

MANHATTAN RESOURCES LIMITED

(Incorporated in the Republic of Singapore)

(Company Registration No. 199006289K)

THE PROPOSED DISPOSAL OF VESSELS BY PT ANEKA SAMUDERA LINTAS - WAIVER FROM REQUIREMENT TO COMPLY WITH RULE 1014(2) OF THE LISTING MANUAL

All capitalised terms in this announcement shall, unless otherwise defined herein, have the same meanings ascribed to them in the announcement dated 11 October 2016 (“Previous Announcement”).

1. INTRODUCTION

- 1.1 The board of directors (“**Board**” or “**Directors**”) of Manhattan Resources Limited (“**Company**”, together with its subsidiaries, the “**Group**”) refers to the Previous Announcement in relation to the Proposed Disposal of the Vessels comprising 22 tugs and 22 barges by the Seller, PT Aneka Samudera Lintas, a wholly-owned subsidiary of the Company, to the Purchaser, PT. Karunia Samudera Lines.
- 1.2 As disclosed in the Previous Announcement, the Proposed Disposal is classified as a major transaction under Chapter 10 of the Listing Manual and must be made conditional upon Shareholders’ approval, and the Company will be submitting an application to the SGX-ST for the purposes of seeking a waiver from the requirement of obtaining Shareholders’ approval for the Proposed Disposal (“**Waiver**”) as it is of the view that, amongst others, the Vessels to be disposed of pursuant to the Proposed Disposal are loss-making, and shareholders should generally not be concerned if the assets to be disposed of are loss-making as per paragraph 4.1 of Practice Note 10.1 of the SGX-ST Listing Manual.
- 1.3 The Board wishes to announce that the Company has received a letter from the SGX-ST dated 21 November 2016, granting the Company the Waiver, subject to the following conditions:
- (a) the Company announcing the Waiver granted, the reasons for seeking the Waiver and the conditions as required under Rule 107 of the Listing Manual;
 - (b) submission of a written confirmation from the Company that the Waiver does not contravene any laws and regulations governing the Company and the articles of association of the Company; and
 - (c) Confirmation that none of the Company’s directors and/or controlling shareholders have any interest in the Proposed Disposal.

2. REASONS FOR SEEKING THE WAIVER

The Company applied for the Waiver on the following grounds:

- (a) Assets to be disposed of pursuant to the Proposed Disposal are loss-making

The Seller, PT Aneka Samudera Lintas, is the main operating entity of the shipping business of the Group. The Seller owns 32 tugs and 34 barges and the Vessels comprise approximately 66% of the vessels owned by the Seller.

The Seller has been loss-making since 2014. The Seller incurred a net loss of approximately S\$3,287,000 and approximately S\$9,388,000 in FY2014 and FY2015 (based on the audited consolidated accounts of the Group and its subsidiaries for these years). Based on the unaudited consolidated accounts of the Group for the half

year ended 30 June 2016, the Seller incurred a net loss of approximately S\$3,071,000.

The Seller contributed approximately 52% of the loss of the Group attributable to the equity holders of the Company for the half year ended 30 June 2016. Excluding the losses incurred by the Seller, the Group would have reported net attributable loss of S\$2,784,000 for the half year ended 30 June 2016.

Notwithstanding that the Proposed Disposal will constitute a disposal of a substantial portion of the Group's barging and shipping business, it should be noted that this business segment of the Group is loss-making. In addition, Shareholders' approval was also sought by the Company and obtained on (i) 18 October 2014 in respect of the diversification by the Group to include the Mineral Resource Business and the Property Business (as such terms are defined in the circular of the Company to shareholders dated 3 October 2014) and (ii) 29 June 2016, in respect of the diversification by the Group to include the Power Plant Business (as such term is defined in the circular of the Company to shareholders dated 14 June 2016) and the acquisition of 92.18% equity interest in PT Kariangau Power (**PT KP**) (**PT KP Acquisition**). As such, the Board does not consider its shipping and barging business to be the main undertaking of the Group.

It would be in the interests of the Company to complete the Proposed Disposal as soon as practicable, so that its financial performance does not get adversely affected further.

Accordingly, the Board is of the view that the cost of complying with the requirement to obtain Shareholders' approval in respect of the Proposed Disposal outweighs any resulting protection to Shareholders as the assets to be disposed of are loss-making. Instead, expediting the completion of the Proposed Disposal will be in the interests of Shareholders since the Group will recognise a gain of approximately S\$7,300,000¹ on disposal. In addition, as recognised in Paragraph 4.1 of Practice Note 10.1 of the Mainboard Rules, shareholders should, generally, be less concerned with disposals of loss-making assets by an issuer.

(b) No material change in the risk profile of the Group

The Board is of the view that there will be no material change in the risk profile of the Group arising from the Proposed Disposal for the following reasons, namely:

- (i) Although the Proposed Disposal will constitute a disposal of a substantial portion of the Group's barging and shipping business, the Group will continue to retain 10 tugs and 12 barges and depending on the industry prospects and business conditions, may continue operating the shipping business of the Group.
- (ii) Following the approval of the shareholders in respect of the PT KP Acquisition, PT KP's results were consolidated in the Group's results with effect from 29 June 2016, after the completion of the acquisition of PT KP. The revenue from the Power Plant Business for July 2016 and August 2016 (that is, two (2) months) had already contributed to approximately 40% of the Group's revenue from 1 January 2016 to 31 August 2016. In contrast, the revenue from the Group's barging and shipping business from January 2016

¹ The gain on disposal is calculated based on gross proceed before payment of attributable taxes and direct cost associated with the Proposed Disposal.

to August 2016 (that is, eight (8) months) contributed to approximately 60% of the Group's revenue from 1 January 2016 to 31 August 2016.

3. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

Save for their shareholdings in the Company, none of the Directors or controlling shareholders of the Company, has any interest, direct or indirect, in the Proposed Disposal.

4. WAIVER FROM EGM

As the SGX-ST has granted the Waiver, the Company will not be convening an extraordinary general meeting to seek Shareholders' approval for the Proposed Disposal.

BY ORDER OF THE BOARD

Low Yi Ngo
Chief Executive Officer and Managing Director
21 November 2016