

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

1. INTRODUCTION

- 1.1 The board of directors (“**Board**” or “**Directors**”) of Manhattan Resources Limited (“**Company**”, together with its subsidiaries, the “**Group**”) refers to its announcement dated 29 August 2018 in relation to the proposed disposal of the Vessels comprising 27 tugs and 25 barges by the PT Aneka Samudera Lintas, a wholly-owned subsidiary of the Company, to PT. Pancaran Samudera Transport (“**Proposed Disposal**”). All capitalised terms in this announcement shall, unless otherwise defined herein, have the same meanings ascribed to them in the announcement dated 29 August 2018 (“**Previous Announcement**”).
- 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 that 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 26 October 2018, informing the Company that the SGX-ST has no objection to granting the Waiver, subject to the following conditions (“**Waiver 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 and if the Waiver Conditions have not been satisfied. If the Waiver Conditions have not been met on the date of the announcement, the Company must make an update announcement when the conditions have all been met; and
 - (b) confirmation that none of the Company’s directors and/or controlling shareholders have any interest in the Proposed Disposal.
- 1.4 In addition, the Company is required to make an immediate disclosure via SGXNET if it is/will be in contravention of any laws and regulations governing the Company and the constitution of the Company arising from the Waiver.
- 1.5 This announcement is for compliance with the Waiver Condition.

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 currently owns 29 tugs and 27 barges and the Vessels comprise approximately 92.86% of the vessels owned by the Seller.

The Seller has been loss-making for the last four (4) completed financial years. The Seller incurred a net loss of approximately S\$5.6 million and S\$4.5 million in FY2016 and FY2017 (based on the audited consolidated accounts of the Group and its subsidiaries for these years), respectively for its barging and shipping segment. Based on the unaudited consolidated accounts of the Group for the half year ended 30 June 2018, the Seller incurred a net loss of approximately S\$215,000. The Seller contributed approximately 5.03% of the loss of the Group attributable to the equity holders of the Company for the half year ended 30 June 2018. Excluding the losses incurred by the Seller, the Group would have reported net attributable loss of approximately S\$4.1 million for the half year ended 30 June 2018.

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**"). It should be noted that, as announced by the Company on 11 May 2018, the proposed subscription by Gallant Power Pte. Ltd. of approximately 6.58% of the enlarged issued and paid-up equity interest in PT KP had been completed, with the result that the Group now holds an 86.11% equity interest in PT KP.

Additionally, on 17 August 2017 the Company announced that SLM Holding Pte Ltd, a wholly-owned subsidiary of the Company had incorporated two Indonesian wholly-owned subsidiaries, namely, PT Niaga Power Kariangau and PT Power Kariangau Kalimantan, the intended business activities of which are the operation and maintenance of electrical installations. As foreshadowed previously, subject to industry trends and conditions, the Group intends to devote more time and energy towards the Mineral Resource Business, the Property Business and Power Plant Business such that the shipping and barging business will no longer 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\$10,256,000 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 two (2) tugs and two (2) barges and depending on the industry prospects and business conditions, may continue operating the shipping business of the Group by (i) using existing unsold vessels which are newer, and (ii) charter newer vessels to operate and serve its customers.

- (ii) The Group's barging and shipping business segment has been loss-making for the last four (4) completed financial years. The Group's segmental revenue and profits for FY2016, FY2017 and HY2018 are as follows:

Segment	HY2018		FY2017		FY2016	
	Revenue	Net (Loss)/Profit before tax	Revenue	Net (Loss)/Profit before tax	Revenue	Net (Loss)/Profit before tax
	S\$ '000	S\$ '000	S\$ '000	S\$ '000	S\$ '000	S\$ '000
Shipping	8,483	169	10,755	(4,313)	6,116	(5,604)
Property development	-	155	-	(2,199)	-	2,193
Power Plant	5,793	(4,170)	16,677	266	8,025	(4,250)
Mineral resources	-	(4)	-	(11)	-	809
Corporate and others	-	(1,554)	-	(2,692)	-	(4,492)
Total	14,276	(5,404)	27,432	(8,949)	14,141	(11,344)

Notwithstanding that the revenue from the Group's barging and shipping business for FY2017 and HY2018 constituted approximately 39.2% and 59.4%, it is expected that the disposal of the Vessels will result in the disposal of a substantial portion of a loss-making business segment at a premium to their book value, thereby improving the balance sheet of the Group.

3. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

None of our Directors and controlling shareholders has any interest 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. The Company will make further announcement(s) in relation to the Proposed Disposal as and when there are any material developments on the same.

BY ORDER OF THE BOARD

Low Yi Ngo
Chief Executive Officer and Managing Director
26 October 2018