular and/or transfer of the Rights and the Rights Shares into jurisdictions other than Singapore may be prohibited or restricted by law. Persons into whose possession this Circular comes should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

The SGX-ST assumes no responsibility for the accuracy of any of the statements or opinions made or reports contained in this Circular.



MANHATTAN RESOURCES LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration Number: 199006289K)

CIRCULAR TO SHAREHOLDERS

IN RELATION TO

- (1) **THE PROPOSED RENOUNCEABLE NON-UNDERWRITTEN RIGHTS ISSUE OF UP TO 568,765,975 NEW ORDINARY SHARES IN THE CAPITAL OF THE COMPANY (THE "RIGHTS SHARES") AT AN ISSUE PRICE OF S\$0.0245 FOR EACH RIGHTS SHARE, ON THE BASIS OF ONE (1) RIGHTS SHARE FOR EVERY ONE (1) EXISTING ORDINARY SHARE IN THE CAPITAL OF THE COMPANY HELD BY THE SHAREHOLDERS OF THE COMPANY AS AT A BOOKS CLOSURE DATE (AS DEFINED HEREIN), FRACTIONAL ENTITLEMENTS TO BE DISREGARDED; AND**
- (2) **THE PROPOSED WHITEWASH RESOLUTION FOR THE WAIVER BY THE INDEPENDENT SHAREHOLDERS (AS DEFINED HEREIN) OF THEIR RIGHTS TO RECEIVE A MANDATORY GENERAL OFFER FROM DATO' DR. LOW TUCK KWONG AND PARTIES ACTING IN CONCERT WITH HIM FOR ALL THE ISSUED SHARES IN THE CAPITAL OF THE COMPANY NOT ALREADY OWNED OR CONTROLLED BY THEM, AS A RESULT OF THE RIGHTS ISSUE.**

Manager of the Rights Issue



Crowe

Crowe Horwath Capital Pte Ltd

(Incorporated in the Republic of Singapore)
(Company registration No.: 200721675G)

Independent Financial Adviser in relation to the Whitewash Resolution

MS Corporate Finance Pte Ltd

MS Corporate Finance Pte Ltd

(Incorporated in the Republic of Singapore)
(Company registration No.: 200305439E)

IMPORTANT DATES AND TIMES:

Last Date and Time for lodgement of Proxy Forms	:	14 November 2018 at 4.00 pm
Date and Time of Extraordinary General Meeting	:	16 November 2018 at 4.00 pm
Place of Extraordinary General Meeting	:	MND Auditorium 9 Maxwell Road Annexe A, MND Complex Singapore 069112

This page has been intentionally left blank.

CONTENTS

	PAGE
DEFINITIONS.....	2
LETTER TO SHAREHOLDERS	8
1. INTRODUCTION	8
2. THE RIGHTS ISSUE	9
3. FINANCIAL EFFECTS OF THE RIGHTS ISSUE	22
4. THE WHITEWASH RESOLUTION	24
5. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS	28
6. EXTRAORDINARY GENERAL MEETING	31
7. ACTION TO BE TAKEN BY SHAREHOLDERS	31
8. DIRECTORS' RECOMMENDATIONS.....	31
9. DIRECTORS' RESPONSIBILITY STATEMENT	32
10. MANAGER'S RESPONSIBILITY STATEMENT.....	32
11. CONSENTS	33
12. INSPECTION OF DOCUMENTS	33
APPENDIX A – FINANCIAL INFORMATION OF THE GROUP	A-1
APPENDIX B – LETTER FROM THE INDEPENDENT FINANCIAL ADVISER IN RELATION TO THE WHITEWASH RESOLUTION	B-1
NOTICE OF EXTRAORDINARY GENERAL MEETING	N-1
PROXY FORM	

DEFINITIONS

In this Circular, the following definitions apply throughout unless the context otherwise requires:

“ARE”	:	Application and acceptance form for Rights Shares and Excess Rights Shares to be issued to Entitled Depositors in respect of their provisional allotment of Rights Shares under the Rights Issue
“ARS”	:	Application and acceptance form for Rights Shares to be issued to purchasers of the provisional allotments of Rights Shares under the Rights Issue traded on the SGX-ST through the book-entry (scripless) settlement system
“ATM”	:	Automated teller machine(s) of a Participating Bank
“Authority”	:	Monetary Authority of Singapore
“Board”	:	The board of Directors of the Company
“Books Closure Date”	:	Subject to Shareholders’ approval of the Rights Issue being obtained, the date and time to be determined by the Directors at and on which the Register of Members and share transfer books of the Company will be closed to determine the provisional allotments of Rights Shares of the Entitled Shareholders under the Rights Issue
“CDP”	:	The Central Depository (Pte) Limited
“Circular”	:	This circular to Shareholders dated 1 November 2018 in respect of the Rights Issue and Whitewash Resolution
“Closing Date”	:	The date and time to be determined by the Directors, being the last date and time for acceptance and/or excess application and payment, and renunciation and payment of the Rights Shares under the Rights Issue
“Code”	:	The Singapore Code on Take-overs and Mergers, as amended, modified or supplemented from time to time
“Companies Act”	:	The Companies Act (Chapter 50) of Singapore, as amended, modified or supplemented from time to time
“Company”	:	Manhattan Resources Limited
“Constitution”	:	The constitution of the Company, as amended, modified or supplemented from time to time
“Dato Low”	:	Dato’ Dr. Low Tuck Kwong
“Directors”	:	The directors of the Company for the time being

DEFINITIONS

“EGM”	:	The extraordinary general meeting of the Company, notice of which is set out in this Circular
“Electronic Application”	:	Acceptance of the Rights Shares and (if applicable) application for Excess Rights Shares made through an ATM of a Participating Bank in accordance with the terms and conditions of the Offer Information Statement
“Entitled Depositors”	:	Shareholders with Shares standing to the credit of their Securities Accounts and whose registered addresses with CDP are in Singapore as at the Books Closure Date or who have, at least three (3) Market Days prior to the Books Closure Date, provided CDP with addresses in Singapore for the service of notices and documents
“Entitled Scripholders”	:	Shareholders whose (i) share certificates are not deposited with CDP; (ii) Shares are registered in their own names; and (iii) registered addresses are in Singapore as at the Books Closure Date or who have, at least three (3) Market Days prior to the Books Closure Date, provided the Share Registrar with addresses in Singapore for the service of notices and documents
“Entitled Shareholders”	:	Entitled Depositors and Entitled Scripholders
“Excess Rights Shares”	:	Additional Rights Shares in excess of an Entitled Shareholder’s provisional allotments of Rights Shares under the Rights Issue
“Existing Share Capital”	:	The existing issued and paid-up share capital of the Company of 568,490,975 Shares as at the Latest Practicable Date
“Foreign Shareholders”	:	Shareholders with registered addresses outside Singapore as at the Books Closure Date and who have not, at least three (3) Market Days prior to the Books Closure Date, provided to CDP or the Share Registrar, as the case may be, addresses in Singapore for the service of notices and documents
“FY”	:	Financial year ended or, as the case may be, ending 31 December
“Group”	:	The Company and its subsidiaries
“Independent Financial Adviser”	:	MS Corporate Finance Pte Ltd

DEFINITIONS

“Independent Shareholders”	:	Shareholders who are deemed to be independent for the purpose of voting on the Whitewash Resolution (being Shareholders other than Dato Low and his concert parties)
“Irrevocable Undertaking”	:	The irrevocable undertaking given by Dato Low to the Company, details of which are set out in Section 2.7 of this Circular
“Issue Price”	:	The issue price of the Rights Shares, being S\$0.0245 for each Rights Share
“Latest Practicable Date”	:	The latest practicable date prior to the printing of this Circular, being 26 October 2018
“Listing Manual”	:	The listing manual of the SGX-ST
“LPS”	:	Loss per Share
“Market Day”	:	A day on which the SGX-ST is open for trading in securities
“Maximum Subscription Scenario”	:	For illustrative purposes, the scenario under which the maximum number of Rights Shares will be issued pursuant to the Rights Issue as set out in Section 2.3 of this Circular
“Minimum Subscription Scenario”	:	For illustrative purposes, the scenario under which the minimum number of Rights Shares will be issued pursuant to the Rights Issue as set out in Section 2.3 of this Circular
“MIPL”	:	Manhattan Investments Pte Ltd
“NTA”	:	Net tangible assets
“Offer Information Statement”	:	The offer information statement referred to in Section 277 of the SFA, together with the PAL, the ARE, the ARS, and all other accompanying documents (where applicable, including any supplement or replacement document thereof to be issued by the Company and to be lodged with the Authority in connection with the Rights Issue)
“PAL”	:	The provisional allotment letter to be issued to an Entitled Scripholder, setting out the provisional allotment of Rights Shares of the Entitled Scripholder under the Rights Issue

DEFINITIONS

“Participating Bank”	:	A bank that will be participating in the Rights Issue by making available its ATMs to Entitled Depositors and persons purchasing the “nil-paid” Rights through the book-entry (scripless) settlement system whose registered addresses with CDP are in Singapore, for acceptances of the Rights Shares and/or applications for Excess Rights Shares, and to be set out in the Offer Information Statement in due course
“Proposed Resolutions”	:	Collectively, the resolutions being proposed in relation to the Rights Issue and the Whitewash Resolution as set out in Section 1.1 of this Circular
“Proxy Form”	:	The proxy form in respect of the EGM as attached to this Circular
“Recommending Directors”	:	The Directors who are considered independent for the purposes of making the recommendation to Independent Shareholders in respect of the Whitewash Resolution, being Oliver Khaw Kar Heng, Tung Zhihong, Paul and Lee Fook Choon
“Register of Members”	:	The register of members of the Company
“Rights”	:	The “nil-paid” rights (evidenced by the provisional allotments of Rights Shares)
“Rights Announcement”	:	The announcement dated 5 September 2018 made by the Company in relation to the Rights Issue
“Rights Issue”	:	The proposed renounceable non-underwritten rights issue of up to 568,765,975 Rights Shares at the Issue Price, on the basis of one (1) Rights Share for every one (1) existing Share held by Entitled Shareholders as at the Books Closure Date, fractional entitlements to be disregarded
“Rights Shares”	:	Up to 568,765,975 new Shares to be allotted and issued by the Company pursuant to the Rights Issue
“Securities Account”	:	A securities account maintained by a Depositor with CDP but does not include a securities sub-account maintained with a Depository Agent
“SFA”	:	Securities and Futures Act (Cap. 289) of Singapore, as amended, modified or supplemented from time to time
“SGX-ST”	:	Singapore Exchange Securities Trading Limited
“Share Registrar”	:	B.A.C.S Private Limited

DEFINITIONS

“Shareholders”	:	Registered holders of Shares except that where the registered holder is CDP, the term “Shareholders” shall, in relation to such Shares and where the context admits, mean the Depositors whose securities accounts are credited with Shares
“Shares”	:	Ordinary shares in the capital of the Company
“Share Options”	:	Options to subscribe for new Shares granted pursuant to share option schemes/plans implemented by the Company
“SIC”	:	Securities Industry Council of Singapore
“Substantial Shareholder”	:	A person (including a corporation) who holds directly or indirectly 5% or more of the issued share capital of the Company
“Whitewash Resolution”	:	The proposed whitewash resolution for the waiver by the Independent Shareholders of their rights to receive a mandatory general offer from Dato Low and his concert parties for all the issued Shares not already owned or controlled by them, as a result of their subscription of the Rights Shares under the Rights Issue
“Whitewash Waiver”	:	The waiver granted by the SIC on 26 September 2018 in respect of the obligation of Dato Low and his concert parties to make a mandatory offer under Rule 14 of the Code arising from the subscription by Dato Low and his concert parties for their pro-rata entitlement of Rights Shares and any Excess Rights Shares pursuant to the Irrevocable Undertaking

Currencies, units and others

“S\$” and “cents”	:	Singapore dollars and cents respectively
“%”	:	Per centum or percentage

The expression **“subsidiaries”** shall have the meaning ascribed to it in the Companies Act.

The terms **“Depositor”**, **“Depository”**, **“Depository Agent”**, **“Depository Register”** and **“Sub-Account Holder”** shall have the meanings ascribed to them, respectively, in Section 81SF of the SFA.

The terms **“concert parties”** and **“parties acting in concert”** shall have the meanings ascribed to them, respectively, in the Code.

Words importing the singular shall, where applicable, include the plural and *vice versa*. Words importing the masculine gender shall, where applicable, include the feminine and neuter genders. References to persons shall include corporations.

DEFINITIONS

The headings in this Circular are inserted for convenience only and shall be ignored in construing this Circular.

Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Companies Act, the SFA, the Code or the Listing Manual, or any statutory modification thereof and not otherwise defined in this Circular shall have the same meaning assigned to it under the Companies Act, the SFA, the Code or the Listing Manual, or any statutory modification thereof, as the case may be.

Any reference to a time of day in this Circular is made by reference to Singapore time unless otherwise stated.

Any discrepancies in the tables in this Circular between the listed amounts and the totals thereof are due to rounding.

Any reference in this Circular to “**we**”, “**our**”, “**us**” or their other grammatical variations is a reference to our Company, or our Group, or any member of our Group, as the context requires.

LETTER TO SHAREHOLDERS

MANHATTAN RESOURCES LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration Number: 199006289k)

Directors:

Low Yi Ngo (Chief Executive Officer and Managing Director)
Elaine Low (Non-Executive Director)
Oliver Khaw Kar Heng (Non-Executive Director)
Tung Zhihong, Paul (Independent Director)
Lee Fook Choon (Independent Director)

Registered Office:

133 New Bridge Road
#18-09 Chinatown Point
Singapore 059413

1 November 2018

To: The Shareholders of
Manhattan Resources Limited

Dear Sir/Madam

- (1) **THE PROPOSED RENOUNCEABLE NON-UNDERWRITTEN RIGHTS ISSUE OF UP TO 568,765,975 NEW ORDINARY SHARES IN THE CAPITAL OF THE COMPANY (THE “RIGHTS SHARES”) AT AN ISSUE PRICE OF S\$0.0245 FOR EACH RIGHTS SHARE, ON THE BASIS OF ONE (1) RIGHTS SHARE FOR EVERY ONE (1) EXISTING ORDINARY SHARE IN THE CAPITAL OF THE COMPANY HELD BY THE SHAREHOLDERS OF THE COMPANY AS AT A BOOKS CLOSURE DATE (AS DEFINED HEREIN), FRACTIONAL ENTITLEMENTS TO BE DISREGARDED; AND**
- (2) **THE PROPOSED WHITEWASH RESOLUTION FOR THE WAIVER BY THE INDEPENDENT SHAREHOLDERS (AS DEFINED HEREIN) OF THEIR RIGHTS TO RECEIVE A MANDATORY GENERAL OFFER FROM DATO’ DR. LOW TUCK KWONG AND PARTIES ACTING IN CONCERT WITH HIM FOR ALL THE ISSUED SHARES IN THE CAPITAL OF THE COMPANY NOT ALREADY OWNED OR CONTROLLED BY THEM, AS A RESULT OF THE RIGHTS ISSUE.**

1. INTRODUCTION

1.1 EGM

The Directors are convening the EGM to be held on 16 November 2018 to seek Shareholders’ approval in relation to:

- (a) the Rights Issue (**“Ordinary Resolution 1”**); and
- (b) the Whitewash Resolution (**“Ordinary Resolution 2”**);

(collectively, the **“Proposed Resolutions”**).

Shareholders should note that the passing of the Proposed Resolutions are inter-conditional. This means that if either the ordinary resolution in relation to the Rights Issue or the ordinary resolution in relation to the Whitewash Resolution is not passed, the Company will not proceed with the Rights Issue. In order for the Company to proceed with the Rights Issue, the Proposed Resolutions need to be approved by Shareholders at the EGM.

LETTER TO SHAREHOLDERS

1.2 Circular

The purpose of this Circular is to provide Shareholders with information relating to the Proposed Resolutions to be tabled at the EGM. The SGX-ST assumes no responsibility for the correctness of any of the statements or opinions made or reports contained in this Circular.

2. THE RIGHTS ISSUE

2.1 Introduction

The Company announced the Rights Issue on 5 September 2018. In the announcement, it was stated that the Rights Issue was subject to, *inter alia*, the approval of the Shareholders, which will be sought at the EGM.

In view of the Irrevocable Undertaking, further details of which are set out in Section 2.7 of this Circular, and taking into consideration the costs of engaging an underwriter and having to pay commission in relation to the underwriting, the Company has decided to proceed with the Rights Issue on a non-underwritten basis. The Rights Issue will not be withdrawn after commencement of the ex-rights trading of the Shares pursuant to Rule 820(1) of the Listing Manual. The Company has appointed Crowe Horwath Capital Pte Ltd as the Manager (the “**Manager**”) for the Rights Issue.

2.2 Basis of the Rights Issue

The Rights Issue is proposed to be offered on a renounceable non-underwritten basis by the Company. Pursuant thereto, the Company will issue up to 568,765,975 Rights Shares at the Issue Price of S\$0.0245 for each Rights Share, on the basis of one (1) Rights Share for every one (1) existing Share held by Entitled Shareholders as at the Books Closure Date, fractional entitlements to be disregarded.

The Rights Shares are payable in full upon acceptance and/or application, and will upon allotment and issuance, rank *pari passu* in all respects with the existing Shares, save for any dividends, rights, allotments or other distributions, the record date for which falls before the date of issue of the Rights Shares.

Entitled Shareholders will be entitled to participate in the Rights Issue and receive the Offer Information Statement together with the appropriate application forms and accompanying documents at their respective Singapore addresses. Please see Section 2.6 of this Circular for further information on eligibility to participate in the Rights Issue.

Entitled Shareholders will be provisionally allotted the Rights Shares on the basis of their shareholdings as at the Books Closure Date. Entitled Shareholders will be at liberty to accept (in full or in part), decline or otherwise renounce or in the case of Entitled Depositors, trade their provisional allotments of the Rights Shares on the Official List of the SGX-ST during the provisional allotment trading period prescribed by the SGX-ST and will be eligible to apply for additional Rights Shares in excess of their provisional allotments under the Rights Issue.

The basis of allotting any excess Rights Shares will be determined at the absolute discretion of the Directors. In the allotment of excess Rights Shares, preference will be given to the rounding of odd lots, and the Directors and the Substantial Shareholders (including Dato Low and his concert parties) who have control or influence over the Company in connection with

LETTER TO SHAREHOLDERS

the day-to-day affairs of the Company or the terms of the Rights Issue, or have representation (direct or through a nominee) on the Board will rank last in priority for the rounding of odd lots and allotment of excess Rights Shares. The Company will also not make any allotment and issuance of any excess Rights Shares that will result in a transfer of controlling interest in the Company unless otherwise approved by Shareholders in a general meeting.

2.3 Size of the Rights Issue

As at the Latest Practicable Date, the Company has an existing issued and paid-up share capital comprising 568,490,975 Shares (excluding treasury shares). Save for 275,000 outstanding Share Options which are exercisable into 275,000 Shares, the Company does not have any outstanding warrants or convertible securities. None of the outstanding Share Options are held by Dato Low and his concert parties.

For illustrative purposes only, based on the Existing Share Capital and

- (a) assuming (i) all of the outstanding Share Options are exercised on or prior to the Books Closure Date; and (ii) all the Entitled Shareholders subscribe and pay for their pro-rata entitlements of Rights Shares, the Company will issue up to 568,765,975 Rights Shares (**"Maximum Subscription Scenario"**) and the resultant enlarged issued and paid-up share capital of the Company in the Maximum Subscription Scenario will be 1,137,531,950 Shares (excluding treasury shares); and
- (b) assuming (i) none of the outstanding Share Options are exercised on or prior to the Books Closure Date; (ii) Dato Low subscribes for his entitlement of Rights Shares and such number of excess Rights Shares pursuant to the Irrevocable Undertaking; and (iii) none of the other Entitled Shareholders subscribe for their pro-rata entitlements of Rights Shares, the Company will issue up to 568,490,975 Rights Shares (**"Minimum Subscription Scenario"**) and the resultant enlarged issued and paid-up share capital of the Company in the Minimum Subscription Scenario will be 1,136,981,950 Shares (excluding treasury shares).

2.4 Principal Terms of the Rights Issue

Basis of provisional allotment	:	One (1) Rights Share for every one (1) existing Share standing to the credit of the Securities Account of the Entitled Depositors or held by the Entitled Scripholders, as the case may be, as at the Books Closure Date, fractional entitlements to be disregarded.
Number of Rights Shares	:	For illustrative purposes only, based on the Existing Share Capital, the Company will issue: (a) up to 568,765,975 Rights Shares in the Maximum Subscription Scenario; and (b) up to 568,490,975 Rights Shares in the Minimum Subscription Scenario.

LETTER TO SHAREHOLDERS

Rights Shares Issue Price	:	S\$0.0245 for each Rights Share, payable in full on acceptance and/or application. The Issue Price represents a discount of approximately: (a) 69.38% to the closing price of S\$0.08 per Share for trades done on the Mainboard of the SGX-ST on 10 August 2018 (being the last trading day immediately before the date of the Rights Announcement); and (b) 53.11% of the theoretical ex-rights price of S\$0.05225 per Share, calculated using the following formula: $T = (A + B) / C$ where: A = the Company's market capitalisation based on the closing price of S\$0.08 per Share on the SGX-ST on 10 August 2018, being the last trading date immediately prior to the date of the Rights Announcement B = the gross proceeds from the Rights Issue assuming the completion of the Rights Issue under the Minimum Subscription Scenario based on the Existing Share Capital of 568,490,975 Shares C = the enlarged issued share capital of the Company under the Minimum Subscription Scenario of 1,136,981,950 Shares In arriving at the Issue Price, the Company took into consideration that, in order for the Rights Issue to be successful, the Issue Price has to be priced attractively so that Shareholders would participate in the Rights Issue; and that the discount of the Issue Price to the closing price of S\$0.08 per Share and the theoretical ex-rights price of S\$0.05225 per Share is within the range of the discounts in recently completed renounceable rights issues undertaken by companies listed on the SGX-ST announced from 1 January 2017 and up to 5 September 2018.
----------------------------------	---	---

LETTER TO SHAREHOLDERS

Status of Rights Shares	:	The Rights Shares will, upon allotment and issue, rank <i>pari passu</i> in all respects with the then existing Shares, save for any dividends, rights, allotments or other distributions that may be declared or paid, the record date for which falls before the date of issue of the Rights Shares.
Eligibility of Shareholders to participate in the Rights Issue	:	Please refer to Section 2.6 of this Circular.
Listing of the Rights Shares	:	On 29 October 2018, the SGX-ST granted its in-principle approval for the dealing in, listing of and quotation of, <i>inter alia</i> , the Rights Shares on the Mainboard of the SGX-ST, subject to certain conditions, further details of which are set out in Section 2.5 of this Circular.
Trading of the Rights Shares	:	Upon the listing and quotation of the Rights Shares on the Mainboard of the SGX-ST, the Rights Shares will be traded under the book-entry (scripless) settlement system. For the purposes of trading on the SGX-ST, each board lot of Shares will comprise 100 Shares. Shareholders who hold odd lots of the Rights Shares (that is, less than 100 Shares) and who wish to trade in odd lots on the SGX-ST should note that they are able to trade odd lots of Shares in board lots of one (1) Share on the unit share market of the SGX-ST.
Trading of “nil-paid” Rights	:	Entitled Depositors who wish to trade all or part of their provisional allotments of Rights Shares on the SGX-ST can do so during the trading period for the “nil-paid” Rights.
Acceptance, excess application and payment procedures	:	Entitled Shareholders will be at liberty to accept (in full or in part), decline or otherwise renounce their provisional allotments of the Rights Shares and are eligible to apply for Excess Rights Shares. Acceptances of provisional allotment of Rights Shares and (if applicable) applications for excess Rights Shares, under the Rights Issue may only be made: (a) in the case of Entitled Scripholders, on the PAL; (b) in the case of Entitled Depositors, on the ARE or by way of an Electronic Application through an ATM of a Participating Bank; and (c) in the case of persons purchasing provisional allotments of Rights Shares through the book-entry (scripless) settlement system whose registered addresses with CDP are in Singapore, on the ARS.

LETTER TO SHAREHOLDERS

		Provisional allotments which are not taken up for any reason shall be aggregated and used to satisfy the applications for Excess Rights Shares or otherwise dealt with in such manner as the Directors may, in their absolute discretion, deem fit for the benefit of the Company. Excess Rights Shares will be allotted in such manner as the Board may, in its absolute discretion, deem fit in the interests of the Company, subject to applicable laws, the Listing Manual and the Irrevocable Undertaking. In the allotment of Excess Rights Shares, preference will be given to the rounding of odd lots and Directors and substantial shareholders who have control or influence over the Company in connection with the day-to-day affairs of the Company or the terms of the Rights Issue, or have representation (direct or through a nominee) on the Board of the Company, including Dato Low, will rank last in priority for the rounding of odd lots and the allotment of Excess Rights Shares. The Company will also not make any allotment and issue of any Excess Rights Shares that will result in a transfer of controlling interests in the Company unless otherwise approved by Shareholders in a general meeting. Please refer to the Offer Information Statement, to be despatched by the Company to the Entitled Shareholders in due course subject to, <i>inter alia</i>, the Rights Issue and the Whitewash Resolution being approved by the Shareholders at the EGM, for more information on the acceptance, excess application and payment procedures.
Irrevocable Undertaking	:	Please refer to Section 2.7 of this Circular.
Non-underwritten	:	The Rights Issue will not be underwritten. In view of the Irrevocable Undertaking, further details of which are set out in Section 2.7 of this Circular, and the savings in underwriting costs which the Company will enjoy, the Company has decided to proceed with the Rights Issue on a non-underwritten basis. The Rights Issue will not be withdrawn after commencement of the ex-rights trading of the Shares pursuant to Rule 820(1) of the Listing Manual.

LETTER TO SHAREHOLDERS

Option to scale down	:	Depending on the level of subscription for the Rights Shares, the Company will, if necessary, and upon the approval of the SGX-ST, scale down a Shareholder's application to subscribe for the Rights Issue to avoid placing the relevant Shareholder and parties acting in concert with it in the position of incurring a mandatory bid obligation under the Code (as defined below) as a result of other Shareholders not taking up their Rights Shares entitlements fully. For the avoidance of doubt, the option to scale down shall not apply to Dato Low's application to subscribe for the Rights Shares and excess Rights Shares pursuant to the Irrevocable Undertaking.
Fractional entitlements	:	Fractional entitlements to the Rights Shares, will be disregarded in arriving at the Entitled Shareholders' entitlement and will, together with the provisional allotments which are not taken up or allotted for any reason, be aggregated and used to satisfy excess applications for the Rights Shares, or to be disposed of, or otherwise dealt with in such manner as the Directors may in their absolute discretion as deemed fit in the interests of the Company.
Governing Law	:	Laws of Singapore

The terms and conditions of the Rights Issue are subject to (i) such changes as the Directors may deem fit; and (ii) the approval of Shareholders at the EGM. The final terms and conditions of the Rights Issue will be contained in the Offer Information Statement to be despatched by the Company to Entitled Shareholders in due course, subject to, *inter alia*, the Rights Issue and the Whitewash Resolution being approved by Shareholders at the EGM.

2.5 Conditions for the Rights Issue

Shareholders should note that the Rights Issue is subject to, *inter alia*, the following conditions:

- (a) the grant of the Whitewash Waiver by the SIC;
- (b) the approval of Shareholders for the Rights Issue being obtained at the EGM to be convened;
- (c) the approval of Independent Shareholders for the Whitewash Resolution being obtained at the EGM to be convened;
- (d) the receipt of the approval in-principle from the SGX-ST for the dealing in, listing of and quotation for the Rights Shares on the Mainboard of the SGX-ST and such approval not having been withdrawn or revoked on or prior to the completion of the Rights Issue, and if such approval is granted subject to conditions, such conditions being acceptable to and fulfilled by the Company; and

LETTER TO SHAREHOLDERS

- (e) the lodgement of the Offer Information Statement together with all other accompanying documents (if applicable) pursuant to the SFA with the Authority.

The Company has, on 29 October 2018, obtained the in-principle approval from the SGX-ST for the listing and quotation of the Rights Shares on the Mainboard of the SGX-ST. The Offer Information Statement will be lodged with the Authority and despatched to Entitled Shareholders in due course.

The approval in-principle from the SGX-ST is subject to the following conditions:

- (a) Compliance with the SGX-ST's listing requirements;
- (b) Shareholders' approval for the Rights Issue;
- (c) Independent Shareholders' approval for the Whitewash Waiver;
- (d) A written undertaking from the Company that it will comply with Listing Rules 704(30), 815 and 1207(20) in relation to the use of the proceeds from the Rights Issue and where proceeds are to be used for working capital purposes, the Company will disclose a breakdown with specific details on the use of proceeds for working capital in the Company's announcements on use of proceeds and in the annual report;
- (e) A written undertaking from the Company that it will comply with Listing Rule 877(10) with regards to the allotment of any excess Rights Shares; and
- (f) A written confirmation from financial institution(s) as required under Listing Rule 877(9) that the undertaking shareholders who have given the irrevocable undertakings have sufficient financial resources to fulfil their obligations under its undertakings.

2.6 Eligibility of Shareholders to Participate in the Rights Issue

- (a) Entitled Shareholders

Entitled Shareholders will be eligible to participate in the Rights Issue and to receive the Offer Information Statement together with the ARE or the PAL, as the case may be, and other accompanying documents at their respective Singapore addresses. Entitled Depositors who do not receive the Offer Information Statement and the ARE may obtain them from CDP during the period from the date the Rights Issue commences up to the Closing Date. Entitled Scripholders who do not receive the Offer Information Statement and the PAL may obtain them from the Share Registrar during the period from the date the Rights Issue commences up to the Closing Date.

Entitled Shareholders will be provisionally allotted the Rights Shares under the Rights Issue on the basis of their shareholdings as at the Books Closure Date. They are at liberty to accept (in full or in part), or decline or otherwise renounce or, in the case of Entitled Depositors only, trade their provisional allotment of the Rights Shares on the SGX-ST (during the provisional allotment trading period prescribed by the SGX-ST), and are eligible to apply for additional Rights Shares in excess of their provisional allotments under the Rights Issue. For the avoidance of doubt, only Entitled Shareholders (and not purchasers of the provisional allotment of Rights Shares traded on the SGX-ST during the provisional allotment trading period or the renounees of Entitled Shareholders) shall be entitled to apply for additional Rights Shares.

LETTER TO SHAREHOLDERS

All fractional entitlements to the Rights Shares will be disregarded in arriving at the entitlements of the Entitled Shareholders and will, together with the entitlements not allotted or taken up for any reason, be aggregated and issued to satisfy applications, if any, for Excess Rights Shares, or dealt with in such manner as the Directors in their absolute discretion deem fit. In the allotment of Excess Rights Shares, preference will be given to the rounding of odd lots and the Directors and the substantial shareholders who have control or influence over the Company in connection with the day-to-day affairs of the Company or the terms of the Rights Issue, or have representation (direct or through a nominee) on the Board, including Dato Low, will rank last in priority for the rounding of odd lots and the allotment of Excess Rights Shares.

All dealings in and transactions of the Rights through the SGX-ST will be effected under the book-entry (scripless) settlement system. Accordingly, the PALs for the Rights Issue which are issued to Entitled Scripholders will not be valid for delivery pursuant to trades done on the SGX-ST.

The procedures for, and the terms and conditions applicable to, acceptances, splitting and/or renunciation of the Rights Shares and sales of the Rights and for the applications for excess Rights Shares, including the different modes of acceptance or application and payment, will be set out in the Offer Information Statement to be despatched by the Company to the Entitled Shareholders in due course.

Entitled Shareholders with registered addresses outside Singapore who wish to participate in the Rights Issue should provide CDP or the Share Registrar, as the case may be, with addresses in Singapore for the service of notices and documents, at least three (3) Market Days prior to the Books Closure Date.

(i) Entitled Scripholders

Entitled Scripholders are encouraged to open Securities Accounts if they have not already done so and to deposit such share certificates with CDP prior to the Books Closure Date so that their Securities Accounts may be credited by CDP with their Shares and the Rights. Entitled Scripholders should note that their Securities Accounts will only be credited with the Shares on the twelfth Market Day from the date of lodgement of the share certificates with CDP or such later date as CDP may determine.

(ii) Entitled Depositors

Entitled Depositors should note that all notices and documents will be sent to their last registered addresses with CDP. Entitled Depositors are reminded that any request to CDP to update their records or to effect any change in address must reach CDP at 11 North Buona Vista Drive, #06-07 The Metropolis Tower 2, Singapore 138589, at least three (3) Market Days before the Books Closure Date.

(b) Foreign Shareholders

The Offer Information Statement and its accompanying documents have not been and will not be lodged, registered or filed in any jurisdiction other than Singapore. The distribution of the Offer Information Statement and its accompanying documents may be prohibited or restricted (either absolutely or subject to various relevant securities requirements, whether legal or administrative, being complied with) in certain

LETTER TO SHAREHOLDERS

jurisdictions under the relevant securities laws of those jurisdictions. For practical reasons and in order to avoid any violation of the securities legislation applicable in jurisdictions other than Singapore, the Offer Information Statement and the accompanying documents will not be despatched to Shareholders with registered addresses outside Singapore as at the Books Closure Date and who have not, at least three (3) Market Days prior thereto, provided the Share Registrar or CDP, as the case may be, with addresses in Singapore for the service of notices and documents (**"Foreign Shareholders"**).

It is also the responsibility of any person (including, without limitation, custodians, nominees and trustees) outside Singapore wishing to take up their provisional allotment of Rights Shares and (if applicable) apply for Excess Rights Shares under the Rights Issue to satisfy himself as to the full observance of the laws of any relevant territory in connection therewith, including the obtaining of any governmental or other consents which may be required, the compliance with other necessary formalities and the payment of any issue, transfer or other taxes due in such territories. The comments set out in this section are intended as a general guide only and any Foreign Shareholder who is in doubt as to his position should consult his professional advisers without delay.

The Offer Information Statement, PALs and AREs will not be sent to, and Rights will not be credited to Securities Accounts of, Shareholders with registered addresses in the United States or other jurisdictions outside Singapore or to their agent or intermediary outside Singapore, except where the Company is satisfied that such action would not result in the contravention of any registration or other legal requirement in any jurisdiction.

No person receiving a copy of this Circular, the Offer Information Statement, a PAL, ARE or ARS and/or a credit of Rights or Rights Shares to a Securities Account in any territory other than Singapore may treat the same as constituting an invitation or offer to him or her, nor should he or she in any event use any such PAL, ARE or ARS and/or accept any credit of Rights or Rights Shares to a Securities Account unless, in the relevant territory, such an invitation or offer could lawfully be made to him or her and such PAL, ARE or ARS and/or credit of Rights or Rights Shares to a Securities Account could lawfully be used or accepted, and any transaction resulting from such use or acceptance could be effected, without contravention of any registration or other legal or regulatory requirements. In circumstances where an invitation or offer would contravene any registration or other legal or regulatory requirements, this Circular, the Offer Information Statement, the PAL, ARE or ARS must be treated as sent for information only and should not be copied or redistributed.

Persons (including, without limitation, custodians, nominees and trustees) receiving a copy of this Circular, the Offer Information Statement, and/or a PAL, ARE or ARS or whose Securities Account is credited with Rights or Rights Shares should not distribute or send the same or transfer Rights or Rights Shares in or into any jurisdiction where to do so would or might contravene local securities laws or regulations. If the Offer Information Statement, a PAL, ARE or ARS or a credit of Rights or Rights Shares is received by any person in any such territory, or by his agent or nominee, he must not seek to take up the Rights or Rights Shares, renounce such PAL, ARE or ARS or transfer the Rights or the Rights Shares unless the Company determines that such actions would not violate applicable legal or regulatory requirements. Any person (including, without limitation, custodians, nominees and trustees) who forwards this Circular, the Offer Information Statement, or a PAL, ARE or ARS or transfers Rights or

LETTER TO SHAREHOLDERS

Rights Shares into any such territories (whether pursuant to a contractual or legal obligation or otherwise) should draw the recipient's attention to the contents of this section as well as relevant sections of the Offer Information Statement.

The Company reserves the right to treat as invalid any ARE, ARS or PAL which (a) appears to the Company or its agents to have been executed in any jurisdiction outside Singapore which may violate the applicable legislation of such jurisdiction; (b) provides an address outside Singapore for the receipt of the share certificate(s) for the Rights Shares or which requires the Company to despatch the share certificate(s) to an address in any jurisdiction outside Singapore; or (c) purports to exclude any deemed representation or warranty. The Company further reserves the right to reject any acceptances of the Rights Shares and (if applicable) applications for excess Rights Shares where it believes, or has reason to believe, that such acceptances and (if applicable) applications may violate the applicable legislation of any jurisdiction.

Foreign Shareholders will not be allowed to participate in the Rights Issue. Accordingly, no provisional allotment of Rights Shares will be made to Foreign Shareholders and no purported acceptance or application for Rights Shares by Foreign Shareholders will be valid.

The Offer Information Statement and its accompanying documents will also not be despatched to persons purchasing the provisional allotments of Rights Shares through the book-entry (scripless) settlement system if their registered addresses with CDP are outside Singapore ("Foreign Purchasers"). Foreign Purchasers who wish to accept the provisional allotments of the Rights Shares credited to their Securities Accounts should make the necessary arrangements with their Depository Agents or stockbrokers in Singapore.

For the avoidance of doubt, even if a Foreign Shareholder has provided a Singapore address as aforesaid, the offer of Rights and/or Rights Shares to him will be subject to compliance with applicable securities laws outside Singapore.

(c) Treatment of Un-allotted Rights of Foreign Shareholders

If it is practicable to do so, the Company may, at its absolute discretion, arrange for the rights to subscribe for the Rights Shares ("**Rights**"), which would otherwise have been provisionally allotted to Foreign Shareholders to be sold "nil-paid" on the Mainboard of SGX-ST as soon as practicable after commencement of trading in "nil-paid" Rights. Such sales may, however, only be effected if the Company, in its absolute discretion, determines that a premium can be obtained from such sales, after taking into account the expenses expected to be incurred in relation thereto. The net proceeds from all such sales, after deduction of all expenses therefrom, will be pooled and thereafter distributed to Foreign Shareholders in proportion to their respective shareholdings or, as the case may be, the number of Shares entered against their names in the Depository Register maintained by CDP as at the Books Closure Date and sent to them at their own risk by ordinary post, **provided that** where the amount of net proceeds to be distributed to any single Foreign Shareholder is less than S\$10.00, the Company shall be entitled to retain or deal with such net proceeds as the Directors may, in their absolute discretion, deem fit in the interests of the Company and no Foreign Shareholder shall have any claim whatsoever against the Company, the Manager, CDP or the Share Registrar and their respective officers in connection therewith.

LETTER TO SHAREHOLDERS

If such provisional allotments cannot be or are not sold on the Mainboard of SGX-ST as aforesaid for any reason by such time as the SGX-ST shall have declared to be the last day for trading in the provisional allotments of Rights Shares, the Rights Shares represented by such provisional allotments will be issued to satisfy excess applications or dealt with in such manner as the Directors may, in their absolute discretion, deem fit in the interests of the Company and no Foreign Shareholder shall have any claim whatsoever against the Company, the Manager, CDP or the Share Registrar and their respective officers in connection therewith.

Shareholders should note that the special arrangements described above will apply only to Foreign Shareholders. However, the Company reserves the right to make similar arrangements for the Rights which would otherwise have been allotted to certain Entitled Shareholders to be sold “nil-paid” on the SGX-ST as soon as practicable after dealings in the Rights commence, where the beneficial holders of such Rights are restricted or prohibited by the laws of the jurisdiction in which they are located or resident from participating in the Rights Issue.

Notwithstanding anything herein, Shareholders and any other person receiving the Offer Information Statement and/or its accompanying documents are advised to inform themselves of and to observe any legal requirements applicable thereto. No person in any territory outside Singapore receiving the Offer Information Statement and/or its accompanying documents may treat the same as an offer, invitation or solicitation to subscribe for any Rights Shares unless such offer, invitation or solicitation could lawfully be made without violating any regulatory or legal requirements in such territory.

2.7 Irrevocable Undertaking

As at the Latest Practicable Date, Dato Low is directly interested in 373,637 Shares and 117,344,000 Shares which are registered in the name of Raffles Nominees (Pte) Limited (collectively “**Existing Dato Low Shares**”), representing in aggregate approximately 20.71% of the Existing Share Capital.

To show support for the Rights Issue and to demonstrate his commitment to and confidence in the Company, Dato Low had on 10 August 2018, given an irrevocable undertaking pursuant to which he has unconditionally and irrevocably undertaken to the Company and the Manager, *inter alia*:

- (a) that he will not sell, transfer or otherwise deal with any of the Existing Dato Low Shares prior to the Books Closure Date;
- (b) to fully subscribe and/or procure subscription for all of his entitlement of 117,717,637 Rights Shares based on the Existing Dato Low Shares as at the Books Closure Date under the Rights Issue;
- (c) to fully subscribe and/or procure subscription for up to 451,048,338 Rights Shares which are not subscribed for or otherwise taken up and/or applied for by the other Entitled Shareholders, on the basis that he will rank last in priority for the allotment of Excess Rights Shares which are not taken up by the other Entitled Shareholders; and
- (d) to vote and/or procure the voting of, all of his shareholding, whether held directly or indirectly, in favour of the Rights Issue in order to procure the passing of the resolution for the Rights Issue to be tabled at the EGM.

LETTER TO SHAREHOLDERS

The Irrevocable Undertaking is subject to and conditional upon the following:

- (a) the grant of the Whitewash Waiver by SIC to Dato Low and persons acting in concert with him, and such approval not having been withdrawn or revoked prior to the completion of the Rights Issue;
- (b) the receipt of the approval in-principle of the SGX-ST for the dealing in, listing of and quotation of the Rights Shares under the Rights Issue on the Mainboard of the SGX-ST and such approval not being withdrawn or revoked as at the completion of the Rights Issue, and if such approval is granted to such conditions, such conditions being acceptable to the Company;
- (c) the Rights Issue being approved by the Shareholders at the EGM to be convened;
- (d) the Whitewash Resolution being approved by the Independent Shareholders at the EGM; and
- (e) the lodgement of the Offer Information Statement, together with all other accompanying documents (if applicable), by the Company in respect of the Rights Issue with the Authority,

(collectively, the “**Undertaking Conditions**”).

If any of the Undertaking Conditions are not fulfilled by 31 January 2019, the Irrevocable Undertaking shall terminate.

The terms of the Irrevocable Undertaking mean that the Rights Issue will be fully subscribed even in the event that (i) all of the outstanding Share Options are exercised on or prior to the Books Closure Date; and (ii) none of the other Entitled Shareholders subscribe and pay for their pro-rata entitlement of Rights Shares.

Dato Low has furnished a confirmation from a financial institution that he has sufficient financial resources to fulfil his obligations under the Irrevocable Undertaking.

2.8 Rationale for the Rights Issue and Use of Proceeds

The Directors believe that the Rights Issue will provide Shareholders with the opportunity to obtain further equity participation in the Company by subscribing for the Rights Shares. In addition, the proceeds from the Rights Issue will enable the Company to finance the working capital requirements of the Company and its subsidiaries, including expenses which have been, or may be, incurred in connection the development of the real estate project, Ningbo Yinzhou Manhattan Tower, by Manhattan Resources (Ningbo) Property Limited (“**MRN**”) in the PRC (“**Ningbo Project**”). The Ningbo Project will be a 56-storey building, which sits on a land area of approximately 24,000 sq m and which will have a built-up area of approximately 250,000 sq m. The Ningbo Project is located in the South Commercial Park of Yingzhou District in Ningbo City and is currently expected to be completed in 2022. Construction of the Ningbo Project is being undertaken by Zhong Tian Construction Group Co., Ltd and the bored piling works have been completed in the third quarter of 2018 with basement excavation works expected to commence soon.

As announced by the Company on 16 July 2018, MRN is wholly owned by Manhattan Property Development Pte. Ltd. (“**MPDPL**”), which is 51% held by the Company and 49%

LETTER TO SHAREHOLDERS

held by KaiYi Investment Pte. Ltd. (“**KaiYi**”). As at the Latest Practicable Date, Dato Low owns 11% of KaiYi, Low Yi Ngo and Elaine Low each owns 36% and the remaining 17% is owned by the immediate family of Dato Low.

The total estimated cost of development for the Ningbo Project is approximately S\$413 million, and as at 30 September 2018, MRN has paid an aggregate of approximately S\$19 million to its suppliers and contractors. Progress payment will be made towards construction works completed and the Ningbo Project is expected to be funded through a combination of internal sources of funds, progress payment on pre-sales of the Ningbo Project, and borrowings from financial institution(s). As set out below, the Company proposes to use S\$10 million of the proceeds from the Rights Issue to capitalise MRN on a proportionate basis with KaiYi based on their respective equity interests in MPDPL. Accordingly, upon the completion of such capitalisation by the Company and KaiYi, MRN will have approximately S\$51.6 million (including approximately S\$31 million of cash in bank accounts) which is expected to be applied towards the construction of the Ningbo Project until 2020 when pre-sales will be conducted.

The proceeds from the Rights Issue will not be sufficient for the overall cost of development for the Ningbo Project. As and when necessary and deemed appropriate, the Company may explore secondary fund raising exercises by tapping the capital markets including but not limited to rights issues, share placement and/or issue of debt instruments.

The estimated net proceeds (“**Net Proceeds**”) arising from the Rights issue, after deducting estimated expenses of approximately S\$0.20 million, are expected to be approximately S\$13.73 million in both the Maximum Subscription Scenario and the Minimum Subscription Scenario. The Company intends to fund all the expenses in relation to the Rights Issue by internal resources.

For illustrative purposes only, the table below sets out the proposed use of Net Proceeds by the Company based on the Maximum Subscription Scenario and the Minimum Subscription Scenario:

Purpose	Maximum Subscription Scenario and Minimum Subscription Scenario	
	% of Net Proceeds	S\$ (million)
(1) Capital investment in the Ningbo Project	72.8	10.00
(2) General working capital	27.2	3.73
Total	100.0	13.73

The above allocations are based on the Maximum Subscription Scenario and the Minimum Subscription Scenario only and subject to certain assumptions. In the event that the Net Proceeds falls in between the Maximum Subscription Scenario and the Minimum Subscription Scenario, the Company will make the necessary announcements on the revised allocations once the final Net Proceeds have been determined. It is anticipated that the allocations will not deviate significantly from the above illustrations.

LETTER TO SHAREHOLDERS

Pending deployment of the Net Proceeds, such Net Proceeds may be deposited with banks and/or financial institutions, invested in short-term money markets or marketable securities or used for any other purposes on a short-term basis as the Directors may, in their absolute discretion, deem fit in the interest of the Company.

The Company will make periodic announcements on the utilisation of the Net Proceeds as and when such proceeds are materially disbursed, and provide a status report on the use of the Net Proceeds in the annual report of the Company. Where there is a material deviation in the use of Net Proceeds, the Company will state the reason(s) for such deviation.

In relation to the Net Proceeds which are set aside for general working capital purposes, the Company will disclose a breakdown with specific details on the use of the Net Proceeds for working capital in announcements and annual reports.

2.9 Adequacy of Working Capital

As at the Latest Practicable Date, the Directors are of the opinion that, after taking into account the internal sources of funds available to the Group, the Net Proceeds (based on the Minimum Subscription Scenario), the cash generated from the Group's business operations and the Group's present banking facilities, the working capital available to the Group is sufficient to meet the Group's present requirements.

2.10 Books Closure Date

Subject to Shareholders' approval of the Rights Issue at the EGM being obtained, the Books Closure Date for the purpose of determining the Entitled Shareholders' entitlements under the Rights Issue will be announced at a later date.

2.11 Financial Information of the Group

Selected audited consolidated financial information of the Group for FY2015, FY2016 and FY2017 and selected unaudited consolidated financial information of the Group for 1H2017 and 1H2018 are set out in Appendix A of this Circular. Such selected financial information include the Group's income statement, statement of financial position, statement of cash flow and the working capital position as well as a review thereof, and should be read together with the annual reports, the consolidated audited accounts and consolidated financial statements of the Group for the relevant periods and the related notes thereto, which are available on the website of the SGX-ST at www.sgx.com.

3. FINANCIAL EFFECTS OF THE RIGHTS ISSUE

The *pro forma* financial effects of the Rights Issue set out below are purely for illustrative purposes only and are not necessarily indicative of or a projection of the actual future financial performance or financial position of the Group after completion of the Rights Issue.

The *pro forma* financial effects of the Rights Issue have been computed based on the latest audited consolidated financial statements of the Group for FY2017. The financial effects of the Rights Issue under both the Maximum Subscription Scenario and Minimum Subscription Scenario are presented herein after taking into account the following assumptions:

LETTER TO SHAREHOLDERS

- (a) for the purposes of computing the financial effects of the Rights Issue on the share capital, NTA per share and gearing of the Group, the Rights Issue is assumed to have been completed on 31 December 2017; and
- (b) for the purposes of computing the financial effects of the Rights Issue on the LPS of the Group, the Rights Issue is assumed to have been completed on 1 January 2017.

3.1 Share Capital

	Minimum Subscription Scenario		Maximum Subscription Scenario	
	No. of Shares	S\$'000	No. of Shares	S\$'000
As at the Latest Practicable Date	568,490,975	189,004	568,490,975	189,004
Add: new Shares to be issued from exercise of Share Options	–	–	275,000	132
Add: Rights Shares to be issued	568,490,975	13,928	568,765,975	13,935
Resultant enlarged issued share capital	1,136,981,950	202,932	1,137,531,950	203,071

3.2 NTA per Share

	Minimum Subscription Scenario	Maximum Subscription Scenario
As at 31 December 2017		
NTA before the Rights Issue (S\$'000)	61,034	61,034
Add: Adjustments for net proceeds from the Rights Issue (S\$'000)	13,728	13,735
Adjusted NTA after the Rights Issue (S\$'000)	74,762	74,769
Number of Shares before the Rights Issue	568,490,975	568,490,975
NTA per Share before the Rights Issue (cents)	10.74	10.74
Number of Shares after the Rights Issue	1,136,981,950	1,137,531,950
Adjusted NTA per Share after the Rights Issue (cents)	6.58	6.57

3.3 LPS

	Minimum Subscription Scenario	Maximum Subscription Scenario
FY2017		
Net loss attributable to Shareholders (S\$'000)	(14,443)	(14,443)
Number of Shares before the Rights Issue	568,490,975	568,490,975
LPS before the Rights Issue (cents)	(2.54)	(2.54)
Number of Shares after the Rights Issue	1,136,981,950	1,137,531,950
Adjusted LPS after the Rights Issue (cents)	(1.27)	(1.27)

LETTER TO SHAREHOLDERS

3.4 Gearing

	Minimum Subscription Scenario	Maximum Subscription Scenario
As at 31 December 2017		
Total borrowings before the Rights Issue (S\$'000)	34,886	34,886
Shareholders' equity before the Rights Issue (S\$'000)	127,797	127,797
Add: Net proceeds from Rights Issue (S\$'000)	13,728	13,735
Adjusted Shareholders' equity after the Rights Issue (S\$'000)	141,525	141,532
Gearing before the Rights Issue (times)	0.27	0.27
Gearing after the Rights Issue (times)	0.25	0.25

4. THE WHITEWASH RESOLUTION

4.1 Illustrative shareholding effects of the Rights Issue

As at the Latest Practicable Date, pursuant to the Code, the shareholding interests of Dato Low and his deemed concert parties in relation to the Company are as follows:

Name	Relationship with Dato Low	Direct interest held in the Company	
		No. of Shares	% ⁽¹⁾
Dato Low ⁽²⁾	–	117,717,637	20.71
Wong Kai Lai ⁽³⁾	Spouse	1,690,000	0.30
Low Yi Ngo	Son	3,300,200	0.58
MIPL	Company controlled by Dato Low and his immediate family	88,701,764	15.60
Low Cheng Lum	Sibling	2,965,500	0.52
Total		214,375,101	37.71

Notes:

(1) Based on a total issued share capital of the Company as at the Latest Practicable Date of 568,490,975 Shares (excluding treasury shares).

(2) 117,344,000 Shares are held through Raffles Nominees (Pte) Limited.

(3) Wong Kai Lai's Shares are held through Citibank Nominees Singapore Pte Ltd.

Accordingly, as at the Latest Practicable Date, Dato Low and his concert parties are interested in an aggregate of 214,375,101 Shares representing approximately 37.71% of the issued share capital of the Company.

LETTER TO SHAREHOLDERS

For illustrative purposes only, based on the terms of the Rights Issue and the Irrevocable Undertaking:

- (a) assuming (i) only Dato Low subscribes for his pro-rata entitlement of the Rights Shares; and (ii) no other person subscribes for the Rights Shares such that Dato Low subscribes for such number of Excess Rights Shares pursuant to the Irrevocable Undertaking, and further assuming that:
 - (A) no outstanding Share Options are exercised before the Books Closure Date, Dato Low and his concert parties will have an interest in approximately 68.85% of the enlarged issued share capital of the Company immediately upon completion of the Rights Issue; and
 - (B) all outstanding Share Options are exercised before the Books Closure Date, Dato Low and his concert parties will have an interest in approximately 68.85% of the enlarged issued share capital of the Company immediately upon completion of the Rights Issue; and
- (b) assuming that all the Entitled Shareholders subscribe for their pro-rata entitlements of Rights Shares, and further assuming that:
 - (A) no outstanding Share Options are exercised before the Books Closure Date, Dato Low and his concert parties will have an interest in approximately 37.71% of the enlarged issued share capital of the Company immediately upon completion of the Rights Issue; and
 - (B) all outstanding Share Options are exercised before the Books Closure Date, Dato Low and his concert parties will have an interest in approximately 37.69% of the enlarged issued share capital of the Company immediately upon completion of the Rights Issue.

4.2 Requirements under the Code

Under Rule 14.1 of the Code, except with the consent of the SIC, where:

- (a) any person acquires whether by a series of transactions over a period of time or not, Shares which (taken together with Shares held or acquired by parties acting in concert with him) carry 30% or more of the voting rights of the Company; or
- (b) any person who, together with persons acting in concert with him, holds not less than 30% but not more than 50% of the voting rights of the Company and such person, or any person acting in concert with him, acquires in any period of six months additional Shares carrying more than 1% of the voting rights,

such person must extend a mandatory take-over offer immediately to the holders of any class of share capital of the Company which carries votes and in which such person, or persons acting in concert with him, hold Shares in accordance with the provisions of the Code. In addition to such person, each of the principal members of the group of persons acting in concert with him may, according to the circumstances of the case, have the obligation to extend an offer.

LETTER TO SHAREHOLDERS

Based on the scenarios set out in Section 4.1 of this Circular, the aggregate shareholding interests of Dato Low and his concert parties in the Company may increase by more than 1% within a period of six months. Accordingly, Dato Low and his concert parties may incur an obligation to make a mandatory offer for the Company pursuant to Rule 14.1 of the Code. As there is no intention to trigger a mandatory take-over obligation under the Code arising from the Rights Issue, the Company has, on 31 August 2018, applied to the SIC for the Whitewash Waiver.

4.3 Conditional Whitewash Waiver by SIC

On 26 September 2018, the SIC granted the Whitewash Waiver subject to the following conditions:

- (a) a majority of holders of voting rights of the Company approve at a general meeting, before the Rights Issue, the Whitewash Resolution by way of a poll to waive their rights to receive a general offer from Dato Low and his concert parties;
- (b) the Whitewash Resolution is separate from other resolutions;
- (c) Dato Low and his concert parties as well as parties not independent of them abstain from voting on the Whitewash Resolution;
- (d) Dato Low and his concert parties did not acquire or are not to acquire any Shares or instruments convertible into and options in respect of Shares of the Company (other than subscriptions for, rights to subscribe for, instruments convertible into or options in respect of new Shares which have been disclosed in the Circular):
 - (i) during the period between the first announcement of the Rights Issue and the date Shareholders' approval is obtained for the Whitewash Resolution; and
 - (ii) in the six months prior to the first announcement of the Rights Issue but subsequent to negotiations, discussions or the reaching of understandings or agreements with the Directors in relation to the Rights Issue;
- (e) the Company appoints an independent financial adviser to advise its Independent Shareholders on the Whitewash Resolution;
- (f) the Company sets out clearly in its circular to its Shareholders:
 - (i) details of the Rights Issue and the Irrevocable Undertaking given by Dato Low;
 - (ii) the dilution effect to existing holders of voting rights upon the subscription of the Rights Shares and any Excess Right Shares by Dato Low;
 - (iii) the number and percentage of voting rights in the Company as well as the number of instruments convertible into, rights to subscribe for and options in respect of Shares in the Company held by Dato Low and his concert parties as at the Latest Practicable Date;

LETTER TO SHAREHOLDERS

- (iv) the number and percentage of voting rights to be acquired by Dato Low and his concert parties as a result of their subscription of the Rights Shares and any Excess Right Shares;
 - (v) specific and prominent reference to the fact that the subscription of the Rights Shares including any Excess Right Shares, could result in Dato Low and his concert parties holding Shares carrying over 49% of the voting rights of the Company based on its enlarged issued share capital and to the fact that Dato Low and his concert parties will be free to acquire further Shares without incurring any obligation under Rule 14 of the Code to make a general offer; and
 - (vi) specific and prominent reference to the fact that Shareholders, by voting for the Whitewash Resolution, are waiving their rights to a general offer from Dato Low and his concert parties at the highest price paid by any of them for the Company's Shares in the past six months preceding the commencement of the offer;
- (g) the circular by the Company to its Shareholders states that the waiver granted by SIC to Dato Low and his concert parties from the requirements to make a general offer under Rule 14 is subject to the conditions stated at paragraphs 4.3(a) to (f) above;
 - (h) the Company obtains SIC's approval in advance for those parts of the circular that refer to the Whitewash Resolution; and
 - (i) to rely on the Whitewash Resolution, approval of the Whitewash Resolution must be obtained within 3 months from 26 September 2018, and the subscription of Rights Shares and any Excess Right Shares by Dato Low and his concert parties must be completed within three months of the date of the approval of the Whitewash Resolution.

As at the date of this Circular, save for the conditions set out in Sections 4.3(a), 4.3(c) and 4.3(i) of this Circular, all the other conditions set out above have been satisfied.

Accordingly, Independent Shareholders should note that:

- (1) **the subscription of the Rights Shares by Dato Low and his concert parties could result in Dato Low and his concert parties holding Shares carrying over 49% of the voting rights of the Company based on the enlarged issued share capital of the Company immediately upon completion of the Rights Issue and that Dato Low and his concert parties will be free to acquire further Shares without incurring any obligation under Rule 14 of the Code to make a general offer; and**
- (2) **by voting in favour of the Whitewash Resolution (Ordinary Resolution 2), Shareholders will be waiving their rights to receive a mandatory general offer from Dato Low and his concert parties at the highest price paid by any of them for the Company's Shares in the past six months preceding the commencement of the offer which they would have otherwise been obliged to make for the Shares in accordance with Rule 14 of the Code.**

LETTER TO SHAREHOLDERS

4.4 Advice from the Independent Financial Adviser

MS Corporate Finance Pte Ltd has been appointed as the Independent Financial Adviser to advise the Recommending Directors in relation to the Whitewash Resolution. The letter from the Independent Financial Adviser, setting out the advice of the Independent Financial Adviser in full, is reproduced in Appendix B to this Circular ("**IFA Letter**").

Taking into consideration the factors set out in the IFA Letter, the information available to the Independent Financial Adviser as at the Latest Practicable Date and subject to the qualifications and assumptions set out in the IFA Letter, the Independent Financial Adviser is of the opinion that the Rights Issue, which is the subject of the Whitewash Resolution, is fair and reasonable, and the Whitewash Resolution when considered in the context of the Rights Issue is not prejudicial to the interests of the Independent Shareholders.

Accordingly, the Independent Financial Adviser advises the Recommending Directors to recommend that Independent Shareholders vote in favour of the Whitewash Resolution at the EGM.

5. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

Save for Dato Low who has provided the Irrevocable Undertaking, none of the Directors or Substantial Shareholders of the Company has any direct or indirect interest in the Rights Issue (other than through their respective shareholdings in the Company).

Save as set out in Section 4.1 of this Circular, none of the Directors or Substantial Shareholders of the Company have any direct or indirect interest in the Whitewash Resolution (other than through their respective shareholdings in the Company).

LETTER TO SHAREHOLDERS

5.1 Shareholding effects of the Rights Issue. The shareholding effects of the Rights Issue as set out below are for illustrative purposes only and based on assumptions set out herein, and do not reflect the actual position of the Shareholders after the completion of the Rights Issue:

	As at the Latest Practicable Date ⁽¹⁾				After completion of the Rights Issue							
					Minimum Subscription Scenario ⁽²⁾				Maximum Subscription Scenario ⁽³⁾			
	Direct Interest		Deemed Interest		Direct Interest		Deemed Interest		Direct Interest		Deemed Interest	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Directors												
Low Yi Ngo	3,300,200	0.58	–	–	3,300,200	0.29	–	–	6,600,400	0.58	–	–
Elaine Low	–	–	–	–	–	–	–	–	–	–	–	–
Oliver Khaw Kar Heng	–	–	–	–	–	–	–	–	–	–	–	–
Tung Zhihong Paul	–	–	–	–	–	–	–	–	–	–	–	–
Lee Fook Choon	300,900	0.05	–	–	300,900	0.03	–	–	601,800	0.05	–	–
Substantial Shareholders												
Dato Low ⁽⁴⁾	117,717,637	20.71	90,391,764	15.90	686,208,612	60.35	90,391,764	7.95	235,435,274	20.70	180,783,528	15.89
MIPL	88,701,764	15.60	–	–	88,701,764	7.80	–	–	177,403,528	15.59	–	–
More Time Investments Limited ⁽⁵⁾	–	–	88,701,764	15.60	–	–	88,701,764	7.80	–	–	177,403,528	15.59
Xu Yuan Xing ⁽⁶⁾	75,852,792	13.34	–	–	75,852,792	6.67	–	–	151,705,584	13.34	–	–
Mohamed Abdul Jaleel s/o Muthumaricar Shaik Mohamed ⁽⁷⁾	42,050,000	7.40	–	–	42,050,000	3.70	–	–	84,100,000	7.39	–	–
Other Shareholders												
Wong Kai Lai ⁽⁸⁾	1,690,000	0.30	–	–	1,690,000	0.15	–	–	3,380,000	0.30	–	–
Low Cheng Lum ⁽⁹⁾	2,965,500	0.52	–	–	2,965,500	0.26	–	–	5,931,000	0.52	–	–
Public	235,912,182	41.50	–	–	235,912,182	20.75	–	–	472,374,364	41.53	–	–
Total	568,490,975	100.00	–	–	1,136,981,950	100.00	–	–	1,137,531,950	100.00	–	–

LETTER TO SHAREHOLDERS

Notes:

- (1) The shareholding interest is calculated based on the total issued and paid-up share capital of the Company comprising 568,490,975 Shares as at the Latest Practicable Date.
- (2) The shareholding interest is calculated based on the total enlarged issued and paid-up share capital of the Company comprising 1,136,981,950 Shares in the Minimum Subscription Scenario.
- (3) The shareholding interest is calculated based on the total enlarged issued and paid-up share capital of the Company comprising 1,137,531,950 Shares in the Maximum Subscription Scenario.
- (4) Dato Low's direct interest as at the Latest Practicable Date includes 117,344,000 Shares held through Raffles Nominees (Pte) Limited. Dato Low is deemed interested in 90,391,764 Shares, of which 88,701,764 Shares are held by MIPL through his 100% interest in More Time Investments Limited and 1,690,000 Shares are held by his spouse through Citibank Nominees Singapore Pte Ltd. Dato Low's shareholding interests after completion of the Rights Issue in the Minimum Subscription Scenario assumes that all Excess Rights Shares are held directly by him.
- (5) More Time Investments Limited is deemed interested in 88,701,764 Shares which are held by MIPL through its 59.5% interest in MIPL.
- (6) Xu Yuan Xing's direct interest as at the Latest Practicable Date includes 75,852,792 Shares held through CGS-CIMB Securities (S) Pte Ltd.
- (7) Mohamed Abdul Jaleel s/o Muthumaricar Shaik Mohamed's direct interest as at the Latest Practicable Date includes 17,834,000 Shares held through DBS Nominees Pte Ltd.
- (8) Wong Kai Lai is Dato Low's spouse and her direct interest as at the Latest Practicable Date includes 1,690,000 Shares held through Citibank Nominees Singapore Pte Ltd.
- (9) Low Cheng Lum is Dato Low's sibling.

LETTER TO SHAREHOLDERS

6. EXTRAORDINARY GENERAL MEETING

The EGM, notice of which is set out in this Circular, will be held at MND Auditorium, 9 Maxwell Road, Annexe A, MND Complex, Singapore 069112 on 16 November 2018 at 4.00 pm for the purpose of considering and, if thought fit, passing with or without modifications, the ordinary resolutions set out in the Notice of EGM.

Shareholders should note that Ordinary Resolution 1 (relating to the Rights Issue) and Ordinary Resolution 2 (relating to the Whitewash Resolution) as set out in the Notice of EGM are inter-conditional. This means that if any one of the resolutions is not approved, the other resolution would not be duly passed. Further, Ordinary Resolution 2 (relating to the Whitewash Resolution) requires a majority of the Independent Shareholders present and voting at the EGM by way of a poll to approve the same.

7. ACTION TO BE TAKEN BY SHAREHOLDERS

7.1 Abstention from voting

Pursuant to the Whitewash Waiver, Dato Low and his concert parties as well as parties not independent of them will abstain from voting at the EGM on the ordinary resolution relating to the Whitewash Resolution.

Dato Low and his concert parties will also decline to accept appointment as proxies for any Shareholder to vote in respect of the ordinary resolution relating to the Whitewash Resolution, unless the Shareholder concerned shall have given specific instructions in his Proxy Form as to the manner in which his votes are to be cast in respect of the said resolution.

7.2 Appointment of Proxies

Shareholders who are unable to attend the EGM and wish to appoint a proxy to attend and vote at the EGM on their behalf will find attached to this Circular a Proxy Form which they are requested to complete, sign and return in accordance with the instructions printed thereon as soon as possible and in any event so as to arrive at the registered office of the Company at 133 New Bridge Road, #18-09 Chinatown Point, Singapore 059413 not less than 48 hours before the time appointed for the EGM. The completion and return of a Proxy Form by a Shareholder does not preclude him from attending and voting in person at the EGM if he finds that he is able to do so. In such event, the relevant Proxy Form will be deemed to be revoked.

7.3 When Depositor regarded as Shareholder

A Depositor shall not be regarded as a Shareholder of the Company entitled to attend the EGM and to speak and vote thereat unless his name appears on the Depository Register at least 72 hours before the time fixed for the EGM.

8. DIRECTORS' RECOMMENDATIONS

Shareholders, in deciding whether to vote in favour of the Proposed Resolutions, should consider carefully the advice of the Independent Financial Adviser with respect to the Whitewash Resolution and read carefully the terms and conditions, rationale and financial

LETTER TO SHAREHOLDERS

effects of the Rights Issue and the Whitewash Resolution. In giving the recommendations below, the Directors have not had regard to the specific investment objectives, financial situation, tax position or unique needs or constraints of any individual Shareholder. As different Shareholders would have different investment objectives and profiles, the Directors recommend that any individual Shareholder who may require advice in the context of his specific investment portfolio should consult his stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser immediately.

8.1 Rights Issue

The Directors, having considered, *inter alia*, the terms and rationale for the Rights Issue, are of the opinion that the Rights Issue is in the best interests of the Company, and accordingly recommend that Shareholders vote in favour of the ordinary resolution relating thereto to be proposed at the EGM.

8.2 Whitewash Resolution

Low Yi Ngo (who is a concert party of Dato Low) and Elaine Low (who is the sister of Low Yi Ngo and daughter of Dato Low) will abstain as Directors from making a recommendation to the Shareholders in respect of the Whitewash Resolution.

The Recommending Directors, having considered, *inter alia*, the rationale for the Rights Issue and the advice of the Independent Financial Adviser, are of the opinion that the Whitewash Resolution is in the interests of the Company and is not prejudicial to the interests of the Independent Shareholders. Accordingly, the Recommending Directors recommend that the Independent Shareholders vote in favour of the ordinary resolution relating thereto to be proposed at the EGM.

9. DIRECTORS' RESPONSIBILITY STATEMENT

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

10. MANAGER'S RESPONSIBILITY STATEMENT

The Manager confirms that, having made reasonable enquiries and to the best of the Manager's knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the Rights Issue, Whitewash Resolution, the Company and its subsidiaries, and the Manager is not aware of any facts the omission of which would make any statement in this Circular misleading. Where information in the Circular has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Manager has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in the Circular in its proper form and context.

LETTER TO SHAREHOLDERS

11. CONSENTS

Crowe Horwath Capital Pte Ltd, the Manager, has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of its name and all references thereto in the form and context in which they appear in this Circular and to act in such capacity in relation to this Circular.

MS Corporate Finance Pte Ltd, the Independent Financial Adviser, has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of the IFA Letter (as set out in Appendix B to this Circular) and its name and all references thereto in the form and context in which they appear in this Circular and to act in such capacity in relation to this Circular.

12. INSPECTION OF DOCUMENTS

The following documents are available for inspection at the registered office of the Company at 133 New Bridge Road, #18-09 Chinatown Point, Singapore 059413 during normal business hours from the date of this Circular up to and including the date of the EGM:

- (a) the annual reports of the Company for FY2015, FY2016 and FY2017;
- (b) the Constitution of the Company;
- (c) the Irrevocable Undertaking;
- (d) the IFA Letter; and
- (e) the letters of consent referred to in Section 11 of this Circular.

Yours faithfully
For and on behalf of
the Board of Directors of
Manhattan Resources Limited

Low Yi Ngo
Chief Executive Officer and Managing Director
1 November 2018

APPENDIX A FINANCIAL INFORMATION OF THE GROUP

CONSOLIDATED INCOME STATEMENTS

The consolidated income statements of the Group for the financial years ended 31 December 2015 (“FY2015”), 31 December 2016 (“FY2016”) and 31 December 2017 (“FY2017”) and financial periods ended 30 June 2017 (“1H2017”) and 30 June 2018 (“1H2018”) are set out below:

	FY2015 S\$'000 Audited	FY2016 S\$'000 Audited	FY2017 S\$'000 Audited	1H2017 S\$'000 Unaudited	1H2018 S\$'000 Unaudited
Revenue	8,705	14,141	27,432	11,999	14,276
Other income	4,545	1,755	1,697	274	1,264
Employee benefits expense	(5,561)	(4,708)	(4,862)	(2,278)	(2,605)
Depreciation and amortisation	(5,451)	(6,090)	(9,463)	(3,050)	(4,259)
Operating expenses	(9,258)	(10,200)	(19,496)	(10,582)	(10,291)
Impairment loss	(13,240)	(93)	(16)	–	–
Other expenses*	(3,453)	(4,100)	(383)	487	(2,041)
Finance costs on loans and borrowings	–	(1,995)	(3,896)	(1,941)	(1,699)
Share of results of associate, net of tax	(104)	(53)	(11)	(7)	(4)
Share of results of joint venture company, net of tax	(79)	(1)	49	49	(45)
Loss before tax	(23,896)	(11,344)	(8,949)	(5,049)	(5,404)
Income tax expense	(54)	(337)	(7,354)	89	(75)
Loss for the financial year/period	(23,950)	(11,681)	(16,303)	(4,960)	(5,479)
Other comprehensive income					
<i>Items that may be reclassified subsequently to profit and loss</i>					
Foreign currency translation	4,196	(1,294)	(6,192)	(4,964)	2,505
Other comprehensive income/(loss) for the financial year/period, net of tax	4,196	(1,294)	(6,192)	(4,964)	2,505
Total comprehensive income/(loss) for the financial year/period	(19,754)	(12,975)	(22,495)	(9,924)	(2,974)
Loss attributable to:					
Owners of the Company	(24,353)	(12,378)	(14,443)	(4,302)	(4,268)
Non-controlling interests	403	697	(1,860)	(658)	(1,211)
Loss for the financial year/period	(23,950)	(11,681)	(16,303)	(4,960)	(5,479)

APPENDIX A FINANCIAL INFORMATION OF THE GROUP

	FY2015 S\$'000 Audited	FY2016 S\$'000 Audited	FY2017 S\$'000 Audited	1H2017 S\$'000 Unaudited	1H2018 S\$'000 Unaudited
Total comprehensive loss attributable to:					
Owners of the Company	(21,117)	(11,840)	(19,674)	(8,112)	(4,581)
Non-controlling interest	1,363	(1,135)	(2,821)	(1,812)	1,607
Total comprehensive loss for the financial year/period	(19,754)	(12,975)	(22,495)	(9,924)	(2,974)
Loss per share (cents) attributable to owners of the Company					
Basic	(4.28)	(2.18)	(2.54)	(0.76)	(0.75)
Diluted	(4.28)	(2.18)	(2.54)	(0.76)	(0.75)
Loss per share (cents) after adjusting for rights issue					
Basic	(2.14)	(1.09)	(1.27)	(0.38)	(0.38)
Diluted	(2.14)	(1.09)	(1.27)	(0.38)	(0.38)

* Includes foreign exchange gain

A review of the operations, business and financial performance of the Group is set out below:

FY2016 vs FY2015

The Group recorded a higher turnover in FY2016 of S\$14.1 million as compared to S\$8.7 million in FY2015, mainly due to sales of electricity as the Group consolidated the results of PT Kariangau Power (“**PT KP**”) for the first time following the completion of the acquisition on 29 June 2016. Overall coal transportation income fell in FY2016 as transshipments at lower charter rates, made up a larger proportion of coal carrying activities in FY2016 as compared to FY2015.

The shipping segment incurred a lower loss of S\$5.6 million in FY2016, as compared to S\$18.3 million in FY2015, mainly attributable to the reduction in fuel and upkeep expenses in FY2016. In FY2015, the shipping segment also recorded impairment losses of receivables and vessels. Following the impairment of vessels in 2015, vessel depreciation decreased accordingly in FY2016. The power plant segment attributed a loss of S\$1.4 million in FY2016 mainly due to the foreign exchange losses and amortisation of intangible assets.

The Group recorded a net loss attributable to owners of the Company of S\$12.4 million for FY2016 as compared to S\$24.4 million for FY2015. The decrease in losses in FY2016 was also offset by foreign exchange losses and finance charges incurred on the bank loans.

APPENDIX A FINANCIAL INFORMATION OF THE GROUP

FY2017 vs FY2016

The increase in coal carrying activities contributed notably to a 76% increase in coal transportation income in FY2017 as compared to FY2016. There was an increase in the depreciation charge in FY2017 arising from the proposed disposal of vessels in 2016. As at 31 December 2017, the proposed disposal has not been completed. As such the Group ceased to classify these tugs and barges as held for sale and has adjusted for depreciation that would have been recognised had the vessels not been classified as held for sale. Overall, the results of the shipping segment improved with lower net loss of S\$4.3 million in FY2017, as compared to net loss of S\$5.6 million in FY2016.

Sales of electricity increased from S\$8.0 million in FY2016 to S\$16.7 million in FY2017 largely due to consolidation of PT KP's results following the completion of the acquisition on 29 June 2016. The power plant segment recorded a net profit of S\$0.3 million for FY2017, as compared to net loss of S\$4.3 million in FY2016. The higher net profit in FY2017 was contributed by an one-off warranty claim.

As a whole, the Group recorded a net loss attributable to owners of the Company of S\$14.4 million for FY2017 as compared to S\$12.4 million losses for FY2016. The higher Group losses was also attributable to the additional depreciation and amortisation arising from the purchase price allocation exercise of PT KP. In addition, there was a S\$0.9 million fair value gain on investment in associate arising from the share swap in FY2016. Details of the share swap can be found in announcement dated 11 January 2016. Finance costs incurred in FY2017 were due to the bank loans of the Group.

1H2018 vs 1H2017

The Group recorded a higher turnover in 1H2018 of S\$14.3 million as compared to S\$12.0 million 1H2017. The higher turnover was mainly due to greater coal carrying activities during the period. The revenue in the shipping segment increased by 158% in 1H2018 as compared to 1H2017. The increase was offset by less electricity sale in the same period.

The shipping segment recorded a marginal loss of S\$0.2 million in 1H2018, as compared to loss of S\$0.6m in 1H2017. The gain in higher turnover from greater coal carrying activities was offset by more vessels undergoing repair in 1H2018 and the increase in fuel price and the foreign exchange loss. As part of the fleet renewal exercise, the Group has disposed some vessels in 1H2018 and recognised a gain on disposal of vessels of approximately S\$1.1 million. The power plant segment recorded a loss of S\$2.7m in 1H2018, as compared to net loss of S\$3.7 million in 1H2017, mainly due to decrease in finance costs as a result of repayment of bank loan, offset by increase in coal price and depreciation and amortisation during the period.

Finance costs incurred in 1H2018 decreased due to repayment of principal. Overall, the Group recorded a net loss attributable to owners of the Company of S\$4.3 million for both 1H2018 and 1H2017.

APPENDIX A FINANCIAL INFORMATION OF THE GROUP

STATEMENT OF FINANCIAL POSITION

The statement of financial position of the Group for FY2015, FY2016, FY2017 and 1H2018 are set out below:

	FY2015 S\$'000 Audited	FY2016 S\$'000 Audited	FY2017 S\$'000 Audited	1H2018 S\$'000 Unaudited
Non-current assets				
Property, plant and equipment	14,946	60,237	60,803	55,653
Land use rights	–	13,768	12,084	11,379
Intangible assets	–	24,511	20,466	18,746
Investment property under construction	–	7,685	10,319	10,998
Property under development	41,920	33,675	45,218	48,193
Goodwill	–	82	82	82
Deferred tax assets	–	8,170	–	–
Prepayments	–	1,694	3,218	3,407
Investment in associate	42,267	26,163	26,154	26,147
Interests in joint venture company	1,919	1,965	1,854	1,873
Trade and other receivables	11,041	8,898	7,160	7,260
	112,093	186,848	187,358	183,738
Current assets				
Trade and other receivables	7,013	4,827	12,079	6,462
Prepayments	426	592	614	863
Inventories	–	1,172	112	406
Cash and bank deposits	86,077	64,645	44,201	49,091
	93,516	71,236	57,006	56,822
Assets held for sale	–	10,482	–	–
	93,516	81,718	57,006	56,822
Current liabilities				
Loans and borrowings	–	(13,266)	(13,915)	(15,134)
Trade and other payables	(28,539)	(65,660)	(45,142)	(46,984)
Advance from joint venture company	(750)	(750)	(750)	(1,433)
Income tax payable	(95)	(97)	(90)	(387)
	(29,384)	(79,773)	(59,897)	(63,938)
Net current assets/(liabilities)	64,132	1,945	(2,891)	(7,116)

APPENDIX A FINANCIAL INFORMATION OF THE GROUP

	FY2015 S\$'000 Audited	FY2016 S\$'000 Audited	FY2017 S\$'000 Audited	1H2018 S\$'000 Unaudited
Non-current liabilities				
Trade and other payables	–	–	(26,634)	(26,449)
Deferred tax liabilities	(14)	(10,527)	(9,065)	(8,426)
Loans and borrowings	–	(27,974)	(20,971)	(16,809)
	(14)	(38,501)	(56,670)	(51,684)
Net assets	176,211	150,292	127,797	124,938
Equity				
Share capital	189,004	189,004	189,004	189,004
Accumulated losses	(82,194)	(94,572)	(109,015)	(113,283)
Capital reserves	14	14	14	14
Other reserve	(320)	(320)	(320)	(320)
Foreign currency translation reserve	1,121	1,664	(3,567)	(3,765)
Acquisition revaluation reserve	5,392	5,392	5,392	5,392
Employee share option reserve	74	74	74	74
Equity attributable to owners of the Company	113,091	101,256	81,582	77,116
Non-controlling interests	63,120	49,036	46,215	47,822
Total equity	176,211	150,292	127,797	124,938

Review of balance sheet as at 31 December 2015

Property under development relates to the mixed commercial development in Ningbo China. The increase was due to the capitalisation of development expenditure in FY2015. The decrease in the property, plant and equipment was mainly due to the depreciation charges incurred and the impairment loss in FY2015. Trade and other receivables decreased following receipts from customers and impairment losses. The movement in the balance sheet was also attributed by the appreciation of Renminbi (“RMB”) and United States Dollars (“USD”) against S\$ in FY2015. Apart from the foreign exchange movement in the balance sheet, the increase in trade and other payables was attributable to the accrual of charter expenses and expenses relating to the vessel accidents.

Review of balance sheet as at 31 December 2016

Assets and liabilities of PT KP were consolidated from the second quarter of 2016 for the first time subsequent to the completion of acquisition on 29 June 2016, causing the increase mainly in property, plant and equipment, land use rights, deferred tax assets, intangible assets, trade and other payables, deferred tax liabilities and loans and borrowings in FY2016. The goodwill and the fair values of the net identifiable assets of PT KP at acquisition date have been determined on a provisional basis. Property under development relates to the property development in Ningbo

APPENDIX A FINANCIAL INFORMATION OF THE GROUP

China and its decrease was due to the translation loss arising from the foreign exchange movement of RMB against S\$ in FY2016. Assets held for sale pertains to the proposed disposal of vessels announced by the Company on 11 October and 21 November 2016. Trade and other receivables decreased following receipts from debtors. Trade and other payables include the remaining purchase consideration payable for the acquisition of PT KP.

Review of balance sheet as at 31 December 2017

The property under development increased in FY2017 due to capitalisation of development expenditure. The decrease in land use rights and intangible assets was mainly due to the depreciation and amortisation charges incurred, accompanied with foreign exchange differences in FY2017. Movement in deferred tax assets was a result of the unutilised tax losses being written off as certain subsidiaries participated in the Tax Amnesty Programme introduced by the Indonesian Tax Office. The increase in prepayments mainly relates to the value added tax prepayments arising from the property development segment. Trade and other receivables increased following an increase in the period end coal transportation income. The increase in trade and other payables was mainly attributable to customer deposit placed and the longer payables credit terms. Loans and borrowings decreased subsequent to the repayment of loans.

Review of balance sheet as at 30 June 2018

The increase in property under development and investment property under construction in 1H2018 was due to capitalisation of development expenditure for the property development in Ningbo. The decrease in the property, plant and equipment, land use rights and intangible assets was mainly due to the depreciation and amortisation charges incurred, accompanied with foreign exchange differences in 1H2018. Trade and other receivables decreased following receipts from customers. The increase in prepayments mainly relates to the value added tax prepayments arising from the property development segment. The increase in trade and other payables was mainly attributable to longer repayment terms of payables. Loans and borrowings decreased subsequent to the repayment of loans.

APPENDIX A FINANCIAL INFORMATION OF THE GROUP

CONSOLIDATED STATEMENT OF CASH FLOWS

The consolidated statement of cash flow of the Group for FY2015, FY2016, FY2017 and 1H2018 are set out below:

	FY2015 S\$'000 Audited	FY2016 S\$'000 Audited	FY2017 S\$'000 Audited	1H2018 S\$'000 Unaudited
Cash flows from operating activities				
Loss before tax	(23,896)	(11,344)	(8,949)	(5,404)
Adjustments:				
Gain on disposal of investment in associate	—	(858)	—	—
Depreciation of property, plant and equipment	5,451	4,609	6,744	2,987
Amortisation of land use right	—	400	558	261
Amortisation of intangible assets	—	1,046	2,092	979
Amortisation of prepayments	—	35	69	32
Impairment loss on trade and other receivables	11,378	93	16	—
Impairment loss on property, plant and equipment	1,862	—	—	—
Write back of allowance for impairment of other receivables	—	(310)	(5)	—
Loss/(gain) on disposal of property, plant and equipment	—	77	(88)	(1,092)
Unrealised foreign exchange differences	4,785	1,120	(1,052)	1,241
Finance costs	—	1,995	3,896	1,699
Interest income	(836)	(349)	(289)	(151)
Share of results of associate	104	53	11	4
Share of results of joint venture company	79	1	(49)	45
Operating cash flows before working capital changes	(1,073)	(3,432)	2,954	601
(Increase)/decrease in inventories	—	(919)	1,008	(303)
Increase in property under development	—	(1,049)	(11,998)	(2,733)
Decrease/(increase) in trade and other receivables	9,299	6,332	(6,748)	5,458
Decrease/(increase) in prepayments	151	366	(1,802)	(318)
Increase in trade and other payables	1,644	4,197	10,785	1,219

APPENDIX A
FINANCIAL INFORMATION OF THE GROUP

	FY2015 S\$'000 Audited	FY2016 S\$'000 Audited	FY2017 S\$'000 Audited	1H2018 S\$'000 Unaudited
Cash flows from operations	10,021	5,495	(5,801)	3,924
Interest received	928	258	357	151
Finance costs paid	–	(1,928)	(3,698)	(1,599)
Net cash flows from/(used in) operating activities	10,949	3,825	(9,142)	2,476
Cash flows from investing activities				
Purchase of property, plant and equipment	(71)	(111)	(2,541)	(757)
Proceeds from sale of property, plant and equipment	–	82	150	1,102
Subsequent expenditure on investment property under construction	–	(239)	(2,738)	(624)
Additions to property under development	(1,825)	–	–	–
Net cash outflow on acquisition of a subsidiary	–	(33,442)	–	–
Decrease/(increase) in fixed deposits	24,232	(6,486)	(113)	
Net cash flows from/(used in) investing activities	22,336	(40,196)	(5,242)	(279)
Cash flows from financing activities				
Proceeds from loans and borrowings	–	10,008	–	–
Repayment of bank loans	–	(829)	(3,128)	(2,287)
Capital injection in a subsidiary by a non-controlling interest	–	–	–	3,582
Advances from joint venture				662
Cash at banks pledged	–	(280)	5	36
Net cash flows from/(used in) financing activities	–	8,899	(3,123)	1,993
Net change in cash and cash equivalents	33,285	(27,472)	(17,507)	4,190
Effect of exchange rate changes on cash and cash equivalents	(4,170)	(726)	(2,890)	685
Cash and cash equivalents at beginning of financial year/period	53,053	82,168	53,970	33,573
Cash and cash equivalents at end of financial year/period	82,168	53,970	33,573	38,448

APPENDIX A FINANCIAL INFORMATION OF THE GROUP

FY2015

The Group's cash and bank deposits remain healthy at S\$86.1 million as at 31 December 2015 as compared to S\$81.2 million as at 31 December 2014.

Net cash flows from operating activities for FY2015 increased from S\$4.6 million in FY2014 to S\$10.9 million mainly due to decrease in trade and other receivables because of better working capital management.

Net cash flow from investing activities for FY2015 increased from a net outflow of S\$10.6 million in FY2014 to a net inflow of S\$22.3 million mainly due to less long term fixed deposit being placed.

There are no cash transactions from financing activities in FY2015.

FY2016

The Group's cash and bank deposits remain healthy at S\$64.6 million, as at 31 December 2016 as compared to S\$86.1 million as at 31 December 2015.

Net cash flows from operating activities for FY2016 decreased from S\$10.9 million in FY2015 to S\$3.8 million due to increase in trade and other receivables and payables.

Net cash flow from investing activities for FY2016 decreased from net inflow of S\$22.3 million to a net outflow of S\$40.2 million mainly due to the partial payment for the acquisition of PT KP.

Net cash flow from financing activities for FY2016 increased to S\$8.9 million mainly due to proceeds from bank loan.

FY2017

The Group's cash and bank deposits remain healthy at S\$44.2 million as at 31 December 2017 as compared to S\$64.6 million as at 31 December 2016.

Net cash flows from operating activities for FY2017 decreased from a net inflow of S\$3.8 million in FY2016 to a net outflow of S\$9.1 million mainly due to additions to property under development and increase in trade and other receivables and payables.

Net cash flow from investing activities for FY2017 increased from a net outflow of S\$40.2 million to a net outflow of S\$5.2 million mainly due partial payment for the acquisition of PT KP in FY2016, purchase of property, plant and equipment ("**PPE**") and the capital expenditure on investment property under construction.

Net cash flow from financing activities for FY2017 decreased from a net inflow of S\$8.9 million to a net outflow of S\$3.1 million mainly due to repayment of bank loan offset by the proceeds from bank loan in FY2016.

APPENDIX A FINANCIAL INFORMATION OF THE GROUP

1H2018

The Group's cash and bank deposits remain healthy at S\$49.1 million as at 30 June 2018 as compared to S\$44.2 million as at 31 December 2017.

Net cash flows from operating activities for 1H2018 increased from a net outflow of S\$9.1 million in FY2017 to a net inflow of S\$2.5 million mainly due to decrease in trade and other receivables and the increase in property under development and payables.

Net cash flow from investing activities for 1H2018 increased from a net outflow of S\$5.2 million to a net outflow of S\$0.3 million mainly due to proceeds from sale of PPE and less PPE purchased and expenditure to investment property under development in 1H2018.

Net cash flow from financing activities for 1H2018 decreased from a net outflow of S\$3.1 million to a net inflow of S\$2.0 million mainly due to capital injection to a subsidiary by a non-controlling interest in 1H2018 and the repayment of bank loans during the period.

WORKING CAPITAL

The working capital of the Group as at 31 December 2015, 31 December 2016, 31 December 2017 and 30 June 2018 are set out below:

	31 December 2015	31 December 2016	31 December 2017	30 June 2018
	S\$'000	S\$'000	S\$'000	S\$'000
	Audited	Audited	Audited	Unaudited
Total Current Assets	93,516	81,718	57,006	56,822
Total Current Liabilities	29,384	79,773	59,897	63,938
Net Working Capital	64,132	1,945	(2,891)	(7,116)

As at 31 December 2016 compared to 31 December 2015

The decrease in net working capital of S\$62.2 million, from S\$64.1 million as at 31 December 2015 to S\$1.9 million as at 31 December 2016 was mainly due to the consideration paid/payable for the acquisition of PT KP during the year, the additions to property under development and repayment of bank loans.

As at 31 December 2017 compared to 31 December 2016

The decrease in net working capital of S\$4.8 million, from S\$1.9 million as at 31 December 2016 to negative S\$2.9 million as at 31 December 2017 was mainly due to additions of property under development under non-current asset.

As at 30 June 2018 compared to 31 December 2017

The decrease in net working capital of S\$4.2 million, from negative S\$2.9 million as at 31 December 2017 to negative S\$7.1 million as at 30 June 2018 was mainly due to additions of property under development under non-current asset.

APPENDIX B
LETTER FROM THE INDEPENDENT FINANCIAL ADVISER
IN RELATION TO THE WHITEWASH RESOLUTION

LETTER FROM MS CORPORATE FINANCE PTE. LTD. TO THE RECOMMENDING DIRECTORS

MS Corporate Finance Pte. Ltd.
(Company Registration No. 200305439E)
10 Anson Road
#29-16 International Plaza
Singapore 079903

1 November 2018

To: The Recommending Directors
Manhattan Resources Limited
133 New Bridge Road
#18-09 Chinatown Point
Singapore 059413

Dear Sirs,

INDEPENDENT FINANCIAL ADVICE TO THE RECOMMENDING DIRECTORS IN RESPECT OF THE WHITEWASH RESOLUTION IN CONNECTION WITH THE RIGHTS ISSUE

Unless otherwise defined or the context otherwise requires, all terms defined in the circular dated 1 November 2018 (the “**Circular**”) shall have the same meanings herein.

1. INTRODUCTION

On 5 September 2018 (the “**Rights Announcement Date**”), the Company announced, *inter alia*, that it is proposing to undertake a renounceable non-underwritten rights issue of up to 568,765,975 new ordinary shares (the “**Rights Shares**”) in the capital of the Company at an issue price of S\$0.0245 for each Rights Share (the “**Issue Price**”), on the basis of one (1) Rights Share for every one (1) ordinary share in the capital of the Company (the “**Share**”) held by shareholders of the Company (the “**Shareholders**”) as at the date and time to be determined by the Directors for the purposes of determining Shareholders’ entitlements under the rights issue, fractional entitlements to be disregarded (the “**Rights Issue**”).

As at the Latest Practicable Date, Dato’ Dr. Low Tuck Kwong (“**Dato Low**”) is directly interested in 373,637 Shares and 117,344,000 Shares which are registered in the name of Raffles Nominees (Pte) Limited (collectively the “**Existing Dato Low Shares**”), representing in aggregate approximately 20.71% of the existing issued and paid-up share capital of the Company of 568,490,975 Shares (the “**Existing Share Capital**”).

The concert parties of Dato Low include (i) Wong Kai Lai, his spouse; (ii) Low Yi Ngo, his son; (iii) Low Cheng Lum, his sibling; and (iv) MIPL, a company controlled by Dato Low and his immediate family. As at the Latest Practicable Date, the concert parties own 17.00% of the Existing Share Capital and collectively, Dato Low and his concert parties have an interest in 37.71% of the Existing Share Capital.

APPENDIX B

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER IN RELATION TO THE WHITEWASH RESOLUTION

To show his support for the Rights Issue and to demonstrate his commitment to and confidence in the Company, Dato Low had on 10 August 2018 given an irrevocable undertaking to the Company that he will, *inter alia*, fully subscribe and/or procure subscription for all his entitlement to the Rights Shares and fully subscribe and/or procure subscription for such Rights Shares which are not subscribed for or otherwise taken up and/or applied for by the other Entitled Shareholders (the “**Irrevocable Undertaking**”).

Under Rule 14 of the Singapore Code on Take-overs and Mergers (the “**Code**”) and Section 139 of the Securities and Futures Act, Chapter 289 of Singapore (the “**SFA**”), where (a) any person acquires, whether by a series of transactions over a period of time or not, shares which (taken together with shares held or acquired by persons acting in concert with him) carry 30% or more of the voting rights of a company; or (b) any person who, together with persons acting in concert with him, holds not less than 30% but not more than 50% of the voting rights and such person, or any person acting in concert with him, acquires in any period of six (6) months additional shares carrying more than 1% of the voting rights, such person must extend offers immediately to the holders of any class of share capital of the company which carries votes and in which such person, or persons acting in concert with him, hold shares.

Pursuant to the Irrevocable Undertaking, Dato Low and his concert parties may acquire more than 1% of the voting rights of the Company within the period of six (6) months, thereby resulting in Dato Low and his concert parties incurring an obligation to make a mandatory general offer for the remaining Shares not already owned or controlled by Dato Low.

As it is not the intention of Dato Low and his concert parties to make a general takeover for the Company, an application was made to seek the approval from the Securities Industry Council (the “**SIC**”) to grant a whitewash waiver to Dato Low and his concert parties from making the general offer.

The SIC had on 26 September 2018 granted the Company a waiver of the obligation of Dato Low to make a mandatory general offer of the Shares under Rule 14 of the Code (the “**Whitewash Waiver**”) following the allotment and issue of the Rights Shares, subject to the terms and conditions as set out in Section 4.3 of the Circular including, *inter alia*, the approval of the whitewash resolution (the “**Whitewash Resolution**”) by the majority of Independent Shareholders voting by way of poll at the EGM.

MS Corporate Finance Pte. Ltd. (“**MSCF**”) has been appointed as the independent financial adviser (“**IFA**”) to advise the Recommending Directors in respect of the Whitewash Resolution. This letter sets out, *inter alia*, our views and evaluation of the Whitewash Resolution and our opinion thereon (“**IFA Letter**”), and will form part of the Circular issued by the Company providing, *inter alia*, details of the Rights Issue.

APPENDIX B

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER IN RELATION TO THE WHITEWASH RESOLUTION

2. TERMS OF REFERENCE

MSCF has been appointed to advise the Recommending Directors in respect of the Whitewash Resolution. Specifically, MSCF will advise on whether the Independent Shareholders should vote in favour of the Whitewash Resolution.

We have not been involved in any aspect of the discussions concerning the Rights Issue. Our terms of reference is to form a view as to the fairness and reasonableness of the Rights Issue and our opinion thereon. It does not require us to evaluate or comment on the strategic, legal, commercial and financial risks and/or merits of the Rights Issue or the future prospects or value of the Company and its subsidiaries (the “**Group**”) and we have not made such evaluation or comment. Such evaluation or comment, if any, remains the responsibility of the Board and the management of the Company (“**Management**”), although we may draw upon their views or make such comments in respect thereof (to the extent deemed necessary or appropriate by us) in arriving at our opinion as set out in this IFA Letter. We do not, by this IFA Letter, warrant the merits of the Rights Issue, other than to express an opinion for the purposes as stated above.

The scope of our appointment does not require us to conduct a comprehensive independent review of the business, operations or financial condition of the Group or to express, and we do not express, a view on the future growth prospects, value and earnings potential of the Group. We have not obtained from the Company any projection of the future performance including financial performance of the Group, and further, we did not conduct discussions with the Management on, and did not have access to, any business plan and financial projections of the Group. We also do not express an opinion herein as to the future value, financial performance or condition of the Company or the Group after completion of the Rights Issue.

In the course of our evaluation, we have held discussion with the Board, the Management and/or their professional advisers and have examined and relied to a considerable extent on publicly available information collated by us as well as information and representations, whether written or verbal, provided to us by the Board, the Management and/or their professional advisers, including information in the Circular. Whilst care has been exercised in reviewing the information or representations we have relied upon, we have not independently verified such information or representations and accordingly cannot and do not warrant or accept responsibility for the accuracy, completeness or adequacy of these information or representations. We have, however made reasonable enquiries and exercised our judgement (as we deemed necessary) in assessing the information and representations provided to us, and have found no reason to doubt the accuracy of such information or representations which we have relied on.

We have also relied upon the responsibility statement of the Board of Directors (including those who may have delegated detail supervision of the Circular) that they collectively and individually accept full responsibility for the accuracy of the information given in the Circular and that having made all reasonable enquiries and to the best of their knowledge and belief, to ensure that the facts stated and opinions expressed in the Circular are fair and accurate and that no material facts have been omitted which would make any statement in the Circular misleading.

Our opinion, as set out in this letter, is based upon market, economic, industry, monetary and other conditions prevailing as at the Latest Practicable Date and may change significantly over a relatively short period of time. We assume no responsibility to update, revise or reaffirm our opinion, factors or assumptions in light of any subsequent development after the Latest Practicable Date that may affect our opinion or factors or assumptions contained herein.

APPENDIX B

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER IN RELATION TO THE WHITEWASH RESOLUTION

In rendering our services, we have not had regard to the specific investment objectives, financial situation, tax position, tax status, risk profiles or particular needs and constraints or circumstances of any individual Shareholder. As each Shareholder would have different investment objectives and profiles, we would advise that any individual Shareholder who may require specific advice in the context of his specific investment objectives or portfolio should consult his stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser immediately.

The Company has been separately advised by its own advisers in the preparation of the Circular other than this IFA Letter. We have had no role or involvement and have not provided any advice, financial or otherwise, whatsoever in the preparation, review and verification of the Circular other than this IFA Letter. Accordingly, we take no responsibility for and express no views, express or implied, on the contents of the Circular other than this IFA Letter.

We have prepared this IFA Letter for the use of the Recommending Directors in connection with their consideration of the Whitewash Resolution and their advice to the Independent Shareholders arising thereof. Our opinion in relation to the Whitewash Resolution, as set out in Section 7 of this IFA Letter, should be considered in the context of the entirety of this IFA Letter and the Circular.

3. KEY TERMS OF THE RIGHTS ISSUE

The detailed terms of the Rights Issue are set out in Section 2 of the Circular. Shareholders are advised to read the terms and conditions of the Rights Issue carefully. A summary of the key terms is set out below for your reference:

3.1 Basis of the Rights Issue

The Rights Issue is proposed to be offered on a renounceable non-underwritten basis by the Company. Pursuant thereto, the Company will issue up to 568,765,975 Rights Shares at the Issue Price of S\$0.0245 for each Rights Share, on the basis of one (1) Rights Share for every one (1) existing Share held by Entitled Shareholders as at the Books Closure Date, fractional entitlements to be disregarded.

3.2 The Issue Price

The Issue Price represents a discount of approximately:

- (a) 69.38% to the last trading share price of S\$0.08 per Share for trades done on the Mainboard of the SGX-ST on 10 August 2018 (being the last trading day immediately before the Rights Announcement Date); and
- (b) 53.11% to the theoretical ex-rights price of S\$0.05225 per Share.

3.3 The Rights Shares

The Rights Shares are payable in full upon acceptance and/or application, and will upon allotment and issuance, rank *pari passu* in all respects with the then existing Shares, save for any dividends, rights, allotments or other distributions that may be declared or paid, the record date for which falls before the date of issue of the Rights Shares.

APPENDIX B
LETTER FROM THE INDEPENDENT FINANCIAL ADVISER
IN RELATION TO THE WHITEWASH RESOLUTION

3.4 The Irrevocable Undertaking

As at the Latest Practicable Date, Dato Low is directly interested in 373,637 Shares and 117,344,000 Shares which are registered in the name of Raffles Nominees (Pte) Limited, representing in aggregate approximately 20.71% of the Existing Share Capital. To show his support for the Rights Issue and to demonstrate his commitment to and confidence in the Company, Dato Low had on 10 August 2018 given the Irrevocable Undertaking to the Company and the Manager, *inter alia*:

- (a) that he will not sell, transfer or otherwise deal with any of the Existing Dato Low Shares prior to the Books Closure Date;
- (b) to fully subscribe and/or procure subscription for all of his entitlement of 117,717,637 Rights Shares based on the Existing Dato Low Shares as at the Books Closure Date under the Rights Issue;
- (c) to fully subscribe and/or procure subscription for up to 451,048,338 Rights Shares which are not subscribed for or otherwise taken up and/or applied for by the other Entitled Shareholders (the “**Excess Rights Shares**”), on the basis that he will rank last in priority for the allotment of Excess Rights Shares which are not taken up by the other Entitled Shareholders; and
- (d) to vote and/or procure the voting of, all of his shareholding, whether held directly or indirectly, in favour of the Rights Issue in order to procure the passing of the resolution for the Rights Issue to be tabled at the EGM.

The Irrevocable Undertaking is subject to and conditional upon the following:

- (a) the grant of the Whitewash Waiver by SIC to Dato Low and persons acting in concert with him, and such approval not having been withdrawn or revoked prior to the completion of the Rights Issue;
- (b) the receipt of the approval in-principle of the SGX-ST for the dealing in, listing of and quotation of the Rights Shares under the Rights Issue on the Mainboard of the SGX-ST and such approval not being withdrawn or revoked as at the completion of the Rights Issue, and if such approval is granted to such conditions, such conditions being acceptable to the Company;
- (c) the Rights Issue being approved by the Shareholders at the EGM to be convened;
- (d) the Whitewash Resolution being approved by the Independent Shareholders at the EGM; and
- (e) the lodgement of the Offer Information Statement, together with all other accompanying documents (if applicable), by the Company in respect of the Rights Issue with the Authority.

APPENDIX B
LETTER FROM THE INDEPENDENT FINANCIAL ADVISER
IN RELATION TO THE WHITEWASH RESOLUTION

4. THE WHITEWASH RESOLUTION

4.1 Rule 14 of the Code

Under Rule 14 of the Code and Section 139 of the SFA, where (a) any person acquires, whether by a series of transactions over a period of time or not, shares which (taken together with shares held or acquired by persons acting in concert with him) carry 30% or more of the voting rights of a company; or (b) any person who, together with persons acting in concert with him, holds not less than 30% but not more than 50% of the voting rights and such person, or any person acting in concert with him, acquires in any period of six (6) months additional shares carrying more than 1% of the voting rights, such person must extend offers immediately to the holders of any class of share capital of the company which carries votes and in which such person, or persons acting in concert with him, hold shares.

4.2 Shareholding effects of the Rights Issue

As at the Latest Practicable Date, Dato Low and his concert parties are interested in an aggregate of 214,375,101 Shares representing approximately 37.71% of the Existing Share Capital.

Based on the Existing Share Capital and the Irrevocable Undertaking, the illustrative shareholdings of Dato Low and his concert parties after the completion of the Rights Issue is set out below:

- (a) assuming (i) only Dato Low subscribes for his pro-rata entitlement of the Rights Shares; and (ii) no other person subscribes for the Rights Shares such that Dato Low subscribes for such number of Excess Rights Shares pursuant to the Irrevocable Undertaking, and further assuming that:
 - (A) no outstanding Share Options are exercised before the Books Closure Date, Dato Low and his concert parties will have an interest in approximately 68.85% of the enlarged issued share capital of the Company immediately upon completion of the Rights Issue; and
 - (B) all outstanding Share Options are exercised before the Books Closure Date, Dato Low and his concert parties will have an interest in approximately 68.85% of the enlarged issued share capital of the Company immediately upon completion of the Rights Issue; and
- (b) assuming that all the Entitled Shareholders subscribe for their pro-rata entitlements of Rights Shares, and further assuming that:
 - (A) no outstanding Share Options are exercised before the Books Closure Date, Dato Low and his concert parties will have an interest in approximately 37.71% of the enlarged issued share capital of the Company immediately upon completion of the Rights Issue; and
 - (B) all outstanding Share Options are exercised before the Books Closure Date, Dato Low and his concert parties will have an interest in approximately 37.69% of the enlarged issued share capital of the Company immediately upon completion of the Rights Issue.

APPENDIX B
LETTER FROM THE INDEPENDENT FINANCIAL ADVISER
IN RELATION TO THE WHITEWASH RESOLUTION

4.3 Conditional waiver by the SIC

On 26 September 2018, the SIC granted the Whitewash Waiver subject to the following conditions:

- (a) a majority of holders of voting rights of the Company approve at a general meeting, before the Rights Issue, the Whitewash Resolution by way of a poll to waive their rights to receive a general offer from Dato Low and his concert parties;
- (b) the Whitewash Resolution is separate from other resolutions;
- (c) Dato Low and his concert parties as well as parties not independent of them abstain from voting on the Whitewash Resolution;
- (d) Dato Low and his concert parties did not acquire or are not to acquire any Shares or instruments convertible into and options in respect of Shares (other than subscription for, rights to subscribe for, instruments convertible into or options in respect of new Shares which have been disclosed in the Circular):
 - (i) during the period between the first announcement of the Rights Issue and the date the Shareholders' approval is obtained for the Whitewash Resolution; and
 - (ii) in the six months prior to the first announcement of the Rights Issue but subsequent to negotiations, discussions or the reaching of understandings or agreements with the Directors in relation to the Rights Issue;
- (e) the Company appoints an independent financial adviser to advise the Independent Shareholders on the Whitewash Resolution;
- (f) the Company sets out clearly in its Circular to the Shareholders:
 - (i) details of the Rights Issue and the Irrevocable Undertaking given by Dato Low;
 - (ii) the dilution effect to the existing holders of voting rights upon the subscription of the Rights Shares and any Excess Rights Shares by Dato Low;
 - (iii) the number and percentage of voting rights in the Company as well as the number of instruments convertible into, rights to subscribe for and options in respect of Shares held by Dato Low and his concert parties as at the Latest Practicable Date;
 - (iv) the number and percentage of voting rights to be acquired by Dato Low and his concert parties as a result of their subscription of the Rights Shares and any Excess Rights Shares;
 - (v) a specific and prominent reference to the fact that the subscription of the Rights Shares, including any Excess Rights Shares, could result in Dato Low and his concert parties holding shares carrying over 49% of the voting rights of the Company based on the enlarged issued share capital, and to the fact that Dato Low and his concert parties will be free to acquire further Shares without incurring any obligation under Rule 14 of the Code to make a general offer; and

APPENDIX B
LETTER FROM THE INDEPENDENT FINANCIAL ADVISER
IN RELATION TO THE WHITEWASH RESOLUTION

- (vi) a specific and prominent reference to the fact that Shareholders, by voting for the Whitewash Resolution, are waiving their rights to a general offer from Dato Low and his concert parties at the highest price paid by any of them for Shares in the past six months preceding the commencement of the offer;
- (g) the Circular stating that the waiver granted by the SIC to Dato Low and his concert parties from the requirements to make a general offer under Rule 14 of the Code is subject to the conditions stated in paragraphs (a) to (f) above;
- (h) the Company obtains the SIC's approval in advance for those parts of the Circular that refer to the Whitewash Resolution; and
- (i) to rely on the Whitewash Resolution, approval of the Whitewash Resolution must be obtained within 3 months from 26 September 2018 and the subscription of Rights Shares and any Excess Rights Shares by Dato Low and his concert parties must be completed within three months of the date of approval of the Whitewash Resolution.

As at the date of the Circular, save for the conditions set out in Sections 4.3(a), 4.3(c) and 4.3(i) above, all the other conditions set out above have been satisfied.

APPENDIX B

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER IN RELATION TO THE WHITEWASH RESOLUTION

5. EVALUATION OF THE WHITEWASH RESOLUTION

In our assessment of Whitewash Resolution, we have taken into account the following factors which we consider to be pertinent and to have a significant bearing on our assessment of the Whitewash Resolution:

- 5.1 Rationale for the Rights Issue and use of proceeds;
- 5.2 The Rights Issue being offered to all entitled Shareholders on a *pro rata* basis;
- 5.3 Historical financial performance and position of the Group;
- 5.4 Historical market price and trading activity of the Shares;
- 5.5 Statistics of completed renounceable rights issue of shares;
- 5.6 Financial effects of the Rights Issue; and
- 5.7 Other relevant considerations.

5.1 Rationale for the Rights Issue and use of proceeds

The full text of the rationale for the Rights Issue and use of proceeds has been extracted from Section 2.8 of the Circular and is set out in italics below:

“The Directors believe that the Rights Issue will provide Shareholders with the opportunity to obtain further equity participation in the Company by subscribing for the Rights Shares. In addition, the proceeds from the Rights Issue will enable the Company to finance the working capital requirements of the Company and its subsidiaries, including expenses which have been, or may be, incurred in connection with the development of the real estate project, Ningbo Yinzhou Manhattan Tower, by Manhattan Resources (Ningbo) Property Limited (“MRN”) in the PRC (“Ningbo Project”). The Ningbo Project will be a 56-storey building, which sits on a land area of approximately 24,000 sq m and which will have a built-up area of approximately 250,000 sq m. The Ningbo Project is located in the South Commercial Park of Yinzhou District in Ningbo City and is currently expected to be completed in 2022. Construction of the Ningbo Project is being undertaken by Zhong Tian Construction Group Co., Ltd and the bored piling works have been completed in the third quarter of 2018 with basement excavation works expected to commence soon.

As announced by the Company on 16 July 2018, MRN is wholly owned by Manhattan Property Development Pte. Ltd. (“MPDPL”), which is 51% held by the Company and 49% held by KaiYi Investment Pte. Ltd. (“KaiYi”). As at the Latest Practicable Date, Dato Low owns 11% of KaiYi, Low Yi Ngo and Elaine Low each owns 36% and the remaining 17% is owned by the immediate family of Dato Low.

APPENDIX B

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER IN RELATION TO THE WHITEWASH RESOLUTION

The total estimated cost of development for the Ningbo Project is approximately S\$413 million, and as at 30 September 2018, MRN has paid an aggregate of approximately S\$19 million to its suppliers and contractors. Progress payment will be made towards construction works completed and the Ningbo Project is expected to be funded through a combination of internal sources of funds, progress payment on pre-sales of the Ningbo Project, and borrowings from financial institution(s). As set out below, the Company proposes to use S\$10 million of the proceeds from the Rights Issue to capitalise MRN on a proportionate basis with KaiYi based on their respective equity interests in MPDPL. Accordingly, upon the completion of such capitalisation by the Company and KaiYi, MRN will have approximately S\$51.6 million (including approximately S\$31 million of cash in bank accounts) which is expected to be applied towards the construction of the Ningbo Project until 2020 when pre-sales will be conducted.

The proceeds from the Rights Issue will not be sufficient for the overall cost of development for the Ningbo Project. As and when necessary and deemed appropriate, the Company may explore secondary fund raising exercises by tapping the capital markets including but not limited to rights issues, share placement and/or issue of debt instruments.

The estimated net proceeds ("**Net Proceeds**") arising from the Rights Issue, after deducting estimated expenses of approximately S\$0.20 million, are expected to be approximately S\$13.73 million in both the Maximum Subscription Scenario and the Minimum Subscription Scenario. The Company intends to fund all the expenses in relation to the Rights Issue by internal resources.

For illustrative purposes only, the table below sets out the proposed use of Net Proceeds by the Company based on the Maximum Subscription Scenario and the Minimum Subscription Scenario:

Purpose	Maximum Subscription Scenario and Minimum Subscription Scenario	
	% of Net Proceeds	S\$ (million)
1) Capital investment in the Ningbo Project	72.8	10.00
2) General working capital	27.2	3.73
Total	100.0	13.73

The above allocations are based on the Maximum Subscription Scenario and the Minimum Subscription Scenario only and subject to certain assumptions. In the event that the Net Proceeds falls in between the Maximum Subscription Scenario and the Minimum Subscription Scenario, the Company will make the necessary announcements on the revised allocations once the final Net Proceeds have been determined. It is anticipated that the allocations will not deviate significantly from the above illustrations.

Pending deployment of the Net Proceeds, such Net Proceeds may be deposited with banks and/or financial institutions, invested in short-term money markets or marketable securities or used for any other purposes on a short-term basis as the Directors may, in their absolute discretion, deem fit in the interest of the Company.

The Company will make periodic announcements on the utilisation of the Net Proceeds as and when such proceeds are materially disbursed, and provide a status report on the use of the Net Proceeds in the annual report of the Company. Where there is a material deviation in the use of Net Proceeds, the Company will state the reason(s) for such deviation.

APPENDIX B

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER IN RELATION TO THE WHITEWASH RESOLUTION

In relation to the Net Proceeds which are set aside for general working capital purposes, the Company will disclose a breakdown with specific details on the use of the Net Proceeds for working capital in announcements and annual reports.”

5.2 The Rights Issue being offered to all entitled Shareholders on a *pro rata* basis

The Rights Issue are being offered on a *pro-rata* basis to Entitled Shareholders.

Entitled Shareholders will be at liberty to accept (in full or in part), decline or otherwise renounce or in the case of Entitled Depositors only, trade their provisional allotments of the Rights Shares on the SGX-ST and will be eligible to apply for additional Rights Shares in excess of their provisional allotments under the Rights Issue.

In the allotment of Excess Rights Shares, preference will be given to the rounding of odd lots, and the Directors and the Substantial Shareholders (including Dato Low and his concert parties) who have control or influence over the Company in connection with the day-to-day affairs of the Company or the terms of the Rights Issue, or have representation (direct or through a nominee) on the Board will rank last in priority for the rounding of odd lots and allotment of Excess Rights Shares. As Dato Low is a substantial Shareholder who has control or influence over the Company in connection with the day-to-day affairs of the Company, Dato Low will rank last in priority for the rounding of odd lots and allotment of Excess Rights Shares. Therefore, the Independent Shareholders will not be at a disadvantage in the allocation of their application for their entitlements of Rights Shares and Excess Rights Shares pursuant to the Rights Issue.

In the event that all the Rights Shares are fully subscribed by the Entitled Shareholders, the current shareholding structure of the Company will remain unchanged.

APPENDIX B
LETTER FROM THE INDEPENDENT FINANCIAL ADVISER
IN RELATION TO THE WHITEWASH RESOLUTION

5.3 Historical financial performance and position of the Group

We set out below the financial performance and position of the Group for FY2015, FY2016 and FY2017 and the financial results for the six-month period ended 30 June 2017 (“**HY2017**”) and the six-month period ended 30 June 2018 (“**HY2018**”) based on the audited financial statements of the Group for FY2015, FY2016 and FY2017 and the unaudited financial statements of the Group for HY2017 and HY2018.

Statement of Comprehensive Income	Audited FY2015 S\$'000	Audited FY2016 S\$'000	Audited FY2017 S\$'000	Unaudited HY2017 S\$'000	Unaudited HY2018 S\$'000
Revenue	8,705	14,141	27,432	11,999	14,276
Other income	4,545	1,755	1,697	274	1,264
Employee benefits expenses	(5,561)	(4,708)	(4,862)	(2,278)	(2,605)
Depreciation and amortisation	(5,451)	(6,090)	(9,463)	(3,050)	(4,259)
Operating expenses	(9,258)	(10,200)	(19,496)	(10,582)	(10,291)
Impairment loss	(13,240)	(93)	(16)	-	-
Other expenses	(3,453)	(4,100)	(383)	487 ⁽¹⁾	(2,041)
Finance costs on loans and borrowings	-	(1,995)	(3,896)	(1,941)	(1,699)
Share of results of associate, net of tax	(104)	(53)	(11)	(7)	(4)
Share of results of joint venture company, net of tax	(79)	(1)	49	49	(45)
Loss before tax	(23,896)	(11,344)	(8,949)	(5,049)	(5,404)
Income tax (expense)/benefit	(54)	(337)	(7,354)	89	(75)
Loss after tax	(23,950)	(11,681)	(16,303)	(4,960)	(5,479)

Source: Annual reports for FY2015, FY2016, FY2017 and unaudited financial statements for HY2017 and HY2018 of the Company.

Note

(1) Include foreign exchange gain.

APPENDIX B

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER IN RELATION TO THE WHITWASH RESOLUTION

Statement of Financial Position	Audited As at 31 December 2015 S\$'000	Audited As at 31 December 2016 S\$'000	Audited As at 31 December 2017 S\$'000	Unaudited As at 30 June 2018 S\$'000
Current assets	93,516	71,236	57,006	56,822
Assets held for sale	-	10,482	-	-
Non-current assets	112,093	186,848	187,358	183,738
Total assets	205,609	268,566	244,364	240,560
Current liabilities	29,384	79,773	59,897	63,938
Non-current liabilities	14	38,501	56,670	51,684
Total liabilities	29,398	118,274	116,567	115,622
Net current assets/(liabilities)	64,132	1,945	(2,891)	(7,116)
Net assets	176,211	150,292	127,797	124,938

Source: Annual reports for FY2015, FY2016, FY2017 and unaudited financial statements for HY2017 and HY2018 of the Company.

Statement of Cash Flows	Audited FY2015 S\$'000	Audited FY2016 S\$'000	Audited FY2017 S\$'000	Unaudited HY2017 S\$'000	Unaudited HY2018 S\$'000
Net cash from/(used in) operating activities	10,949	3,825	(9,142)	(15,218)	2,476
Net cash from/(used in) investing activities	22,336	(40,196)	(5,242)	(2,997)	(279)
Net cash from/(used in) financing activities	-	8,899	(3,123)	(1,634)	1,993
Cash and cash equivalents at end of year/period	82,168	53,970	33,573	36,903	38,448

Source: Annual reports for FY2015, FY2016, FY2017 and unaudited financial statements for HY2017 and HY2018 of the Company.

We note the following:

- (a) The Group recorded an increase in revenue from FY2015 to FY2017, where revenue increased from S\$8.7 million for FY2015 to S\$14.1 million for FY2016 and to S\$27.4 million for FY2017. This represented an increase of 62.4% from FY2015 to FY2016 and 94.0% from FY2016 to FY2017. The increase in FY2016 was due mainly to the contribution from the power plant of PT Kariangau Power ("PT KP"), acquired in June 2016. The increase in FY2017 was due to the full year contribution from the power plant segment and the increase in shipping revenue due to the increase in volume of coal transported.

For HY2018, the Group recorded revenue of S\$14.3 million, an increase of 19.0% from S\$12.0 million for the corresponding period of HY2017. The increase was due mainly to greater coal carrying activities in HY2018 but offset by lower sales volume of electricity.

APPENDIX B
LETTER FROM THE INDEPENDENT FINANCIAL ADVISER
IN RELATION TO THE WHITEWASH RESOLUTION

- (b) The Group recorded losses before tax of S\$23.9 million, S\$11.3 million and S\$8.9 million for FY2015, FY2016 and FY2017 respectively. For FY2015, the losses were mainly contributed by the shipping segment due to the reduction in coal carrying activities and partly due to the impairment loss of S\$13.2 million for trade and other receivables and vessels. For FY2016, the Group recorded lower losses as the Group streamlined the shipping segment and thus cutting losses. In addition, following the impairment of vessels in 2015, there was lower depreciation in FY2016. The Group recorded lower losses for FY2017 due to lower losses from the shipping segment as a result of increased coal carrying activities but offset by the losses from the property segment due to foreign exchange losses and higher legal fees.

Although revenue increased for HY2018, the Group recorded higher losses in HY2018 as compared to HY2017 due mainly to increase in fuel price, increase in coal price, increase in vessel repair costs and foreign exchange losses.

- (c) The Group's net asset position decreased from S\$176.2 million as at 31 December 2015 to S\$150.3 million as at 31 December 2016. Although total assets increased in 2016 from the power plant business, the increase was offset by the increase in trade and other payables which included the balance purchase consideration payable for the acquisition of PT KP. The net asset position then decreased to S\$127.8 million as at 31 December 2017 due mainly to the losses incurred in FY2017. The decrease in cash and bank deposits was due mainly to the additions to property under development and repayment of bank loan. The decrease of deferred tax assets was as a result of the unutilised tax losses being written off as certain subsidiaries participated in the Tax Amnesty Programme introduced by the Indonesian Tax Office. The increase in prepayments mainly relates to the value added tax prepayments arising from the property development segment. Trade and other receivables increase following an increase in the period end coal transportation income. The increase in trade and other payables was mainly attributable to customer deposit placed and the longer payables credit terms.

As at 30 June 2018, the net asset position of the Group continued to decrease to S\$124.9 million due mainly to (i) the decrease in property, plant and equipment, land use rights and intangibles assets as a result of depreciation and amortisation charges; and (ii) the increase in trade and other payables mainly attributable to longer repayment terms.

We note that the Group was in a net current liabilities position as at 31 December 2017 and 30 June 2018.

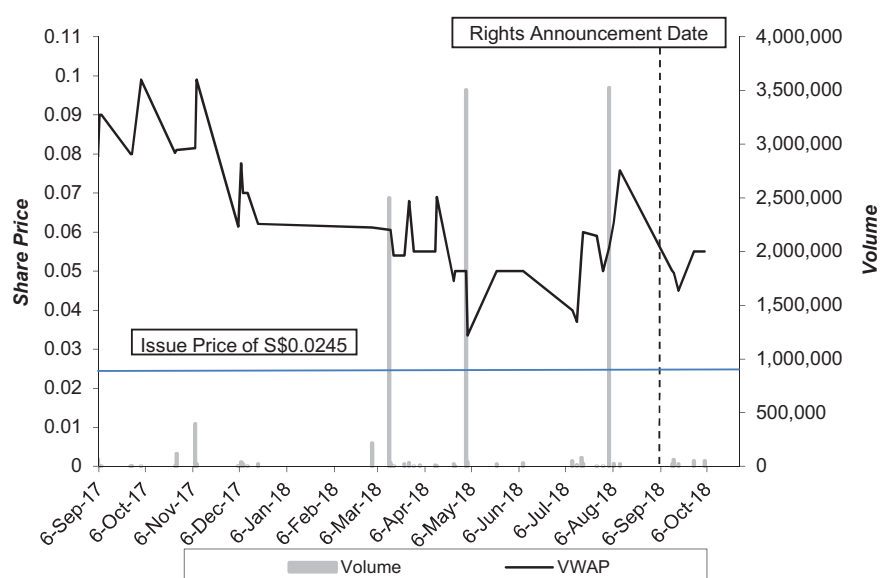
- (d) In FY2016, cash and cash equivalents decreased due to the acquisition of PT KP. In FY2017, cash and cash equivalents decreased further due mainly to additions to property under development and repayment of bank loans. For HY2018, the increase in cash and cash equivalents was mainly due to (i) capital injection in a subsidiary by a non-controlling interest; (ii) proceeds from sale of vessels but offset by expenditure for fixed assets and repayment of bank loans.

APPENDIX B

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER IN RELATION TO THE WHITEWASH RESOLUTION

5.4 Historical market price and trading activity of the Shares

We set out below the Company's share price and volume chart based on the daily volume weighted average price ("VWAP") of the Shares and daily volume traded for the 12-month period up to 5 September 2018, being the Rights Announcement Date, and ending on the Latest Practicable Date.



We have tabulated below selected statistical information on the share price performance and trading liquidity of the Shares from 6 September 2017, being 12-month period prior to the Rights Announcement Date, up to the Latest Practicable Date:

Reference period	Average daily volume ⁽¹⁾	Daily trading volume as percentage of free float ⁽²⁾ (%)	Lowest transacted price (S\$)	Highest transacted price (S\$)	VWAP (S\$)	Discount of Issue Price to VWAP (%)
Prior to the Rights Announcement Date						
1 year before	43,224	0.02	0.032	0.099	0.042	42.35
6 months before	79,700	0.03	0.032	0.080	0.040	38.28
3 months before	60,805	0.03	0.037	0.080	0.056	56.11
1 month before	2,250	<0.01	0.060	0.080	0.068	64.16
Last traded price on 10 August 2018	20,000	0.01	0.074	0.080	0.076	67.68
After the Rights Announcement Date and up to the Latest Practicable Date						
Between the Rights Announcement Date and up to the Latest Practicable Date	5,313	<0.01	0.045	0.055	0.052	52.76
On the Latest Practicable Date	-	-	-	-	-	-

Source: Bloomberg L.P.

APPENDIX B

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER IN RELATION TO THE WHITELASH RESOLUTION

Notes

- (1) The average daily volume of the Shares is calculated based on the total volume of Shares traded during the period divided by the number of market days during that period.
- (2) Free float refers to the Shares other than those held by the Directors, the substantial shareholders of the Company and their related parties, and amounts to 236,213,082 Shares, representing approximately 41.55% of the issued Shares as at the Latest Practicable Date.

Based on the above table, we note that:

- (i) the Issue Price represents a discount of approximately 42.35%, 38.28%, 56.11%, 64.16% to the VWAP of the Shares over the 1 year, 6-month period, 3-month period and 1-month period prior to the Rights Announcement Date respectively;
- (ii) the Issue Price represents a discount of approximately 69.38% to the last traded price of the Shares of S\$0.08 on 10 August 2018, being the last trading day prior to the Rights Announcement Date;
- (iii) the Issue Price represents a discount of approximately 52.76% to the VWAP of the Shares for the period from the Rights Announcement Date to the Latest Practicable Date; and
- (iv) there were no trades being transacted on the Latest Practicable Date.

We observed the following with regard to the trading volume of the Shares:

- (i) trading liquidity of the Shares over all the reference periods prior to the Rights Announcement Date has been low at an average daily trading volume of the Shares of between 2,250 and 79,700 representing between 0.00% and 0.03% of the free float of the Company and between 0.00% and 0.01% of the total number of Shares of the Company;
- (ii) the average daily trading volume of the Shares was 5,313 for the period between the Rights Announcement Date and the Latest Practicable Date representing 0.002% of the free float of the Company; and
- (iii) there were no trades being transacted on the Latest Practicable Date.

Shareholders should note that the past trading performance of the Shares should not, in any way, be relied upon as an indication or assurance of its future trading performance.

APPENDIX B
LETTER FROM THE INDEPENDENT FINANCIAL ADVISER
IN RELATION TO THE WHITWASH RESOLUTION

5.5 Statistics of completed renounceable rights issue of shares

In assessing the reasonableness of the Issue Price, we have reviewed the salient statistics of completed renounceable rights issue undertaken by companies listed on the SGX-ST announced from 1 January 2017 and up to the Latest Practicable Date (the “**Completed Rights Issue**”) to provide, *inter alia*, a comparison of the premium/(discount) of the issue prices of the rights shares over/to the last transacted prices for the shares of these companies prior to the date of the relevant announcements and the NAV of the companies.

We would advise the Shareholders to note that the circumstances of each company are unique and that these companies may not be identical to the Group in terms of business activities, size of operations, market capitalisation, asset base, risk profile, track record, future prospects and other criteria. Further, the list of the Completed Rights Issue is by no means exhaustive and information relating to the said companies was compiled from publicly available information. Therefore, any comparison serves as an illustrative guide only.

Company	Date of announcement	Basis	Last transacted price prior to announcement	Issue price of rights shares	Premium/(Discount) of issue price to share price prior to announcement (%)	Theoretical ex-rights price ⁽¹⁾	Premium/(Discount) of issue price to theoretical ex-rights price (%)	NAV per share before rights issue ⁽²⁾	Premium/(Discount) of issue price to NAV per share (%)
Ley Choon Group Holdings Limited	24-Feb-17	1 for 1	S\$0.048	S\$0.015	(68.75)	\$0.032	(53.13)	S\$0.034	(55.88)
Ascott Residence Trust	6-Mar-17	29 for 100	S\$1.170	S\$0.919	(21.45)	S\$1.114	(17.50)	S\$1.331	(30.95)
Nutryfarm International Limited	30-Mar-17	1 for 2	S\$0.220	S\$0.100	(54.55)	S\$0.180	(44.44)	S\$0.285 ⁽³⁾	(64.91)
Advanced Systems Automation Limited	31-Mar-17	5 for 1	S\$0.005	S\$0.0009	(82.00)	S\$0.002	(43.04)	Net liability position	n.m.
Pan-United Corporation Ltd	3-May-17	1 for 4	S\$0.730	S\$0.430	(41.10)	S\$0.648 ⁽⁴⁾	(33.64)	S\$0.480	(10.42)
Maxi-Cash Financial Services Corporation Ltd	16-May-17	1 for 6	S\$0.182	S\$0.170	(6.59)	S\$0.180	(5.56)	S\$0.136	25.00

APPENDIX B
LETTER FROM THE INDEPENDENT FINANCIAL ADVISER
IN RELATION TO THE WHITEWASH RESOLUTION

Company	Date of announcement	Basis	Last transacted price prior to announcement	Issue price of rights shares	Premium/ (Discount) of issue price to share price prior to announcement (%)	Theoretical ex-rights price ⁽¹⁾	Premium/ (Discount) of issue price to theoretical ex-rights price (%)	NAV per share before rights issue ⁽²⁾	Premium/ (Discount) of issue price to NAV per share (%)
CDL Hospitality Trusts	27-Jun-17	20 for 100	S\$1.680	S\$1.280	(23.81)	S\$1.613	(20.64)	S\$1.530	(16.34)
CFM Holdings Limited	30-Jun-17	6 for 7	S\$0.030	S\$0.015	(50.00)	S\$0.023	(34.78)	S\$0.102	(85.29)
Manulife US Real Estate Investment Trust	2-Sep-17	41 for 100	US\$0.965	US\$0.695	(27.98)	US\$0.886	(21.56)	US\$0.844	(17.65)
Cache Logistics Trust	4-Sep-17	18 for 100	S\$0.880	S\$0.632	(28.18)	S\$0.842	(24.94)	S\$0.770	(17.92)
CapitaLand Commercial Trust	21-Sep-17	166 for 1000	S\$1.695	S\$1.363	(19.59)	S\$1.648	(17.29)	S\$1.845	(26.12)
Maxi-Cash Financial Services Corporation Ltd	9-Nov-17	1 for 10	S\$0.170	S\$0.160	(5.88)	S\$0.169	(5.33)	S\$0.142	12.68
Nam Cheong Limited	4-Dec-17	1 for 1	S\$0.020	S\$0.014	(30.00)	S\$0.017	(17.65)	Net liability position	n.m.
Progen Holdings Limited	11-Dec-17	1 for 2	S\$0.071	S\$0.045	(36.62)	S\$0.062	(27.42)	S\$0.128	(64.84)
Lifebrandz Ltd	18-Dec-17	2 for 1	S\$0.034	S\$0.015	(55.88)	S\$0.021	(28.57)	S\$0.008	87.50
Raffles Education Corporation Limited	18-Dec-17	3 for 10	S\$0.250	S\$0.140	(44.00)	S\$0.225	(37.78)	S\$0.542	(74.17)
JB Foods Limited	20-Dec-17	1 for 3	S\$0.580	S\$0.250	(56.90)	S\$0.498	(49.80)	S\$0.479 ⁽⁵⁾	(47.81)
SingHaiyi Group Ltd	26-Dec-17	1 for 2	S\$0.120	S\$0.100	(16.67)	S\$0.113	(11.50)	S\$0.175	(42.86)
Global Yellow Pages Limited	14-Feb-18	1 for 5	S\$0.160	S\$0.200	25.00	S\$0.167	19.76	S\$0.299	(33.11)

APPENDIX B
LETTER FROM THE INDEPENDENT FINANCIAL ADVISER
IN RELATION TO THE WHITEWASH RESOLUTION

Company	Date of announcement	Basis	Last transacted price prior to announcement	Issue price of shares	Premium/ (Discount) of issue price to share price prior to announcement (%)	Theoretical ex-rights price ⁽¹⁾	Premium/ (Discount) of issue price to theoretical ex-rights price (%)	NAV per share before rights issue ⁽²⁾	Premium/ (Discount) of issue price to NAV per share (%)
Rich Capital Holdings Limited f.k.a. Infinito Group Limited	14-Feb-18	1 for 1	S\$0.009	S\$0.007	(22.22)	S\$0.008	(12.50)	Net liability position	n.m.
Global Dragon Limited f.k.a. TMC Education Corporation Ltd	27-Feb-18	3 for 1	S\$0.098	S\$0.0675	(31.12)	S\$0.075	(10.00)	S\$0.036	87.50
Singapore Medical Group Limited	1-Mar-18	1 for 20	S\$0.560	S\$0.480	(14.29)	S\$0.556	(13.67)	S\$0.236	103.39
3Cnergy Limited	2-Mar-18	1 for 1	S\$0.040	S\$0.022	(45.00)	S\$0.031	(29.03)	S\$0.058	(62.07)
Hotel Royal Limited	11-May-18	1 for 5	S\$4.000	S\$3.000	(25.00)	S\$3.833	(21.73)	S\$6.711	(55.30)
Moya Holdings Asia Limited	22-May-18	1 for 2	S\$0.095	S\$0.095	-	S\$0.095	-	S\$0.044	115.91
International Press Softcom Limited	1-Jun-18	2 for 3	S\$0.012	S\$0.011	(8.33)	S\$0.012	(8.33)	S\$0.108	(89.81)
Hong Leong Asia Ltd	14-Aug-18	1 for 1	S\$0.820	S\$0.540	(34.15)	S\$0.680	(20.59)	S\$1.417	(61.89)
OUE Commercial REIT	10-Sep-18	83 for 100	S\$0.665	S\$0.456	(31.43)	S\$0.570	(20.03)	S\$0.916	(50.22)
OUE Lippo Healthcare Limited	18-Sep-18	1 for 1	S\$0.120	S\$0.0675	(43.75)	S\$0.094	(28.00)	S\$0.051	32.35
					(Lowest discount)/Highest premium				
					Highest discount				
					Mean				
					Median				
Company	5-Sep-18	1 for 1	S\$0.080	S\$0.0245	(69.38)	S\$0.0523	(53.11)	S\$0.136	(81.99)

Source: Announcements of the respective Completed Rights Issue.

APPENDIX B

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER IN RELATION TO THE WHITEWASH RESOLUTION

Notes

- (1) Computed based on the last transacted price immediately prior to the announcement of the rights issue.
- (2) Based on latest available financial results announced prior to the announcement of the rights issue.
- (3) The financial statements are denominated in HK\$ and converted to S\$ based on the exchange rate of S\$1 : HK\$5.557 as at 30 March 2017, being the date of announcement of the rights issue.
- (4) Based on the assumption of a maximum of 141.6 million rights shares being issued and computed based on the closing price of S\$0.73 on 2 May 2017 and the ex-dividend date of the one-tier tax-exempted final ordinary dividend of S\$0.0275 for the financial year ended 31 December 2016..
- (5) The financial statements are denominated in US\$ and converted to S\$ based on the exchange rate of US\$1 : S\$1.3446 as at 20 December 2017, being the date of announcement of the rights issue.

APPENDIX B

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER IN RELATION TO THE WHITEWASH RESOLUTION

Based on the above analysis, we note the following:

- (i) the discount of the Issue Price to the last transacted price of the Shares of approximately 69.38% is within range but higher than the mean and median discount of the Completed Rights Issue;
- (ii) the discount of the Issue Price to the theoretical ex-rights price of the Shares of approximately 53.11% is within range but higher than the mean and median discount of the Completed Rights Issue; and
- (iii) the discount of the Issue Price to the NAV per Share of approximately 81.99% is within range but higher than the mean and median discount of the Completed Rights Issue.

5.6 Financial effects of the Rights Issue

The detailed assumptions and the financial effects of the Rights Issue are set out in Section 3 of the Circular. The financial effects are for illustrative purposes and do not necessarily reflect the actual financial performance and position of the Group. Highlights of the pertinent information are as follows:

- (i) the NTA per Share would decrease from 10.74 cents to 6.57 cents as the Issue Price is at a discount to the NTA per Share as at 31 December 2017;
- (ii) the loss per Share would decrease from 2.54 cents to 1.27 cents due to the enlarged number of Shares; and
- (iii) the gearing ratio will improve from 0.27 times to 0.25 times due to the enlarged share equity after completion of the Rights Issue.

5.7 Other relevant considerations

5.7.1 Approval of the Whitewash Resolution is a condition precedent of the Rights Issue

The Rights Issue is conditional on, *inter alia*, the approval of the Whitewash Resolution. Accordingly, if the Independent Shareholders do not vote in favour of the Whitewash Resolution, the Rights Issue will not take place.

5.7.2 Support from Dato Low

To show his support for the Rights Issue, Dato Low has provided an Irrevocable Undertaking to the Company to, *inter alia*, subscribe for all his *pro-rata* entitlements of Rights Shares and subscribe for all Excess Rights Shares, subject to the Whitewash Resolution being approved by the Independent Shareholders.

5.7.3 Implications of the Whitewash Resolution

Shareholders should note that by voting in favour of the Whitewash Resolution, they will be waiving their rights to receive the general offer from Dato Low and his concert parties at the highest price paid by any of them for Shares which Dato Low and his concert parties would otherwise be obliged to make at the highest price paid or agreed to be paid by them for the Shares in the past six (6) months preceding the commencement of the Rights Issue.

APPENDIX B
LETTER FROM THE INDEPENDENT FINANCIAL ADVISER
IN RELATION TO THE WHITEWASH RESOLUTION

Shareholders should note that upon completion of the Rights Issue, Dato Low and his concert parties may own Shares carrying more than 49% of the voting rights of the Company (based on the enlarged issued share capital), and Dato Low and his concert parties will be free to acquire further Shares without incurring any obligation under Rule 14 of the Code to make a general offer for the Company.

5.7.4 Control of the Company

In addition, upon completion of the Rights Issue, Dato Low and his concert parties may own more than 50% of the voting rights of the Company and will be able to pass all ordinary resolutions (other than resolutions that Dato Low has an interest in and accordingly has to abstain from voting) that are tabled for voting at general meetings.

Independent Shareholders should also note that the Company will be in a relatively less favourable position, in the context of interest from potential parties seeking control for the Company or who may have intentions to acquire a significant interest or control of the Company and thus, it may be less likely for a third party to make a takeover offer for the Company without the support of Dato Low and his concert parties.

APPENDIX B

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER IN RELATION TO THE WHITWASH RESOLUTION

5.7.5 Dilution effect on the Independent Shareholders

Assuming that (i) only Dato Low subscribes for his pro-rata entitlement of the Rights Shares; (ii) all other Entitled Shareholders do not subscribe for their pro-rata entitlements such that Dato subscribes for such number of Excess Rights Shares pursuant to the Irrevocable Undertaking; and (iii) all outstanding Share Options are exercised before the Books Closure Date, the shareholding structure of the Company will change significantly and the interest of existing Shareholders will be diluted significantly.

The potential dilution effect is illustrated as follows:

	As at the Latest Practicable Date		After completion of the Rights Issue where no Share Options are exercised before the Books Closure Date				After completion of the Rights Issue where all Share Options are exercised before the Books Closure Date			
			If all Shareholders subscribe for the Rights Shares		If only Dato Low subscribes for the Rights Shares		If all Shareholders subscribe for the Rights Shares		If only Dato Low subscribes for the Rights Shares	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
<u>Directors</u>										
Elaine Low	-	-	-	-	-	-	-	-	-	-
Oliver Khaw Kar Heng	-	-	-	-	-	-	-	-	-	-
Tung Zhihong Paul	-	-	-	-	-	-	-	-	-	-
Lee Fook Choon	300,900	0.05	601,800	0.05	300,900	0.03	601,800	0.05	300,900	0.03
<u>Dato Low and concert parties</u>										
Dato Low ⁽¹⁾	117,717,637	20.71	235,435,274	20.71	686,208,612	60.35	235,435,274	20.70	686,483,612	60.35
MIPL	88,701,764	15.60	177,403,528	15.60	88,701,764	7.80	177,403,528	15.59	88,701,764	7.80
Low Yi Ngo ⁽²⁾	3,300,200	0.58	6,600,400	0.58	3,300,200	0.29	6,600,400	0.58	3,300,200	0.29
Wong Kai Lai ⁽³⁾	1,690,000	0.30	3,380,000	0.30	1,690,000	0.15	3,380,000	0.30	1,690,000	0.15
Low Cheng Lum	2,965,500	0.52	5,931,000	0.52	2,965,500	0.26	5,931,000	0.52	2,965,500	0.26
<u>Substantial Shareholders</u>										
Xu Yuan Xing ⁽⁴⁾	75,852,792	13.34	151,705,584	13.34	75,852,792	6.67	151,705,584	13.34	75,852,792	6.67
Mohamed Abdul Jaleel s/o Muthumaricar Shaik Mohamed ⁽⁵⁾	42,050,000	7.40	84,100,000	7.40	42,050,000	3.70	84,100,000	7.39	42,050,000	3.70
Other Shareholders	235,912,182	41.50	471,824,364	41.50	235,912,182	20.75	472,374,364	41.53	236,187,182	20.75
Total	568,490,975	100.00	1,136,981,950	100.00	1,136,981,950	100.00	1,137,531,950	100.00	1,137,531,950	100.00

Notes

- 117,344,000 Shares owned by Dato Low are held through Raffles Nominees (Pte) Limited.
- Low Yi Ngo is also a director of the Company.
- 1,690,000 Share owned by Wong Kai Lai are held through Citibank Nominees Singapore Pte Ltd.
- 75,852,792 Shares owned by Xu Yuan Xing are held through CGS-CIMB Securities (S) Pte Ltd.
- 17,834,000 Shares owned by Mohamed Abdul Jaleel s/o Muthumaricar Shaik Mohamed are held through DBS Nominees Pte Ltd.

APPENDIX B
LETTER FROM THE INDEPENDENT FINANCIAL ADVISER
IN RELATION TO THE WHITEWASH RESOLUTION

6. SUMMARY OF ANALYSIS

In arriving at our opinion in respect of the Whitewash Resolution, we have taken into account, reviewed and examined all factors, which we consider to be pertinent and to have a significant bearing on our assessment of the Whitewash Resolution, including the following factors summarised below. Shareholders should be advised to read the following factors in conjunction with, and in the context of, the full text of this IFA Letter:

(a) Rationale for the Rights Issue and use of proceeds

The net proceeds from the Rights Issue will be utilised for working capital requirements, including expenses in connection with the development of the Ningbo Project.

(b) The Rights Issue being offered to entitled Shareholders on a *pro-rata* basis

The Rights Issue are being offered on a *pro-rata* basis to Entitled Shareholders. In the event that all the Rights Shares are fully subscribed by the Entitled Shareholders, the current shareholding structure of the Company will remain unchanged.

(c) Historical financial performance and position of the Group

The Group recorded net losses from FY2015 to FY2017 and for HY2018. We also wish to highlight that the Group was in a net current liabilities position as at 31 December 2017 and 30 June 2018.

(d) Historical market price and trading activity of the Shares

The Issue Price represents a discount of approximately 42.35%, 38.28%, 56.11%, 64.16% to the VWAP of the Shares over the 1 year, 6-month period, 3-month period and 1-month period prior to the Rights Announcement Date respectively.

The Issue Price represents a discount of approximately 69.38% to the last traded price of the Shares on the last trading day prior to the Rights Announcement Date.

We note that the trading liquidity of the Shares has been low for the 12-month period prior to the Rights Announcement Date and up to the Latest Practicable Date.

(e) Statistics of completed renounceable rights issue of shares

The discount of the Issue Price to the last transacted price of the Shares, the theoretical ex-rights price of the Shares and the NAV per Share of 69.38%, 53.11% and 81.99% respectively are within range but higher than the mean and median discount of the Completed Rights Issue.

(f) Financial effects of the Rights Issue

The issuance of the Rights Shares will reduce the NTA per share as at 31 December 2017 from 10.74 cents to 6.57 cents, reduce the loss per Share from 2.54 cents to 1.27 cents and improve the gearing ratio from 0.27 times to 0.25 times.

APPENDIX B
LETTER FROM THE INDEPENDENT FINANCIAL ADVISER
IN RELATION TO THE WHITEWASH RESOLUTION

(g) Other relevant considerations

We have also considered the other relevant considerations as set out in Section 5.7 of this IFA Letter.

7. RECOMMENDATION

Having regard to the analysis set out in this IFA Letter and information available as at the Latest Practicable Date, we are of the opinion that the Rights Issue, which is the subject of the Whitewash Resolution, is fair and reasonable, and the Whitewash Resolution when considered in the context of the Rights Issue is not prejudicial to the interests of the Independent Shareholders.

Accordingly, we advise the Recommending Directors to recommend that Independent Shareholders vote in favour of the Whitewash Resolution.

In rendering the above advice, we have not given regard to any general or specific investment objectives, financial situation, tax position, risk profiles or particular needs and constraints or other particular circumstances of any individual Shareholder. As each individual Shareholder would have different investment objectives and profiles, we would advise that any individual Shareholder who may require specific advice in relation to his investment objectives or portfolio should consult his stockbroker, bank manager, accountant, legal, financial, tax or other professional adviser immediately. The opinion and advice of MSCF should not be relied upon by any Shareholder as the sole basis for deciding whether or not to vote for or against the Whitewash Resolution, as the case may be.

This IFA Letter is addressed to the Recommending Directors for their reference and benefits in relation to and for the purpose of their consideration of the Whitewash Resolution. Any recommendation made by the Recommending Directors to the Independent Shareholders shall remain the sole responsibility of the Recommending Directors.

This IFA Letter is governed by, and construed in accordance with the laws of Singapore, and is strictly limited to the matters stated herein and does not give implication to any other matter.

Yours faithfully,
For and on behalf of
MS Corporate Finance Pte. Ltd.

Bernard Juay Sze Sin
Director

Lee Mun Keat
Senior Manager

NOTICE OF EXTRAORDINARY GENERAL MEETING

MANHATTAN RESOURCES LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration Number: 199006289K)

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting of Manhattan Resources Limited ("**Company**") will be held at MND Auditorium, 9 Maxwell Road, Annexe A, MND Complex, Singapore 069112 on 16 November 2018 at 4.00 pm for the purpose of considering and, if thought fit, passing with or without modification(s), the following ordinary resolution(s):

ORDINARY RESOLUTION 1: THE PROPOSED RIGHTS ISSUE

That subject to and contingent upon the passing of Ordinary Resolution 2, the renounceable non-underwritten rights issue of up to 568,765,975 new ordinary shares in the capital of the Company ("**Rights Shares**") at an issue price of S\$0.0245 per Rights Share ("**Issue Price**"), on the basis of one (1) Rights Share for every one (1) existing ordinary shares in the capital of the Company (each, a "**Share**") held by shareholders of the Company ("**Shareholders**") as at a time and date as the Directors may, in its absolute discretion, determine ("**Books Closure Date**"), fractional entitlements to be disregarded, be and is hereby approved and authority be and is hereby given to the Directors or any of them to:

- (a) create and issue up to 568,765,975 Rights Shares at the Issue Price for each Rights Share;
- (b) provisionally allot and issue up to 568,765,975 Rights Shares at the Issue Price for each Rights Share on the basis of one (1) Rights Share for every one (1) Share held by Shareholders as at the Books Closure Date, on the terms and conditions set out below and/or otherwise on such terms and conditions (including the basis of provisional allotments of the Rights Shares) as the Directors may in their absolute discretion think fit:
 - (i) the provisional allotments of the Rights Shares under the Rights Issue shall be made on a renounceable basis to Shareholders whose names appear in the Register of Members of the Company or the records of The Central Depository (Pte) Limited ("**CPD**") as at the Books Closure Date ("**Entitled Shareholders**") with registered addresses in Singapore or who have, at least three (3) Market Days prior to the Books Closure Date, provided to the CPD or the share registrar of the Company ("**Share Registrar**"), as the case may be, addresses in Singapore for the service of notices and documents. The provisional allotments of the Rights Shares are not intended to be offered and sold to persons located, resident or with a registered address in the United States or any jurisdiction in which the Rights Issue may not be lawfully made;
 - (ii) no provisional allotment of the Rights Shares shall be made in favour of Shareholders with registered addresses outside Singapore as at the Books Closure Date, and who have not, at least three (3) Market Days prior to the Books Closure Date, provided to the CDP or the Share Registrar, as the case may be, addresses in Singapore for the service of notices or documents ("**Foreign Shareholders**");
 - (iii) the provisional allotment of the Rights Shares which would otherwise accrue to Foreign Shareholders shall be disposed of by the Company in such manner and on such terms and conditions as the Directors shall deem fit for the purpose of renouncing the provisional allotments relating thereto to purchasers thereof and to pool and thereafter distribute the net proceeds, if any, thereof (after deducting all expenses) proportionally among such Foreign Shareholders in accordance with their respective shareholdings as at the Books Closure Date provided that if the amount to be distributed to any single or joint Foreign Shareholder is less than S\$10.00, such amount shall instead be retained or dealt with for the sole benefit of the Company;

NOTICE OF EXTRAORDINARY GENERAL MEETING

- (iv) the provisional allotment of the Rights Shares not taken up or allotted for any reason shall be used to satisfy applications for Excess Rights Shares (if any) or allotted or otherwise dealt with in such manner as the Directors may, in their absolute discretion, deem fit in the interests of the Company; and
- (v) the Rights Shares when issued and fully paid up will rank *pari passu* in all respects with the then existing Shares save for any dividends, rights, allotments or other distribution that may be declared or paid the record date for which falls before the date of issue of the Rights Shares,
- (c) the Directors or any of them be and are hereby authorised to fix the Books Closure Date in their absolute discretion; and
- (d) the Directors or any of them be and are hereby authorised to take such steps, complete and do all such acts, matters and things as they may consider necessary or expedient for the purposes of or in connection with the Rights Issue (including but not limited to amending, finalising, approving and executing all such documents as may be required in connection with the Rights Issue), make such amendments to the terms of the Rights Issue and exercise such discretion as the Directors or any of them may in their absolute discretion deem fit, advisable or necessary in connection with all or any of the above matters.

ORDINARY RESOLUTION 2: THE PROPOSED WHITEWASH RESOLUTION

That subject to and contingent upon the passing of Ordinary Resolution 1, approval be and is hereby given as follows:

That subject to the satisfaction of all the conditions set out in the Securities Industry Council's letter dated 26 September 2018, the Shareholders (other than Dato' Dr. Low Tuck Kwong and his concert parties) do hereby, on a poll taken, unconditionally and irrevocably waive their rights to receive a mandatory general offer under Rule 14 of the Singapore Code on Take-overs and Mergers (the "**Code**") from Dato' Dr. Low Tuck Kwong and his concert parties, in respect of all or any part of the Shares held by such Shareholders, in the event that the acquisition of Shares by Dato' Dr. Low Tuck Kwong and his concert parties pursuant to the Rights Issue results in them incurring an obligation to make a mandatory general offer pursuant to Rule 14 of the Code.

By Order of
the Board of Directors of
Manhattan Resources Limited

Low Yi Ngo
Chief Executive Officer and Managing Director
1 November 2018

NOTICE OF EXTRAORDINARY GENERAL MEETING

Notes:

1. A member of the Company entitled to attend and vote at the Extraordinary General Meeting (other than a member who is a relevant intermediary) is entitled to appoint not more than two proxies to attend and vote in his/her stead. A proxy need not be a member of the Company.
2. Pursuant to Section 181 of the Companies Act, Chapter 50 of Singapore, a member of the Company who is a relevant intermediary is entitled to appoint more than two proxies to attend and vote at the Extraordinary General Meeting instead of such member. Where such member appoints more than two proxies, the appointments shall be invalid unless the member specifies the number of Shares in relation to which each proxy has been appointed.

“relevant intermediary” means:

- (a) a banking corporation licenced under the Banking Act, Chapter 19 of Singapore, or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;
 - (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act, Chapter 289 of Singapore, and who holds shares in that capacity; or
 - (c) the Central Provident Fund Board established by the Central Provident Fund Act, Chapter 36 of Singapore, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.
3. The instrument or form appointing a proxy or proxies in the case of an individual shall be signed by the appointor or his/her attorney, and in the case of a corporation, either under its common seal or under the hand of an officer or attorney duly authorised.
 4. The instrument or form appointing a proxy or proxies, duly executed, must be deposited at the registered office of the Company at 133 New Bridge Road, #18-09 Chinatown Point, Singapore 059413 not less than 48 hours before the time appointed for the Extraordinary General Meeting in order for the proxy to be entitled to attend and vote at the Extraordinary General Meeting.
 5. A Depositor's name must appear on the Depository Register maintained by The Central Depository (Pte) Limited 72 hours before the time appointed for the Extraordinary General Meeting in order for the Depositor to be entitled to attend and vote at the Extraordinary General Meeting.

Personal Data Privacy

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Extraordinary 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 Extraordinary General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Extraordinary 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, “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.

This page has been intentionally left blank.

MANHATTAN RESOURCES LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration Number: 199006289K)

PROXY FORM

IMPORTANT

1. A relevant intermediary may appoint more than two (2) proxies to attend the Extraordinary General Meeting and vote (please see Note. 4 for the definition of "relevant intermediary").
2. This Proxy Form is not valid for use by CPF Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. PLEASE READ THE NOTES TO THE PROXY FORM.

I/We _____

(NRIC/Passport No./Company Registration No.) _____

of _____ (Address)
being a member/members of Manhattan Resources Limited ("**Company**"), hereby appoint:

Name	Address	NRIC/ Passport Number	Proportion of Shareholdings to be represented by Proxy	
			Number of shares	%
And/or (delete as appropriate)				

as my/our proxy/proxies to attend and to vote for me/us on my/our behalf at the Extraordinary General Meeting ("**EGM**") of the Company to be held at MND Auditorium, 9 Maxwell Road, Annexe A, MND Complex, Singapore 069112 on Friday, 16 November 2018 at 4.00 pm and at any adjournment thereof.

I/We direct my/our proxy/proxies to vote for or against the ordinary resolutions to be proposed at the EGM as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting at his/their discretion, as he/they will on any matter arising at the EGM and at any adjournment thereof.

	*NO. OF VOTES FOR	*NO. OF VOTES AGAINST
Ordinary Resolution 1 To approve the Rights Issue		
Ordinary Resolution 2 To approve the Whitewash Resolution		

* If you wish to exercise all your votes "For" or "Against", please indicate with an "X" within the box provided. Alternatively, please indicate the number of votes as appropriate.

Dated this _____ day of November 2018.

Total number of Shares in:	No. of Shares
(a) CDP Register	
(b) Register of Members	
Total	

Signature(s) of member(s)/Common Seal
of corporate member

IMPORTANT

PLEASE READ NOTES OVERLEAF BEFORE COMPLETING THIS PROXY FORM



Notes:

1. A member should insert the total number of ordinary shares in the capital of the Company ("**Shares**") held. If the member has Shares entered against his name in the Depository Register, he should insert that number of Shares. If the member has Shares registered in his name in the Register of Members, he should insert that number of Shares. If a member has Shares entered against his name in the Depository Register and Shares registered in his name in the Register of Members, he should insert the aggregate number of Shares entered against his name in the Depository Register and registered in his name in the Register of Members. If no number is inserted, this instrument appointing a proxy or proxies will be deemed to relate to all Shares held by the member.
2. A member of the Company entitled to attend and vote at a meeting of the Company (other than a member who is a relevant intermediary) is entitled to appoint not more than two proxies to attend and vote in his/her stead. A proxy need not be a member of the Company.
3. Where a member of the Company (other than a member who is a relevant intermediary) appoints more than one proxy, he shall specify the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy. If no such percentage is specified, the first named proxy shall be treated as representing 100% of the shareholding and the second named proxy shall be deemed to be an alternate to the first named.
4. Pursuant to Section 181 of the Companies Act, Chapter 50 of Singapore, a member of the Company who is a relevant intermediary is entitled to appoint more than two proxies to attend and vote at the Extraordinary General Meeting instead of such member. Where such member appoints more than two proxies, the appointments shall be invalid unless the member specifies the number of Shares in relation to which each proxy has been appointed.

"**relevant intermediary**" means:

- (a) a banking corporation licenced under the Banking Act, Chapter 19 of Singapore or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;
 - (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act, Chapter 289 of Singapore and who holds shares in that capacity; or
 - (c) the Central Provident Fund Board established by the Central Provident Fund Act, Chapter 36 of Singapore, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.
5. This instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 133 New Bridge Road, #18-09 Chinatown Point, Singapore 059413 not less than 48 hours before the time appointed for the Extraordinary General Meeting.
 6. Completion and return of the instrument appointing a proxy or proxies shall not preclude a member of the Company from attending and voting at the Extraordinary General Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member of the Company attends the meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the Extraordinary General Meeting.
 7. The instrument appointing a proxy or proxies must be under the hand of the appointor or by his/her attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or a duly authorised officer. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the original power of attorney or a duly certified copy hereof must be lodged with the instrument.
 8. A corporation which is a member of the Company may, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore, authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Extraordinary General Meeting.
 9. The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies.
 10. In the case of members of the Company whose Shares are entered against their names in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member of the Company, being the appointor, is not shown to have Shares entered against his/her names in the Depository Register as at 72 hours before the time appointed for holding the Extraordinary General Meeting, as certified by The Central Depository (Pte) Limited to the Company.

Personal Data Privacy

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Extraordinary 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 Extraordinary General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Extraordinary 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, "**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.