

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

**PROPOSED ACQUISITION OF THE ENTIRE ISSUED AND PAID-UP SHARE CAPITAL OF
ATHENA ENERGY HOLDINGS PTE. LTD.**

1. INTRODUCTION

The Board of Directors (the “**Board**”) of Manhattan Resources Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) wishes to announce that the Company has on 20 October 2021 entered into a sale and purchase agreement (“**SPA**”) with (a) Sandnergy Pte. Ltd. (“**Sandnergy**”); and (b) Goldland Technology Sdn Bhd (“**Goldland**”) (collectively, the “**Vendors**”) (the Company together with the Vendors, the “**Parties**”) in respect of the Company’s proposed acquisition of the entire issued and paid-up share capital (“**Target Company Shares**”) of Athena Energy Holdings Pte. Ltd. (“**Target Company**”), in accordance with the terms and conditions of the SPA (the “**Proposed Acquisition**”).

2. INFORMATION ON THE TARGET GROUP AND THE VENDORS

2.1 Information on the Target Group

The Target Company is a private company incorporated in Singapore on 13 September 2018 with its registered office at 6A Shenton Way #04-01 Singapore 068815. As at the date of this announcement, the Target Company has an issued and paid-up share capital of S\$800,000, comprising 800,000 ordinary shares.

The Target Company is in the principal business of developing, financing, constructing, owning and operating renewable energy assets in Asia and Australia. It is a Singapore headquartered company with 4MW operating and 30MW committed of rooftop Commercial & Industrial Solar (“**C&I**”) projects in Vietnam, and with pipeline renewable energy projects across Asia and Australia. The Target Company has been led by a team of committed highly experienced energy experts in the region to deliver C&I solar projects and utility-scale solar projects. The following are wholly-owned, direct and indirect, subsidiaries of the Target Company: (a) Vietrof RE Pte. Ltd.; (b) Vietrof PV Pte. Ltd.; (c) Vietrof Solar Pte. Ltd.; (d) Vietrof Renewable Energy Vietnam Company Limited; (e) Can Sports Green Energy Company Limited; (f) Phu Luc Green Energy Company Limited; (g) Vietrof PV Vietnam Company Limited; (h) Athena (Shanghai) Co Ltd; and (i) Athena Energy Australia (Holdings) Pty Ltd (collectively, the “**Target Subsidiaries**”) (the Target Subsidiaries, together with the Target Company, the “**Target Group**”).

2.2 Value of the Target Company Shares

Based on the latest consolidated audited financial statements of the Target Group for the financial year ended 31 December 2020:

- (a) the aggregate book value of the Target Company Shares is approximately S\$800,000; and
- (b) the aggregate net tangible liabilities value attributable to the Target Company Shares is approximately S\$152,890.

In connection with the Proposed Acquisition, the Company had appointed an independent valuer, Grant Thornton Singapore Pte Ltd, to assess the market value of the share capital of the Target Group based on a discounted cash flow approach as at 31 August 2021. The valuation was based on the 4MW operating and 30MW of committed projects in Vietnam and did not include the market value of the net economic benefits of the other projects which are in the pipeline as those projects are still in the pre-development stages. The enterprise value of the Target Group as at 31 August 2021 was estimated at approximately S\$9,300,000 to S\$11,400,000. After subtracting the Shareholder's Loan of approximately S\$5,300,000, the market value of share capital of the Target Group was estimated to fall between approximately S\$4,000,000 to S\$6,100,000.

2.3 Information on the Vendors

Sandnergy is a private company incorporated in Singapore and is an investment holding company. Goldland is a private company incorporated in Malaysia and is an investment holding company. The Vendors are independent third parties are not related to the Company, the Group, the Directors or the controlling shareholders (as defined in the Listing Manual ("**Listing Manual**") of the Singapore Exchange Securities Trading Limited ("**SGX-ST**").

The Vendors are the legal and beneficial owners of the entire issued and paid-up share capital of the Target Company comprising 800,000 ordinary shares, of which 280,000 ordinary shares are held by Sandnergy and 520,000 ordinary shares are held by Goldland.

3. PRINCIPAL TERMS OF THE PROPOSED ACQUISITION

3.1 Sale and Purchase of the Target Company Shares

The Vendors shall sell to the Company, in accordance with the terms and conditions of the SPA, on completion of the Proposed Acquisition ("**Completion**"), the Target Company Shares free from all encumbrances and together with all rights, benefits and entitlements attaching thereto as at the Completion Date (as defined below) (including the right to receive all dividends or distributions declared, made or paid on or after the Completion Date).

3.2 Consideration

The aggregate consideration for the Proposed Acquisition is S\$4,830,987 (the "**Consideration**"). The Consideration was arrived at pursuant to arm's length negotiations between the Vendors and the Company on a willing buyer willing seller basis, after taking into account prevailing market conditions, the value of the Target Company Shares as disclosed in paragraph 2.2 above and the rationale for the Proposed Acquisition as disclosed in paragraph 4 below.

The Consideration shall be satisfied by the Company in the following manner:

- (a) S\$4,277,287 of the Consideration (which shall include the Vendor' legal counsel fees) shall be satisfied in cash (the "**Cash Consideration**") on the Completion Date; and
- (b) S\$553,700 of the Consideration shall be satisfied by the issuance and allotment of 14,197,450 new ordinary shares in the capital of the Company (the "**Consideration Shares**") at the issue price of S\$0.039 ("**Issue Price**"), all of which shall rank *pari passu* with the existing issued ordinary shares of the Company ("**MRL Shares**") to the

following nominees of Sandnergy (“**Sandnergy’s Nominees**”) no later than 45 business days after Completion:

Name	Amount of Consideration (S\$)	Number of Consideration Shares to be issued
Yau Wai Hoo	276,850	7,098,725
Gao Daiying	276,850	7,098,725

3.3 Consideration Shares

- (a) The Issue Price of S\$0.039 per Consideration Share is derived from the volume weighted average closing market prices of the MRL Shares over the last three (3) months on which the MRL Shares were traded on the SGX-ST immediately preceding the date of the SPA, representing a 4.18% discount to the weighted average price of S\$0.0407 per MRL Share for all trades done on SGX-ST on 19 October 2021, being the full market day immediately preceding the date on which the SPA was signed. As the Consideration Shares will be allotted and issued as settlement of part of the Consideration, it will not result in any new cash proceeds for the Company.
- (b) Following Completion and in accordance with terms of the SPA, the Company will be making an application to the SGX-ST for the admission of and the listing and quotation of the Consideration Shares to the Mainboard of the SGX-ST. The Company will make the necessary announcements once the approval-in-principle for the listing and quotation of the Consideration Shares of the Company (“**Listing Approval**”) has been obtained from the SGX-ST.
- (c) The Consideration Shares will be issued pursuant to the general share issue mandate (the “**General Mandate**”) granted to the Board by the shareholders of the Company by way of an ordinary resolution at the annual general meeting of the Company held on 26 April 2021. As (i) the number of MRL Shares that may be issued other than on a *pro-rata* basis under the General Mandate is 597,300,730; and (ii) no MRL Shares were previously issued under the General Mandate prior to the date of this announcement, the issue and allotment of the Consideration Shares would be within the limits of the General Mandate.
- (d) Pursuant to the allotment and issue of Consideration Shares, the Company's issued and paid-up share capital will increase from 2,986,503,650 ordinary shares (excluding treasury shares and subsidiary holdings) (“**Existing Share Capital**”) to 3,000,701,100 ordinary shares (excluding treasury shares and subsidiary holdings) (“**Enlarged Share Capital**”). The number of Consideration Shares to be issued represents 0.48% of the Existing Share Capital and 0.47% of the Enlarged Share Capital after Completion.

3.4 Shareholder’s Loans and Funding

- (a) At Completion, the Company will provide a shareholder's loan of an aggregate of S\$5,169,013 to the Target Company for the purpose of paying off all current, non-current and outstanding shareholders’ loans and liabilities of the Target Company

(**"Shareholder's Loan"**). The Shareholder's Loan is subject to an interest of 2% per annum and is repayable upon demand by the Company.

- (b) In addition, the Company has also undertaken to Sandnergy that it will provide the Target Company with additional funding of up to S\$5,000,000 as may be requested by the Target Group by way of either capital injection and/or shareholders' loan, for the operation of expansion of the Target Group (as determined by the board of directors of the Target Company) or the business of the Target Group (**"Additional Funding"**).

3.5 Source of funds

The Cash Consideration, Shareholder's Loan and the Additional Funding are intended to be funded wholly by a loan to be extended by a controlling shareholder of the Company or its associate (**"Controlling Shareholder Loan"**). Under Rule 909(3) of the Listing Manual, the value of the Controlling Shareholder Loan (which is the amount of risk to the Company) is the interest payable on the Controlling Shareholder Loan. Such interest will not be more than S\$600,000 per annum and contributes less than 3% of the Group's latest audited net tangible assets.

3.6 Locked Box

Each Vendor represents and warrants to the Company that from 31 August 2021 (the **"Locked Box Date"**) up to and including the date of the SPA, there has been no leakage of value from the Target Group as defined under the SPA (**"Leakage"**). The Vendors shall further procure that between the date of the SPA up to and including the Completion Date (both dates inclusive), there will be no Leakage. Subject to Completion, if any Leakage occurs from the Locked Box Date up to and including the Completion Date (both dates inclusive), the Vendors had undertaken to indemnify the Company in full upon the Company's demand, on a dollar for dollar for the amount necessary to put the Group into the position it would have been in if such Leakage had not occurred including reasonable costs (including legal costs) incurred by the Company or the Group in recovering such amount from such Vendor(s).

3.7 Completion

The Parties have agreed that Completion shall take place on the 6th business day after the date of the SPA or at such other date as agreed between the Parties (**"Completion Date"**).

3.8 Management Team

On Completion, the Company shall enter into employment agreements (in form and substance reasonably satisfactory to the Company) with the key management executives of the Target Company, namely (a) Mr. Yau Wai Hoo (Chief Executive Officer of the Target Company); (b) Mr. Sivaramakrishnan Sreedharan (Chief Investment Officer of the Target Company); and (c) Ms. Gao Daiying (Chief Technical Officer of Target Company).

3.9 Post-Completion

Under the SPA, the Company has agreed to the following post-completion obligations:

- (a) subject to the receipt of Listing Approval, issue and allot the Consideration Shares to Sandnergy's Nominees; and

- (b) procure that, the Target Company pays in full, within three (3) business days from the Completion Date:
- (i) the outstanding aggregate amount of S\$764,627 owed to (A) Mr. Yau Wai Hoo (Chief Executive Officer of the Target Company); (B) Mr. Sivaramakrishnan Sreedharan (Chief Investment Officer of the Target Company); and (C) Ms. Gao Daiying (Chief Technical Officer of Target Company) (collectively, the “**Management Team**”), for accrued payroll and expense claims; and
 - (ii) (A) the total outstanding amount of S\$3,238,054 owed by the Target Company to Mr. Mah Sau Cheong pursuant to the loan agreement between the Target Company and Mr. Mah Sau Cheong dated 30 June 2021; (B) the total outstanding amount of S\$614,536 owed by the Target Company to Mr. Leow Thang Fong pursuant to the loan agreement between the Target Company and Mr. Leow Thang Fong dated 15 July 2021; and (C) the total outstanding amount of S\$130,000 owed by the Target Company to Sandnergy pursuant to the shareholder’s loan agreement between the Target Company and Sandnergy dated 15 August 2021.

3.10 Representations and Warranties

The SPA contains customary representations and warranties for transactions of this nature as agreed between the Parties, including but not limited to the power and authority of the Parties to enter into the transactions contemplated under the SPA, title to the Target Company Shares, title to real property and there being no litigation against the Target Group.

4. RATIONALE FOR THE PROPOSED ACQUISITION

Following the general global trend on decarbonisation, the Company’s financial performance of its existing business segments has not been satisfactory. Additionally, as highlighted in the Company’s annual report for the financial year ended 31 December 2020 (“**FY2020**”), the Group has experienced significant commercial impact and disruption in the supply chains caused by the outbreak of COVID-19. On the power plant segment, the demand for electricity supply has been substantially lowered due to COVID-19.

The Company had reviewed its corporate strategy and decided to pursue businesses which will be sustainable and provide a stable income. After thorough evaluation, the Company had decided to select and adopt renewable energy as one of its businesses. This business is strongly aligned with the Company’s investment policy and transformation objectives.

The Target Company’s highly experienced management team and local presence in key renewable energy markets across Asia and Australia serve to complement and strengthen the Company’s existing capabilities to grow its low carbon energy business. The high-quality project pipelines under development will provide access and accelerate entry to key renewable markets across Asia and Australia.

The Board believes that the Proposed Acquisition will accelerate the transformation of Company into a renewable energy company, and give the Company immediate presence in Asian and Australian markets with reputable customers and an established pipeline of projects. This will enlarge the Company’s footprint into the region, grow its low carbon energy business and deliver sustainable value for its stakeholders and communities.

5. CHAPTER 10 OF THE LISTING MANUAL

5.1 Relative figures

The relative figures for the Proposed Acquisition, based on the aggregate of Consideration and Shareholder's Loan ("**Acquisition Consideration**") computed on the bases set out in Rule 1006 of the Listing Manual and based on the Group's latest announced consolidated financial statement, being the unaudited interim financial statements for the six months ended 30 June 2021 are set out below:

Rule 1006	Bases	Relative Figures (%) ⁽¹⁾
(a)	Net asset value of the assets to be disposed of, compared with the Group's net asset value.	Not applicable ⁽²⁾
(b)	Net profit attributable to the assets acquired or disposed of, compared with the Group's net profits	-9.22% ⁽³⁾
(c)	Aggregate value of the Acquisition Consideration given compared with the Company's market capitalisation of approximately S\$121,550,700 based on the total number of issued shares in the Company, excluding treasury shares	12.34% ⁽⁴⁾
(d)	Number of equity securities issued by the Company as consideration for the Proposed Acquisition, compared with the number of equity securities previously in issue	0.48%
(e)	The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the Group's proved and probable reserves	Not applicable ⁽⁵⁾

Notes:

- (1) Percentage figures are rounded to the nearest two (2) decimal place.
- (2) Not applicable, as the Proposed Acquisition is in relation to the acquisition (and not a disposal) of assets.
- (3) For this purpose, the net profit is defined as profit including discontinued operations that have not been disposed and before income tax and non-controlling interests. The Group's and the Target Company's net profits/(loss) of approximately S\$1.93 million and (S\$178,000) have been computed based on the unaudited financial statements for the six-month ended 30 June 2021.
The relative figure is determined by dividing the net loss of the Target Company for the six-month ended 30 June 2021 by the net profit of the Group for the six-month period ended 30 June 2021.
- (4) "**market capitalisation**" is calculated by the number of ordinary shares in the capital of the Company (excluding treasury shares) multiplied by the volume weighted average market price of S\$0.0407 per share as at 19 October 2021, being the market day immediately preceding the date of the SPA.
- (5) Not applicable, as the Company is not a mineral, oil and gas company.

5.2 Shareholders' approval not required

Based on the above, the Proposed Acquisition constitutes a "discloseable transaction" for the

purposes of Chapter 10 of the Listing Manual notwithstanding that the relative figure under Rule 1006(b) is a negative figure, as the range of relative figures falls within the situation set out under paragraph 4.4(a) of Practice Note 10.1 of the Listing Manual. Accordingly, the approval of shareholders of the Company is not required in respect of the Proposed Acquisition but paragraph 4.4 of Practice Note 10.1 provides that the Company must announce the information required in Rules 1010 to 1013 (where applicable). Rules 1012 and 1013 are not applicable based on the terms of the Proposed Acquisition.

The Company wishes to highlight to its shareholders that, if the Proposed Acquisition completes, the Company would be venturing into the renewal energy business. Depending on the Company's strategy and future plans for the Target Group, the Company may inject further funding or take on external debts with a view of further developing the business and enhancing the performance of the Target Group. Such future plans for the Target Group could potentially change the risk profile of the Company in the future. Hence, the Board will continue to assess the development and will seek shareholders' approval where necessary, if there is a change in the Company's risk profile or should the Company wish to seek the proposed diversification of its core business.

6. FINANCIAL EFFECTS OF THE PROPOSED ACQUISITION

6.1 Illustrative Nature of Financial Effects

The financial effects of the Proposed Acquisition on the net tangible assets ("**NTA**") per share and earnings per share ("**EPS**") of the Company have been prepared based on the Group's audited financial statements for FY2020. The financial effects below are purely for illustrative purposes.

6.2 NTA

Assuming that the Proposed Acquisition had been effected on 31 December 2020 (being the end of the most recently completed financial year ended 31 December 2020), the effects on the NTA per share of the Company would be as follows:

	Before the Proposed Acquisition	After the Proposed Acquisition
NTA (S\$ million)	84.07	79.24 ⁽¹⁾
Number of ordinary shares ('million)	2,986.50	3,000.70 ⁽²⁾
NTA per ordinary share (cents)	2.81	2.64

Notes:

- (1) The fair value of the acquired net identifiable assets has been determined on a provisional basis. The Company will engage an external valuer to conduct a purchase price allocations exercise in accordance with the Singapore Financial Reporting Standards (International) (SFRS(I)).
- (2) Includes 14,197,450 Consideration Shares to be issued and allotted in the capital of the Company upon completion of SPA.

6.3 EPS

Assuming that the Proposed Acquisition had been effected on 1 January 2020 (being the beginning of the most recently completed financial year ended 31 December 2020), the effects of the Proposed Acquisition on the EPS of the Group would be as follows:

	Before the Proposed Acquisition	After the Proposed Acquisition
Profit attributable to shareholders (S\$ million)	8.07	8.00
Weighted average no. of ordinary shares – Basic ('million)	2,314.41	2,328.61 ⁽¹⁾
EPS (cents) - Basic	0.35	0.34

Note:

(1) Includes 14,197,450 Consideration Shares to be issued and allotted in the capital of the Company upon completion of SPA.

6.4 Profit/loss on the Proposed Acquisition

Based on the foregoing, the net loss attributable to the Target Company Shares (calculated based on the Target Group's unaudited results for the six months ended 30 June 2021) is approximately S\$178,000.

7. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

None of the Directors or the controlling shareholders (as defined in the Listing Manual) of the Company has any interest, direct or indirect, in the Proposed Acquisition, otherwise than through their respective shareholdings (if any) in the Company.

8. DIRECTORS' 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 in connection with the Proposed Acquisition.

9. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the SPA and the valuation report issued by Grant Thornton Singapore Pte Ltd as referred to in paragraph 2.2 are 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 on any weekday for three (3) months from the date of this announcement.

In light of the prevailing safe distancing measures due to the COVID-19 situation, shareholders of the Company should provide their name, contact number, proposed date and time of inspection to the receptionist at 6345 0777 at least three (3) working days in advance to make a prior appointment to attend at the registered office of the Company to inspect the documents.

10. CAUTIONARY STATEMENT

Shareholders of the Company should note that there is no certainty or assurance that the SPA will be completed. Accordingly, shareholders of the Company are advised to exercise caution when trading in the shares of the Company. The Company will make the necessary announcements when there are further developments on the Proposed Acquisition and other matters contemplated by this announcement. Persons who are in doubt as to the action they should take should consult their legal, financial, tax or other professional advisers.

BY ORDER OF THE BOARD

Low Yi Ngo
Chief Executive Officer and Managing Director
20 October 2021