

MANHATTAN RESOURCES LIMITED
(Company Registration No. 199006289K)

**FURTHER INFORMATION ON THE COMPANY'S UNAUDITED FINANCIAL STATEMENT
ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2021 (ANNOUNCEMENT)**

The Directors of Manhattan Resources Limited (*Manhattan or the Company*) refer to the Announcement made on 6 August 2021 and the further information requested by the Singapore Exchange Securities Trading Limited (**SGX-ST**) on 25 August 2021 relating to the Announcement.

SGX-ST's questions and Manhattan's corresponding responses are listed below to enable investors to understand the matters raised by SGX-ST:

SGX-ST's Question

1. Please disclose:

- (i) a breakdown of the prepayments amounting to \$1,320,000 and identify the nature of each of the material prepayments;**
- (ii) when the prepayments were made and the terms of the prepayments;**
- (iii) whether the group has made any impairment of the prepayments for this financial period and if so, please provide the basis for the impairment.**

Manhattan's Response

- (i) The breakdown of the Group's prepayments is as follows:

	30-Jun-21 \$'000	Note
Non-current	1,179	(a)
Current	141	(b)
Total prepayments (non-current and current)	<u>1,320</u>	

- (a) The non-current prepayments amounting to \$1,179,000 relates to the advance payments on the road haul costs and are amortized over the remaining tenure of 19 years. The Company's subsidiary, PT Kariangau Power ("PT KP") completed the construction of the haul road in year 2014.
- (b) The current prepayments amounting to \$141,000 mainly relates to the insurance premium incurred by PT KP for its coal fired steam power plants.
- (ii) The non-current prepayments were made on November 2014 and is to be amortized in line with the useful life of the land use rights. The land use rights have a lease term of 29 years with a remaining tenure of 19 years.
- (iii) The Group has assessed and noted no indicators of impairment for the prepayments to be made for this financial period.

SGX-ST's Question

2. Please disclose:

- (i) a breakdown of the Group's current trade and other receivables of \$3,282,000;
- (ii) aging of the Group's trade receivables;
- (iii) details of the Group's underlying transactions of its other receivables and the terms of the transactions.

Manhattan's Response

- (i) The breakdown of the Group's trade and other receivables is as follows:

	30-Jun-21	Note
	\$'000	
Trade receivables	1,404	
Other receivables		
GST receivable	27	
Deposits	1	
Other receivables	1,850	(iii)
Trade and other receivables (current)	<u>3,282</u>	
Other receivables (non-current)	<u>302</u>	(iii)
Trade and other receivables (current and non-current)	<u>3,584</u>	

- (ii) The aging profile of the Group's trade receivables is as follows:

	30-Jun-21
Aging	\$'000
Current	1,021
≤ 30 days	173
31 – 60 days	61
61 – 90 days	–
91 – 120 days	46
> 120 days	103
	<u>1,404</u>

It is also noted that the customers have been making regular payments. Hence, the Group is of the view that no additional allowance for impairment is required.

- (iii) In 2012, the Group entered into a sale and purchase agreement ("SPA") with a shipbuilder for the purchase of vessels. The Group subsequently sold the vessels to a third party buyer in 2013. The Group retains an unpaid seller's lien on the vessels until the consideration has been fully paid.

Included in the current and non-current other receivables is the outstanding consideration arising from the sale of the vessels of S\$8,627,000 (approximately US\$6,533,000), which is to be paid in equal monthly instalments over a period of 120 months. Any outstanding consideration bears interest at 1 month SIBOR + 3.4% per annum. Due to the barge incidents in prior years, the Group and third party buyer entered into a Second Amendment to the SPA, whereby the monthly instalments were deferred and interest waived commencing from 1 January 2014.

Management had performed an impairment review and had made an allowance of S\$7,085,000 on the other receivables due from the third party buyer in 2015.

Also included in the other receivables is the estimated claim for tax refund arising from the sale of electricity in Indonesia.

SGX-ST's Question

3. Please disclose (i) a breakdown of trade and other payables amounting to \$13,338,000 as at 30 June 2021. For other payables, please also disclose (ii) the aging and (iii) nature of these other payables and whether the counterparties are related parties.

Manhattan's Response

- (i) The breakdown of the Group's trade and other payables is as follows:

	30-Jun-21 \$'000
Trade and other payables (current):	
Trade payables	(4,881)
Accrued expenses	(3,775)
Deposits received	(1,643)
Withholding tax	(543)
Other payables	(2,496)
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Trade and other payables (current)	(13,338)
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- (ii) The aging profile of the Group's other payables is as follows:

	30-Jun-21 \$'000
<u>Aging</u>	
Current	(188)
> 120 days	(2,308)
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	(2,496)
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- (iii) The breakdown of the Group's other payables is as follows:

	30-Jun-21 \$'000	Note
Leasing of heavy equipment	(2,193)	(a)
Provision of employee benefits	(164)	
Tax penalty	(81)	
Others	(58)	
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	(2,496)	
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- (a) The Company's subsidiary, PT Lian Beng Energy ("PT LBE") provided contractor services for general mining and has been dormant since 2011. The amount relates to the leasing of heavy equipment from PT Nirmala Matranusa in the prior years, a company related to the substantial shareholder of the Company, Dato' Dr. Low Tuck Kwong.

Apart from the above amount, no other counterparties are related parties.

SGX-ST's Question

4. It is noted that the Company has a net cash outflow from operating activities of \$10,168,000 and a net profit of \$1,261,000 for the financial period ended 30 June 2021. Please explain why the Company is unable to generate net cash inflow from its operating activities, despite the Company's net profit position for the financial period.

Manhattan's Response

The net cash flows used in operating activities were mainly for the property development segment. As reported in 1H 2021 Condensed Interim Financial Statements Note 7(a), the operating cashflow used in property development segment was approximately \$6,209,000, which includes \$2,439,000 development expenditure capitalized. There is no revenue generated from the property development project as the Group expects the presale permit to be granted by the local authority in 1H 2023.

The net profit of \$1,261,000 for the financial period ended 30 June 2021 arose mainly due to the following non-cash one off income:

	1H 2021	Note
	\$'000	
Write-back of creditors and accruals	2,391	
Gain on changes arising from dilution of interest in subsidiary	2,810	(a)
	<u>5,201</u>	

- (a) On 4 May 2021 ("Dilution Date"), the Company's 51%-owned subsidiary, Manhattan Property Development Pte Ltd ("MPDPL") increased its paid-up share capital by the issuance and allotment of an additional 5,000,000 ordinary shares to KaiYi Investment Pte Ltd ("KaiYi") for a total consideration of US\$5,000,000 (approximately S\$6,736,000). Accordingly, the Company's shareholding interest in MPDPL has been diluted from 51% to 48.09%. Consequently, the effective shareholding interest in Manhattan Resources (Ningbo) Property Limited ("MRN") held by the Company through MPDPL will also be diluted from 51% to 48.09%. As a result, both MPDPL and MRN will cease as subsidiaries and become associates of the Group.

As a result of the dilution in shareholding interest in MPDPL, the Group has recognised a gain of S\$2,810,000 in profit or loss upon deconsolidation in 1H 2021.

BY ORDER OF THE BOARD

Low Yi Ngo
Chief Executive Officer and Managing Director
27 August 2021