

MANHATTAN RESOURCES LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration No. 199006289K)

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- (1) THE PROPOSED ACQUISITION OF 92.18% EQUITY INTEREST IN PT KARIANGAU POWER WHICH CONSTITUTES A MAJOR TRANSACTION AND AN INTERESTED PERSON TRANSACTION (“PROPOSED ACQUISITION”)
 - (2) THE POWER PURCHASE AGREEMENT AS AN INTERESTED PERSON TRANSACTION PURSUANT TO THE COMPLETION OF THE PROPOSED ACQUISITION
 - (3) THE COAL SALES AND PURCHASE AGREEMENT AS AN INTERESTED PERSON TRANSACTION PURSUANT TO THE COMPLETION OF THE PROPOSED ACQUISITION
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1. INTRODUCTION

- 1.1 Further to the announcement dated 14 March 2016 (“**14 March 2016 Announcement**”) in relation to the non-binding memorandum of understanding (“**MOU**”) in respect of the proposed acquisition of at least 51% of the issued and paid-up ordinary shares of PT Kariangau Power (“**PT KP**”), the board of directors (“**Board**” or “**Directors**”) of Manhattan Resources Limited (“**Company**”, together with its subsidiaries, the “**Group**”) is pleased to announce that SLM Holding Pte Ltd (“**SLM Holding**”), a wholly owned subsidiary of the Company, and Energy Resource Investment Pte. Ltd. (“**ERI**”) had on 28 April 2016 entered into a conditional sale and purchase agreement (“**Sale and Purchase Agreement**”), for the sale by ERI and the purchase by SLM Holding of 92.18% equity interest in PT KP (“**Sale Shares**”), comprising 397,785 ordinary shares with the nominal value of IDR 397,785,000,000 that are fully paid-up and free from encumbrances (“**Proposed Acquisition**”).
- 1.2 The Proposed Acquisition, if undertaken and completed, is expected to constitute a “major transaction” under Chapter 10 of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) Listing Manual (“**Listing Manual**”) and will be subject to the approval of shareholders of the Company (“**Shareholders**”). In addition, for the reasons set out in Section 11 below, the Proposed Acquisition also constitutes an interested person transaction under Chapter 9 of the Listing Manual, and is subject to the approval of the Shareholders.
- 1.3 The terms of the MOU have been superseded by the Sale and Purchase Agreement, and will no longer remain in full force and effect in all respects.
- 1.4 Pursuant to the completion of the Proposed Acquisition, PT KP will become an indirect subsidiary of the Company.
- 1.5 PT KP entered into:
 - (a) a power purchase agreement dated 2 February 2015 with PT Dermaga Perkasapratama (“**DPP**”) pursuant to which PT KP agrees to sell electric power to DPP (“**Power Purchase Agreement**”); and
 - (b) a coal sales and purchase agreement dated 1 October 2015 with Bayan International Pte. Ltd. (“**Bayan International**”) pursuant to which Bayan International agrees to sell coal to PT KP (“**Coal Sales and Purchase Agreement**”).

For the reasons set out in Sections 12 and 13 below, DPP and Bayan International are “interested persons” (as such term is defined in the Listing Manual). By virtue of PT KP becoming an indirect subsidiary of the Company and accordingly an “entity at risk” (as such term is defined in the Listing Manual) pursuant to the completion of the Proposed Acquisition, the Power Purchase Agreement and the Coal Sales and Purchase Agreement

will consequently constitute interested person transactions under Chapter 9 of the Listing Manual. The Company intends to seek Shareholders' approval for the Power Purchase Agreement and Coal Sales and Purchase Agreement as interested person transactions pursuant to the completion of the Proposed Acquisition.

2. INFORMATION RELATING TO PT KP AND ERI

The information on PT KP and ERI was provided by ERI. In respect of such information, the Company and the Directors have not independently verified the accuracy and correctness of the same and the Company's responsibility is limited to the proper extraction and reproduction herein in the context that the information is being disclosed in this announcement.

2.1 PT KP

PT KP is a limited liability company duly established under the laws of the Republic of Indonesia in 2007, and has an issued and paid-up share capital of IDR 431,535,000,000 comprising 431,535 ordinary shares. The principal business activities of PT KP relate to the operations of a coal-fired steam power plant in the Kariangau industry area, Balikpapan, East Kalimantan, Indonesia.

As at the date of the Sale and Purchase Agreement, each of ERI and Dato' Dr. Low Tuck Kwong ("LTK") (who is a Controlling Shareholder of the Company) holds 92.18% and 7.82% equity interest in PT KP respectively, comprising 397,785 ordinary shares with nominal value of IDR 397,785,000,000 and 33,750 ordinary shares with nominal value of IDR 33,750,000,000, respectively.

Mr Low Yi Ngo, who is Chief Executive Officer and Managing Director and Shareholder of the Company and son of LTK, is the president director of PT KP and LTK is the president commissioner of PT KP.

2.2 ERI

ERI is an exempt private company limited by shares which is incorporated in Singapore in 2005. As at the date of the Sale and Purchase Agreement, ERI has an issued and paid-up share capital of S\$750,000, comprising 750,000 ordinary shares. Mr Low Yi Ngo (who is the Chief Executive Officer and Managing Director and Shareholder of the Company and son of LTK) and Ms Elaine Low (who is an Executive Director of the Company and daughter of LTK), each holds approximately 33.3% shareholding interest in ERI. The remaining approximately 33.3% of shareholding interest in ERI is held by the immediate family of LTK, Mr Low Yi Ngo and Ms Elaine Low. Accordingly, ERI, being an associate of each of LTK, Mr Low Yi Ngo and Ms Elaine Low, is an interested person and the Proposed Acquisition would constitute an interested person transaction under Chapter 9 of the Listing Manual.

Mr Low Yi Ngo and Ms Elaine Low are also directors of ERI.

3. RATIONALE FOR THE PROPOSED ACQUISITION

As set out in the 14 March 2016 Announcement, the current core business of the Group is in the barging business, to achieve long term sustainable growth and to reduce reliance on its existing business, the Company intends to include new revenue streams to broaden its earning base. The Proposed Acquisition serves as a natural extension of the Group's existing barging business and the Group's on-going ventures into energy-related businesses.

The Company wishes to tap on the opportunities of a rising demand for electricity in Indonesia, coupled with the Indonesian government's support in granting exclusive distribution rights in certain areas of Indonesia to PT KP. It is expected that the Proposed Acquisition will offer a steady income stream underpinned by the current agreements that PT KP has in place and would augment the Company's assets in Indonesia. The Proposed Acquisition is consistent with the Company's strategy to diversify its revenue streams.

4. PRINCIPAL TERMS OF THE SALE AND PURCHASE AGREEMENT

4.1 The Sale Shares

Subject to the terms and conditions of the Sale and Purchase Agreement, (i) ERI shall sell to SLM Holding the Sale Shares; and (ii) SLM Holding, relying on the representations, warranties, undertakings and indemnities of ERI as set out in the Sale and Purchase Agreement, agrees to purchase the Sale Shares from ERI, free from all encumbrances and with the benefit of all rights, advantages, benefits and entitlements attaching and accruing thereto on and after the completion of the sale and purchase of the Sale Shares under the Sale and Purchase Agreement (“**Completion**”).

SLM Holding shall not be obliged to complete the purchase of any of the Sale Shares unless the purchase of all the Sale Shares is completed simultaneously.

4.2 The Purchase Consideration

(a) Subject to Adjustment (as defined below) (if any) in accordance with the Sale and Purchase Agreement, the purchase consideration payable by SLM Holding for the Sale Shares (“**Purchase Consideration**”) shall be a sum of up to US\$37,000,000, which is to be paid as follows:

(i) **First Tranche Payment:** Within five (5) business days (or such number of days as the parties may mutually agree in writing) from the date of the Sale and Purchase Agreement, SLM Holding shall pay to ERI a sum of US\$4,000,000 to be fully satisfied in cash by way of cashier’ order, cheque, telegraphic transfer or any other mode as mutually agreed by the parties in writing (“**Payment Method**”); and

(ii) **Second Tranche Payment:** On the date falling three (3) days after all the Conditions Precedent (as defined below) have been met, or such other date as the parties may agree in writing (“**Completion Date**”), SLM Holding shall:

(A) in the event that there is no Adjustment to the Purchase Consideration, pay to ERI a sum of US\$33,000,000 (“**Remaining Amount**”) to be fully satisfied in cash in accordance with the Payment Method; or

(B) depending on the relevant adjustment event(s) which has/have occurred, pay to ERI the corresponding amount set out in the column entitled “Second Tranche Payment Amount” in the table below, which is to be fully satisfied in cash in accordance with the Payment Method:

Situation No.	Adjustment Event(s)	Second Tranche Payment Amount
1	In the event of both Scenario A/B Adjustment (as defined below) and NCL Adjustment (as defined below)	Scenario A/B Adjusted Amount (as defined below) minus (i) First Tranche Payment; and (ii) NCL Adjustment Amount (as defined below)
2	In the event of Scenario A/B Adjustment only	Scenario A/B Adjusted Amount minus First Tranche Payment

3	In the event of NCL Adjustment only	Remaining Amount minus NCL Adjustment Amount
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- (b) The parties acknowledge that the payment of the two (2) tranches in accordance with Section 4.2(a) above shall constitute a good discharge of SLM Holding's obligations under such section.
- (c) The parties agree that all payments made by SLM Holding for the First Tranche Payment under the Sale and Purchase Agreement and before Completion ("**Refundable Advances**"), are contingent upon Completion. ERI undertakes, in the event that Completion does not occur on or before 30 June 2016 (or such other date as the parties may mutually agree in writing) ("**Long Stop Date**"), to refund, interest-free, all Refundable Advances to SLM Holding within three (3) business days (or such number of days as the Parties may mutually agree in writing) after the Long Stop Date.

The Purchase Consideration was arrived at on a willing-buyer and willing-seller basis after taking into consideration, amongst others, valuation of the Sale Shares in the Valuation Reports (as defined below), earnings and prospects of PT KP.

4.3 Adjustment of Purchase Consideration

- (a) The Purchase Consideration shall be adjusted upon the occurrence of the following events, namely ("**Adjustment**"):

- (i) in the event that PT KP does not:

- (A) execute a power purchase agreement with one (1) of its potential prime customers in accordance with all applicable laws and regulations and the term of such power purchase agreement is to be for three (3) years from the date of the relevant power purchase agreement ("**Scenario A**"); and/or
- (B) achieve an increment of at least 29% in the electricity rate in an existing power purchase agreement with one (1) of its major customer ("**Scenario B**"),

on such terms which are reasonably satisfactory to SLM Holding on or before the Completion Date ("**Scenario A/B Adjustment**"), the Purchase Consideration shall be adjusted downwards to US\$21,000,000 ("**Scenario A/B Adjusted Amount**"). For the avoidance of doubt, the Purchase Consideration of US\$37,000,000 will not be adjusted in accordance with Section 4.3(a)(i) as long as Scenario A and/or Scenario B is or are fulfilled by the Completion Date; and/or

- (ii) in the event that there is an increase in the net current liability position of PT KP in excess of US\$250,000 between that as reflected in the unaudited management accounts of PT KP issued for the month preceding the Completion Date and that as reflected in PT KP's unaudited financial statements for the year ended 31 December 2015 ("**NCL Adjustment**"), the Purchase Consideration shall be adjusted downwards on a dollar-for-dollar basis by the amount in excess of US\$250,000 ("**NCL Adjustment Amount**").

4.4 Conditions Precedent

- (a) Completion of the sale and purchase of the Sale Shares is conditional upon the following conditions being satisfied or waived in accordance with the Sale and Purchase Agreement (“**Conditions Precedent**”):
- (i) the completion and satisfactory outcome of all financial and legal due diligence investigations by SLM Holding into the financial, contractual, Tax (as such term is defined in the Sale and Purchase Agreement), trading positions and prospects of PT KP and title to its assets;
 - (ii) the approval by the shareholder and the board of directors of SLM Holding in respect of the transactions contemplated in the Sale and Purchase Agreement having been obtained;
 - (iii) the approval by the shareholders and the board of directors of ERI in respect of the transactions contemplated in the Sale and Purchase Agreement having been obtained;
 - (iv) all necessary consent, approvals and waivers (if any) (whether governmental, corporate or otherwise) which are necessary or required to be obtained under any applicable laws, rules and regulations (whether of Singapore, Indonesia or elsewhere) in respect of the transactions contemplated in the Sale and Purchase Agreement, having been obtained on terms reasonably satisfactory to SLM Holding, and such consent, approvals and waivers not having been amended or revoked before Completion, and if such consent, approvals or waivers are granted subject to conditions, such conditions being reasonably acceptable to SLM Holding, including without limitation the following consent and approvals in form and substance satisfactory to SLM Holding:
 - (A) the original unanimous resolution of the shareholders of PT KP, in agreed form, approving the execution and delivery of the Sale and Purchase Agreement and the performance of its obligations thereunder and the transfer of the Sale Shares to SLM Holding; and
 - (B) BKPM¹'s approvals to consummate the sale of the Sale Shares to SLM Holding;
 - (v) no material adverse change in the business, operations, prospects or assets of PT KP shall have occurred from and after the date thereof, the effect of which would materially and adversely affect PT KP. For the purpose of this clause, a matter that has a “material effect” is one (1) which the cost to cure or in respect of which the damage to PT KP would be in excess of US\$250,000 (Two Hundred and Fifty Thousand United States Dollars) or the occurrence of an event or a circumstance that has a material adverse effect on any of the following:
 - (A) the assets, business, properties, liabilities, financial conditions, operations or results of operations of PT KP, taken as a whole;
 - (B) proceeding has been initiated after the date hereof preventing either party from performing any of its material obligations under the Sale and Purchase Agreement; or
 - (C) the validity and enforceability of any of the material terms and conditions of the Sale and Purchase Agreement or of the rights or remedies of any of the parties;

¹ “**BKPM**” means Badan Koordinasi Penanaman Modal or the Indonesian Capital Investment Coordinating Board

- (vi) no national, federal, regional, state, local or other court, arbitral tribunal, administrative agency or commission or other governmental, administrative or regulatory body, authority, agency or instrumentality (whether of Singapore, Indonesia or elsewhere) taking, instituting, implementing or threatening to take, institute or implement any action, proceeding, suit, investigation, inquiry or reference, or having made, proposed or enacted any statute, regulation, decision, ruling, statement or order or taken any steps, and there not continuing to be in effect or outstanding any statute, regulation, decision, ruling, statement or order which would or might:
 - (A) make the transactions contemplated in the Sale and Purchase Agreement and all other transactions in connection therewith and incidental thereto, void, illegal and/or unenforceable or otherwise restrict, restrain, prohibit or otherwise frustrate or be adverse to the same;
 - (B) render SLM Holding unable to purchase all or any of the Sale Shares in the manner set out in the Sale and Purchase Agreement; and/or
 - (C) render ERI unable to dispose of all or any of the Sale Shares in the manner set out in the Sale and Purchase Agreement; and
 - (vii) the Warranties (as such term is defined in the Sale and Purchase Agreement) being true, accurate and correct in all material respects as if made on the Completion Date, with references to the then existing circumstances.
- (b) To the extent permitted by law, SLM Holding shall be entitled in its absolute discretion, by written notice to ERI, to waive any or all of the Conditions Precedent either in whole or in part.
 - (c) To the extent applicable to it, each party shall use its reasonable endeavours to procure the expeditious fulfilment of the Conditions Precedent referred to in paragraph (a) above. Each party shall use its reasonable endeavours to keep the other party fully informed of any development relating to the conditions applicable to it and shall forthwith notify the other party upon the fulfilment of all such conditions and furnish to the other party documentary evidence reasonably satisfactory to the other party in respect thereof.
 - (d) Without prejudice to paragraph (c) above, each party shall take all reasonable steps to do all acts and things and sign or otherwise execute and deliver such forms and documents and provide such information and particulars as are necessary to enable the other party, where applicable, to obtain the necessary consents and approvals referred to in paragraph (a) above and shall ensure that the information so provided is true, accurate and complete in all respects.
 - (e) If any of the Conditions Precedent has not been fulfilled (or waived by SLM Holding in accordance with paragraph (b) above) on or before the Long Stop Date, the Sale and Purchase Agreement (other than certain clauses as specified therein ("**Surviving Clauses**")) shall automatically terminate and neither party shall have any claim of any nature whatsoever against the other party under the Sale and Purchase Agreement (save and except for any claims that may be made by any party in respect of any breach by any other party of its obligations under any of the Surviving Clauses).

4.5 Completion

Subject to the satisfaction or waiver in accordance with the Sale and Purchase Agreement (as the case may be) of the Conditions Precedent, Completion shall take place at a mutually agreed timing on the Completion Date in Indonesia or at such other venue as the parties may mutually agree in writing when all (and not part only) of the events referred to in clause 2.5(b) of the Sale and Purchase Agreement shall take place simultaneously.

4.6 Post-Completion undertaking by ERI

Following Completion, ERI undertakes to SLM Holding to do, execute and perform all such acts, deeds, documents and things (or procure the doing, execution or performance of them) as SLM Holding may request for the purpose of or in connection with the legalisation of the transfer of the Sale Shares from ERI to SLM Holding, in accordance with the applicable Indonesian laws and regulations, including but without limitation to the following:

- (a) the MOLHR²'s approvals or notifications have been obtained to consummate the sale of the Sale Shares to SLM Holding;
- (b) announcement of the post-acquisition on one (1) national newspaper in Indonesia by the board of directors of PT KP; and
- (c) that the composition of the shareholders of PT KP shall become as follows:

Composition of shareholders of PT KP

No.	Name	Number of shares in PT KP	Nominal value (IDR)	Percentage of shares in PT KP
1	SLM Holding	397,785	397,785,000,000	92.18%
2	LTK	33,750	33,750,000,000	7.82%

5. VALUE OF THE SALE SHARES AND NET LOSS ATTRIBUTABLE TO THE SALE SHARES

(a) Net liabilities of the Sale Shares

Based on the unaudited financial statements of PT KP as at 31 December 2015, the net liabilities of the Sale Shares was approximately IDR 166.3 billion (approximately US\$ 12.4 million).

As at 31 December 2015, ERI extended a shareholder loan of US\$ 28,019,933.85 to PT KP ("**Shareholder's Loan**"). However, the Shareholder's Loan has since been capitalised in full on 29 March 2016 into 386,535 ordinary shares with nominal value of IDR 386,535,000,000 that are fully paid-up.

For illustration purposes only, assuming that the Shareholder's Loan were to be capitalised in full, the net asset value of the Sale Shares as at 31 December 2015 approximates IDR 190.0 billion (approximately US\$14.2 million).

(b) Valuation of Sale Shares

According to (i) the independent valuation report dated 25 February 2016 prepared by BDO Advisory Pte Ltd in respect of the enterprise value of PT KP as commissioned by the Company and based on the discounted cash flow approach, and (ii) the land valuation report dated 5 April 2016 in respect of the three (3) pieces of land owned by PT KP prepared by a licensed valuer in Indonesia as commissioned by PT KP and based on the market value approach (collectively, the "**Valuation Reports**"), the indicative value of the Sale Shares as at 31 December 2015 is in the range of US\$15.0 million to US\$ 52.9 million.

² "MOLHR" means Menteri Hukum dan Hak Asasi Manusia Republik Indonesia or the Minister of Law and Human Rights of the Republic of Indonesia

(c) Net loss attributable to the Sale Shares

PT KP's first power plant unit commenced partial sales of electricity in November 2014. In February 2015, PT KP's first power plant unit commenced full operations. PT KP's second power plant unit was completed in October 2015. As at 31 December 2015, the second power plant unit had not commenced operations and sales of electricity.

Based on PT KP's unaudited financial statements for the year ended 31 December 2015, the net loss attributable to the Sale Shares is approximately IDR 96.6 billion (approximately US\$7.2 million), including a non-recurring foreign exchange loss of approximately IDR 54.5 billion (approximately US\$4.1 million) due to (i) the Shareholder's Loan, and (ii) US dollar bank loans which were converted to IDR loans in 4Q 2015.

The Shareholder's Loan has since been capitalised in full, further details of which are set out in Section 5(a) above.

6. SOURCES OF FUNDS FOR THE PROPOSED ACQUISITION

The Proposed Acquisition will be funded by bank borrowings and the Group's internal resources.

7. NO SERVICE CONTRACTS

No person is proposed to be appointed as a director of the Company in connection with the Proposed Acquisition; accordingly, no service contract is proposed to be entered into between the Company and any such person.

8. FINANCIAL EFFECTS OF THE PROPOSED ACQUISITION

The financial effects of the Proposed Acquisition on the Group as set out below are purely for illustrative purposes only. The illustrative financial effects should not be construed to mean that the Group's actual results, performance or achievements will be as expected, expressed or implied in such financial effects.

The financial effects of the Proposed Acquisition on the Group as set out below are based on the Group's audited financial statements for the year ended 31 December 2015 and PT KP's unaudited financial statements for the year ended 31 December 2015, and the following assumptions:

- (a) no Adjustment is made so the maximum amount of Purchase Consideration (being US\$37,000,000) is paid;
- (b) the Proposed Acquisition had been effected at the end of the financial year ended 31 December 2015 for the computation of the effect on the net tangible assets ("NTA") per share; and
- (c) the Proposed Acquisition had been effected at the beginning of the financial year ended 31 December 2015 for the computation of the effect on the earnings per share ("EPS").

NTA

	Before the Proposed Acquisition	After the Proposed Acquisition
NTA attributable to equity holders of the Company (S\$'000)	113,091	113,184
Number of ordinary shares in issue ('000)	568,491	568,491

NTA per share (Singapore cents)	19.89	19.91
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EPS

	Before the Proposed Acquisition	After the Proposed Acquisition
Profit/(loss) attributable to equity holders of the Company (S\$'000)	(24,353)	(34,275)
Weighted average number of ordinary shares in issue ('000)	568,491	568,491
EPS (Singapore cents)	(4.28)	(6.03)

9. THE PROPOSED ACQUISITION AS A MAJOR TRANSACTION

9.1 Relative figures under Rule 1006 of the Listing Manual

Based on the Group's audited financial statements for the year ended 31 December 2015 and PT KP's unaudited financial statements for the year ended 31 December 2015, the relative figures of the Proposed Acquisition computed on the bases set out in Rule 1006(a) to (e) of the Listing Manual assuming that no Adjustment is made so the maximum amount of Purchase Consideration (being US\$37,000,000) is paid, are as follows:

Rule 1006(a)	
Net asset value of the assets to be disposed of	Not applicable ⁽¹⁾
Net asset value of the Group	Not applicable ⁽¹⁾
Size of relative figure	Not applicable ⁽¹⁾

Rule 1006(b)	
Net loss ⁽²⁾ attributable to the acquired assets (S\$'000)	9,922 ⁽³⁾
Net loss ⁽²⁾ of the Group for the full financial year ended 31 December 2015 (S\$'000)	24,302
Size of relative figure	40.8%

Rule 1006(c)	
Aggregate value of consideration to be given (S\$'000)	49,991 ⁽⁵⁾
Company's market capitalisation as at 27 April 2016 ⁽⁴⁾ (S\$'000)	68,787
Size of relative figure	72.7%

Rule 1006(d)	
Number of equity securities to be issued by the Company as consideration for an acquisition	Not applicable ⁽⁶⁾
Number of equity securities in issue	Not applicable ⁽⁶⁾
Size of relative figure	Not applicable ⁽⁶⁾

Rule 1006(e)	
Aggregate volume or amount of proved and probable reserves to be disposed of	Not applicable ⁽⁷⁾
Aggregate of the Group's proved and probable reserves	Not applicable ⁽⁷⁾
Size of relative figure	Not applicable ⁽⁷⁾

Notes:

- (1) This basis is not applicable as the Company will not be disposing of any assets pursuant to the Proposed Acquisition.
- (2) Under Rule 1002(3)(b) of the Listing Manual, "net profits" is defined as profit or loss before income tax, minority interests and extraordinary items.

- (3) Calculated based on 92.18% ownership interest of PT KP.
- (4) Calculated based on the Company's market capitalisation as at 27 April 2016, being the last traded market day immediately preceding the date of the Sale and Purchase Agreement.
- (5) Being the maximum amount of Purchase Consideration payable for the Sale Shares, which is US\$37,000,000 (approximately S\$49,991,000), assuming that no Adjustment is made.
- (6) This basis is not applicable as no equity securities will be allotted and issued by the Company as consideration for the Proposed Acquisition.
- (7) This basis is not applicable as the Proposed Acquisition does not relate to the disposal of mineral, oil or gas assets and the Company is not a mineral, oil and gas company.

As the relative figures computed under Rules 1006(b) and (c) of the Listing Manual exceed 20% but are less than 100%, the Proposed Acquisition therefore constitutes a "major transaction" as defined under Chapter 10 of the Listing Manual. Accordingly, the Proposed Acquisition is subject to the approval of the Shareholders.

10. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

Save as disclosed and 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 Acquisition.

11. THE PROPOSED ACQUISITION AS AN INTERESTED PERSON TRANSACTION

11.1 Details of Interested Persons

As set out in Section 2.2 above, Mr Low Yi Ngo (who is the Chief Executive Officer and Managing Director and Shareholder of the Company and son of LTK) and Ms Elaine Low (who is an Executive Director of the Company and daughter of LTK), each holds approximately 33.3% shareholding interest in ERI. The remaining approximately 33.3% of shareholding interest in ERI is held by the immediate family of LTK, Mr Low Yi Ngo and Ms Elaine Low. Accordingly, ERI, being an associate of each of LTK, Mr Low Yi Ngo and Ms Elaine Low, is an interested person and the Proposed Acquisition would constitute an interested person transaction under Chapter 9 of the Listing Manual.

Based on the Group's latest audited NTA attributable to the equity holders of the Company of S\$113,091,000 as at 31 December 2015 ("**Group's latest audited NTA**"):

- (a) assuming that no Adjustment is made so the maximum amount of Purchase Consideration (that is, US\$37 million) is paid, the value of the Proposed Acquisition (being US\$37 million (approximately S\$50.0 million)), represents approximately 44.2% of the Group's latest audited NTA.

Accordingly, as the value of the Proposed Acquisition (assuming that no Adjustment is made so the maximum amount of Purchase Consideration (being US\$37 million) is paid), is more than 5% of the Group's latest audited NTA, the Proposed Acquisition as an interested person transaction is subject to Shareholders' approval pursuant to Rule 906(1)(a) of the Listing Manual.

12. THE POWER PURCHASE AGREEMENT AS AN INTERESTED PERSON TRANSACTION PURSUANT TO THE COMPLETION OF THE PROPOSED ACQUISITION

12.1 Power Purchase Agreement

PT KP has an on-going Power Purchase Agreement with DPP.

The Power Purchase Agreement shall be valid and binding upon the parties as of the signing date (that is, 2 February 2015) of the Power Purchase Agreement, whereas the sale and purchase of electric power shall be valid for a period of seven (7) years as of

Commencement Date³ (that is, 2 February 2015). The validity period as above can be extended upon the written approval of the parties.

Pursuant to the Power Purchase Agreement, PT KP agrees to sell to DPP electric power strictly on a take or pay basis, whereby at any time during the term of the Power Purchase Agreement, DPP shall purchase and pay for the electric power at a certain minimum amount per month ("**Monthly Minimum Amount**") at a certain agreed price per kWh of electric power purchased ("**Purchase Price**").

The Purchase Price is comparable to the price payable by non-interested persons purchasing electricity during the same period.

12.2 Rationale for and benefit to PT KP

Under the Power Purchase Agreement, DPP shall purchase and pay the electric power sold by PT KP at the Monthly Minimum Amount. Hence, the Power Purchase Agreement is expected to provide monthly minimum guaranteed sales and, in turn, earnings for PT KP, and this is expected to contribute positively to the Group's financial performance.

12.3 Application of Chapter 9 of the Listing Manual

(a) Entity at Risk

Pursuant to the completion of the Proposed Acquisition, PT KP will become an indirect subsidiary of the Company, and accordingly will constitute an entity at risk.

(b) The Interested Person

- (i) LTK is a Controlling Shareholder of the Company and has, as at the date of this announcement, a total interest, both direct and deemed, of approximately 36.61% in the issued and paid-up capital of the Company. Mr Low Yi Ngo (son of LTK) is the Chief Executive Officer and Managing Director and a Shareholder of the Company. Ms Elaine Low (daughter of LTK) is an Executive Director of the Company.
- (ii) DPP is 87.4% owned by PT Bayan Resources Tbk ("**Bayan Resources**"). As at the date of this announcement, each of LTK and Mr Low Yi Ngo owns 51.59% and 0.17% of Bayan Resources, respectively. LTK and Mr Low Yi Ngo are therefore deemed to be interested in the share capital of DPP. Ms Elaine Low is a director of DPP.
- (iii) As a result of LTK's and Mr Low Yi Ngo's deemed interest in DPP, DPP is considered an associate of each of LTK, Mr Low Yi Ngo and Ms Elaine Low and, consequently, an interested person under Chapter 9 of the Listing Manual.

(c) The Interested Person Transaction

Assuming solely for illustrative purposes only that DPP purchases the Monthly Minimum Amount for the remaining term of the Power Purchase Agreement at the Purchase Price ("**Minimum Purchase Scenario**") and based on the Group's latest audited NTA attributable to the equity holders of the Company of S\$113,091,000 as at 31 December 2015, the value of the Power Purchase Agreement is approximately S\$3,000,000, which represents approximately 2.7% of the Group's latest NTA attributable to the equity holders of the Company.

³ "**Commencement Date**" means the eligible effective date of the delivery of electric power from PT KP to DPP and acceptance of electric power by DPP which is embodied in the minutes of acceptance of electric power signed by the parties

Shareholders should note that the values as indicated in the Minimum Purchase Scenario are not representative of the actual amount PT KP may in fact be able to receive from DPP under the Power Purchase Agreement because DPP may purchase more than the Monthly Minimum Amount every month.

Notwithstanding that under the Minimum Purchase Scenario, the value of the Power Purchase Agreement does not exceed 5% of the Group's latest NTA, the Company has decided to seek Shareholders' approval for the Power Purchase Agreement as an interested person transaction because of, amongst others, the possibility that DPP may purchase more than the Monthly Minimum Amount in the future.

13. THE COAL SALES AND PURCHASE AGREEMENT AS AN INTERESTED PERSON TRANSACTION PURSUANT TO THE COMPLETION OF THE PROPOSED ACQUISITION

13.1 Coal Sales and Purchase Agreement

PT KP has an on-going Coal Sales and Purchase Agreement with Bayan International.

The term of the Coal Sales and Purchase Agreement shall come into effect from the date of the Coal Sales and Purchase Agreement (that is, 1 October 2015) and expire on 30 April 2017, subject to any extensions that may be agreed to by the parties.

Bayan International shall sell and deliver and PT KP shall purchase and accept approximately 225,000 to 275,000 MT of coal. The price of coal ("**Coal Price**") shall be calculated in accordance with a certain pre-determined formula based on certain publicly available independent coal indices (which are published monthly) on a free on board (FOB) basis calorific value 4,150 kcal/kg.

The Coal Price paid to Bayan International for the purchase of coal is comparable to the prices paid to other suppliers of coal of similar coal specifications (who are non-interested persons) and such prices are also determined by certain pre-determined formula based on publicly available independent indices.

13.2 Rationale for and benefit to PT KP

The power plant operated by PT KP requires coal as one (1) of the essential raw materials to generate electricity. In this connection, the Coal Sales and Purchase Agreement will provide PT KP with a stable supply of coal, which is an essential raw material required for its operations.

13.3 Application of Chapter 9 of the Listing Manual

(a) Entity at Risk

Pursuant to the completion of the Proposed Acquisition, PT KP will become an indirect subsidiary of the Company, and accordingly will constitute an entity at risk.

(b) The Interested Person

- (i) LTK is a Controlling Shareholder of the Company and has, as at the date of this announcement, a total interest, both direct and deemed, of approximately 36.61% in the issued and paid-up capital of the Company. Mr Low Yi Ngo (son of LTK) is the Chief Executive Officer and Managing Director and a Shareholder of the Company. Ms Elaine Low (daughter of LTK) is an Executive Director of the Company.
- (ii) Bayan International is 75% owned by More Time Investments Limited which, in turn, is wholly owned by LTK. LTK is therefore deemed to be interested in the share capital of Bayan International.
- (iii) As a result of LTK's deemed interest in Bayan International, Bayan International is considered an associate of each of LTK, Mr Low Yi Ngo and

Ms Elaine Low and, consequently, an interested person under Chapter 9 of the Listing Manual.

(c) **The Interested Person Transaction**

Typically, PT KP will place orders for a certain quantity of coal to be delivered by Bayan International, as and when required. However, the Coal Price to be paid for each order may differ as the Coal Price is calculated in accordance with a certain pre-determined formula based on certain publicly available independent coal indices (which are published monthly). Accordingly, the Company is not able to determine the actual value of the Coal Sales and Purchase Agreement.

Purely for illustration purposes only, the average monthly price paid for past orders of coal for PT KP's first power plant unit in the fourth quarter of 2015 from Bayan International is approximately US\$300,000⁴ (approximately S\$405,000) ("**Average Monthly Price**"), and assuming that PT KP orders coal every month and is charged the Average Monthly Price for the remaining term of the Coal Sales and Purchase Agreement (that is, approximately 12 months), the value is approximately US\$3,600,000 (approximately S\$4,860,000), based on the Group's latest audited NTA attributable to the equity holders of the Company of S\$113,091,000 as at 31 December 2015, the value represents approximately 4.3% of the Group's latest audited NTA attributable to the equity holders of the Company ("**Historical Orders Illustration**").

Shareholders should note that the values as indicated in the Historical Orders Illustration are not representative of the actual amount that PT KP has to pay for future orders of coal from Bayan International because, amongst other reasons, PT KP will purchase more coal in the future with the second power plant unit becoming operational and the coal prices used in the Historical Orders Illustration are based on past figures which are not representative of the future coal prices which are based on independent coal indices which vary from month to month.

Notwithstanding, the Company has decided to seek Shareholders' approval for the Coal Sales and Purchase Agreement as an interested person transaction because, amongst others, the Coal Sales and Purchase Agreement provides PT KP with a stable supply of coal, which is an essential raw material required for its operations.

14. INTERESTED PERSON TRANSACTIONS FOR THE CURRENT FINANCIAL YEAR

14.1 Transactions with ERI

Save for the Proposed Acquisition, the Group does not have any other interested person transaction of aggregate value more than S\$100,000 with ERI for the current financial year beginning 1 January 2016 and up to the date of this announcement.

14.2 Transactions with DPP

Save for the Power Purchase Agreement, the Group does not have any other interested person transaction of aggregate value more than S\$100,000 with DPP for the current financial year beginning 1 January 2016 and up to the date of this announcement.

⁴ As mentioned in Section 5(c) above, PT KP's second power plant unit was completed in October 2015 but has not commenced operations and sales of electricity as at 31 December 2015. Hence, the Average Monthly Price of approximately US\$300,000 (approximately S\$405,000) for the past orders of coal in the fourth quarter of 2015 from Bayan International is representative of the average monthly price paid for coal ordered for one (1) of the power plant units which was operational during that period of time.

14.3 Transactions with Bayan International

Save for the Coal Sales and Purchase Agreement, the Group does not have any other interested person transaction of aggregate value more than S\$100,000 with Bayan International for the current financial year beginning 1 January 2016 and up to the date of this announcement.

14.4 Total value of all interested person transactions for the current financial year

The total value of all interested person transactions entered into by the Group (excluding (a) the abovementioned interested person transactions with ERI, DPP and Bayan International; and (b) all transactions less than S\$100,000) for the current financial year beginning 1 January 2016 up to the date of this announcement is approximately S\$1,200,000.

15. APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER

Pursuant to Chapter 9 of the Listing Manual, the Company has appointed, NRA Capital Pte. Ltd., as the independent financial adviser (“**IFA**”) to the independent directors of the Company in relation to (a) the Proposed Acquisition as an interested person transaction; (b) the Power Purchase Agreement as an interested person transaction pursuant to the completion of the Proposed Acquisition; and (c) the Coal Sales and Purchase Agreement as an interested person transaction pursuant to the completion of the Proposed Acquisition. A copy of the letter from the IFA to the independent directors of the Company will be included in the Circular (as defined below) which will be despatched to Shareholders in due course.

16. AUDIT COMMITTEE STATEMENT

The Audit Committee will be obtaining an opinion from the IFA before forming its view on whether the (a) Proposed Acquisition as an interested person transaction; (b) the Power Purchase Agreement as an interested person transaction pursuant to the completion of the Proposed Acquisition; and (c) the Coal Sales and Purchase Agreement as an interested person transaction pursuant to the completion of the Proposed Acquisition, are on normal commercial terms and are not prejudicial to the interests of the Company and its minority Shareholders.

17. CIRCULAR

Subject to the approval of the SGX-ST, a circular containing further information on, amongst others, the Proposed Acquisition and the Power Purchase Agreement and the Coal Sales and Purchase Agreement as interested person transactions pursuant to the completion of the Proposed Acquisition (“**Circular**”), together with a notice of extraordinary general meeting of the Company, will be despatched to Shareholders in due course.

18. DOCUMENTS FOR INSPECTION

The following documents will be 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 for a period of three (3) months commencing from the date of this announcement:

- (a) the Sale and Purchase Agreement;
- (b) the Valuation Reports;
- (c) Power Purchase Agreement; and
- (d) Coal Sales and Purchase Agreement.

19. FURTHER ANNOUNCEMENTS

The Company will make further announcements, in compliance with the requirements of the Listing Manual, as and when there are material developments in respect of the Proposed

Acquisition, the Power Purchase Agreement, the Coal Sales and Purchase Agreement and other matters contemplated by this announcement.

20. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors (including those who have been delegated supervision of this announcement) collectively and individually accept full responsibility for the accuracy of the information given in this announcement and confirm, after making all reasonable enquiries that, to the best of their knowledge and belief, this announcement constitutes full and true disclosure of all material facts about the Proposed Acquisition, Power Purchase Agreement and the Coal Sales and Purchase Agreement, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this announcement misleading.

Where information in this announcement 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 such sources and/or reproduced in this announcement in its proper form and context.

21. CAUTION IN TRADING

Shareholders are advised to exercise caution in trading their shares. The Proposed Acquisition is subject to, amongst others, conditions and due diligence. There is no certainty or assurance as at the date of this announcement the Proposed Acquisition will be completed, or that no changes will be made to the terms thereof. The Company will make the necessary announcements when there are further developments on the Proposed Acquisition and other matters contemplated by this announcement. Shareholders are advised to read this announcement and any further announcements by the Company carefully. Shareholders should consult their stock-brokers, bank managers, solicitors or other professional advisors if they have any doubt about the actions they should take.

BY ORDER OF THE BOARD

Madelyn Kwang Yeit Lam
Company Secretary
29 April 2016