

## MANHATTAN RESOURCES LIMITED

(Company Registration No. 199006289K)

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### RESPONSE TO SGX-ST QUERIES ON 2019 ANNUAL REPORT

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Manhattan Resources Limited (**Company**) has received the following queries from the Singapore Exchange Securities Trading Limited (**SGX-ST**) on 6 May 2020 in respect of the Corporate Governance Statement in the Annual Report 2019.

#### SGX-ST's Question

- a. We refer to Rule 704(6) of the Listing Manual which provides that an issuer must immediately announce if an issuer has previously announced its preliminary full-year results, any material adjustments to its preliminary full-year results made subsequently by auditors.

In this regard, please explain whether and how the Company has complied with Rule 704(6) in relation to:-

- Operating cash flows before working capital changes;
- Cash flows (used in)/generated from operations; and
- Net cash flows (used in)/generated from investing activities.

#### Manhattan's Response

	Audited S\$'000 FY 2019	Unaudited S\$'000 FY 2019	Difference S\$'000	Note
Operating cash flows before working capital changes	7,319	9,385	(2,066)	(i) (ii)
Cash flows (used in)/generated from operations	(11,708)	(10,118)	(1,590)	(i) (ii)
Net cash flows (used in)/generated from operating activities	(13,518)	(12,838)	(680)	
Net cash flows (used in)/generated from investing activities	(2,753)	(3,433)	680	(i)
Net (decrease)/increase in cash and cash equivalents	(37,675)	(37,675)	-	
Cash and cash equivalents at end of the year	27,868	27,868	-	

#### Note:

(i) Included in Other Income was interest income and miscellaneous income. In the FY 2019 audited financial statements, S\$910k was reclassified from miscellaneous income to interest income on overdue receivables. The total other income in the consolidated income statements remains the same. As a result, the interest income in the consolidated cashflow statements was amended to include the interest income on overdue receivables. This reclassification of accounts has resulted in changes in operating cash flows before working capital changes and cash flows (used in)/generated from operations.

(ii) Net difference arose mainly due to

- reclassification of property, plant and equipment, changes in payables and foreign currency translation,
- reclassification of property under development and foreign currency translation,
- reclassification of changes in receivables and foreign currency translation.

The adjustment made does not result in any impact the Group's net (decrease)/increase in cash and cash equivalents for the year, consolidated income statement and other comprehensive income or statements of financial position. The Company having assessed the reclassifications was of the view that the reclassifications were not significant and has decided not to proceed with the release of an announcement in accordance with Rule 704(6) since the reclassifications were neither materially price-sensitive nor trade sensitive.

#### SGX-ST's Question

b. Listing Rule 710 requires issuers to explicitly state, when deviating from the provisions prescribed in the Code of Corporate Governance 2018 (the "Code"), the provision from which it has varied, an explanation for the reason for variation, and an explanation on how the practices it had adopted are consistent with the intent of the relevant principle.

(i) **We note that the Company had not complied with Provision 2.4 of the Code as you have not disclosed your board diversity policy and progress made towards implementing the board diversity policy, including objectives, and there were no explanations provided for in your FY2019 annual report on how it is consistent with the intent of Principle 2 of the Code. Please clarify how the practices the Company had adopted are consistent with the intent of Principle 2 of the Code, which requires the Board to have an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interest of the Company.**

(ii) **We note that the Company had not complied with Provision 8.1 and 8.2 of the Code with regards to (1) amounts and breakdown of remuneration of each individual director, the CEO and the top five key management personnel; and (2) with regards to the disclosure for the names and remuneration of employees who are substantial shareholders of the company and whose remuneration exceeded S\$100,000 respectively, and there were no explanations provided for in your FY2019 annual report on how it is consistent with the intent of Principle 8 of the Code. Please clarify how the practices the Company had adopted are consistent with the intent of Principle 8 of the Code, which requires transparency on the Company's remuneration policies, level and mix of remuneration, the procedure for setting remuneration and the relationships between remuneration, performance and value creation.**

#### Manhattan's Response

i. The Company strives to achieve an appropriately balanced mix of talent on the Board, principally through combining Directors with diverse but complementary backgrounds and experiences, but also through gender diversity.

Although the Company does not have a written policy on board diversity, the nominating committee considers and makes recommendations to the Board concerning the appropriate size and needs of the Board, having regard to the appropriate balance and skill mix, knowledge, experience and other aspects such as gender, age and personal qualities required for the diversity of perspectives, avoiding group think and fostering constructive debate and contributing to the overall effective performance of the Board.

As disclosed in page 13 of the 2019 Annual Report, the composition of the current Board has an appropriate balance and diversity of skills, experience, gender and knowledge of the Company.

- ii. The Company had disclosed in page 18 of the 2019 Annual Report that the Board has decided not to disclose the remuneration of each individual director and the total remuneration of the top five key executive officers (who are not directors) of the Group, including names of the top key executives, taking note of the highly competitive industry conditions and pressure in talent market and the sensitivity and confidentiality of remuneration matters.

The Board is of the view that disclosure of such information would not be in the interests of the Company as such information is confidential and sensitive, and could be exploited by competitors. The Company needs to maintain stability in the management team.

The amounts and breakdowns of remuneration of the top five key management personnel were not disclosed for the same reasons above.

There is no employee of the Company who is a substantial shareholder of the Company.

#### **BY ORDER OF THE BOARD**

Low Yi Ngo  
Chief Executive Officer and Managing Director  
8 May 2020