

MANHATTAN RESOURCES LIMITED

(Incorporated in the Republic of Singapore)

(Company Registration No. 199006289K)

THE PROPOSED CONSOLIDATION OF EVERY FIVE (5) EXISTING ISSUED ORDINARY SHARES IN THE CAPITAL OF THE COMPANY INTO ONE (1) CONSOLIDATED SHARE, FRACTIONAL ENTITLEMENTS TO BE DISREGARDED

1. INTRODUCTION

- 1.1 The board of directors ("**Directors**") of Manhattan Resources Limited ("**Company**", together with its subsidiaries, the "**Group**") wishes to announce that the Company proposes to undertake a share consolidation of every five (5) existing ordinary shares ("**Existing Shares**") in the capital of the Company ("**Shares**") into one (1) ordinary share ("**Consolidated Share**"), fractional entitlements to be disregarded ("**Proposed Share Consolidation**").
- 1.2 Pursuant to the Proposed Share Consolidation, each shareholder of the Company ("**Shareholder**") will receive one (1) Consolidated Share for every five (5) Existing Shares held as at the books closure date to be determined by the Directors in their absolute discretion as they deem fit ("**Books Closure Date**"), fractional entitlements to be disregarded.

2. DETAILS OF THE PROPOSED SHARE CONSOLIDATION

- 2.1 Under the Proposed Share Consolidation, every five (5) Existing Shares registered in the name, or standing to the credit of the securities account, of each Shareholder or depositor (where the registered Shareholder is The Central Depository (Pte) Limited) as at the Books Closure Date will be consolidated into one (1) Consolidated Share.
- 2.2 Each Consolidated Share will rank *pari passu* in all respects with each other, and will be traded in board lots of 100 Consolidated Shares.
- 2.3 Shareholders should note that the number of Consolidated Shares which they will be entitled to pursuant to the Proposed Share Consolidation, based on their holdings of the Existing Shares as at the Books Closure Date, will be rounded down to the nearest whole Consolidated Share and any fractions of a Consolidated Share arising from the Proposed Share Consolidation will be disregarded. All fractional entitlements arising from the implementation of the Proposed Share Consolidation will be dealt with in such manner as the Directors may, in their absolute discretion, deem fit in the interests of the Company, including (a) disregarding the fractional entitlements; or (b) aggregating and selling the same and retaining the net proceeds for the benefit of the Company. If the Directors decide to cancel all the fractional entitlements, Shareholders with fractional entitlements will not be paid for such cancelled fractional entitlements.
- 2.4 **Shareholders who hold less than five (5) Existing Shares as at the Books Closure Date will not be entitled to any Consolidated Shares and will no longer be Shareholders upon completion of the Proposed Share Consolidation. Such Shareholders who wish to remain as Shareholders upon completion of the Proposed Share Consolidation are advised to purchase additional Existing Shares so as to increase the number of Existing Shares held to a multiple of five (5) Existing Shares prior to the Books Closure Date.**
- 2.5 As at the date of this announcement, the Company has an issued and paid-up share capital of S\$203,478,802.40, comprising 568,490,975 Shares of the Company. Assuming that no new Shares are issued by the Company up to the Books Closure Date and subject to Shareholders' approval being obtained for the Proposed Share Consolidation, following the completion of the Proposed Share Consolidation, the Company will have an issued and

paid-up share capital of S\$203,478,802.40, comprising approximately 113,698,195 Consolidated Shares.

- 2.6 The Proposed Share Consolidation will have no impact on the issued and paid-up share capital of the Company. The Proposed Share Consolidation will not involve the diminution of any liability in respect of unpaid capital or the payment to any Shareholder of any paid-up capital of the Company, and has no effect on the Shareholders' funds of the Group. Shareholders are not required to make any payment to the Company in respect of the Proposed Share Consolidation.
- 2.7 The Proposed Share Consolidation will not cause any changes to the percentage shareholding of each Shareholder in the Company, other than non-material changes due to rounding.
- 2.8 At an extraordinary general meeting held on 16 September 2008, Shareholders approved the adoption of two (2) share based incentive plans namely, the Manhattan Resources Share Option Scheme and the Manhattan Resources Performance Share Scheme (collectively, the "**Schemes**"). Following completion of the Proposed Share Consolidation, certain terms of the Schemes, including:
- (a) (i) in the case of the Manhattan Resources Share Option Scheme, the subscription price for the Shares, the class and/or number of Shares comprised in an option to the extent unexercised; and
 - (ii) in the case of the Manhattan Resources Performance Share Scheme, the class and/or number of Shares which are the subject of an award to the extent not yet vested; and/or
 - (b) the class and/or number of Shares over which future options may be granted under the Manhattan Resources Share Option Scheme or over which future awards may be granted under the Manhattan Resources Performance Share Scheme,
- may be adjusted in accordance with the respective terms and conditions thereof and if applicable. Further announcement(s) will be made by the Company in respect of such adjustments (if any), as and when appropriate. Save for the Schemes, the Company does not have any existing warrants or other convertibles as at the date of this announcement.
- 2.9 Shareholders should note that the Directors may decide not to proceed with the Proposed Share Consolidation if the Directors are of the view that, after taking into account relevant factors, it is not beneficial to the Company and its Shareholders to do so. In such a case, an announcement will be made by the Company to notify the Shareholders of the reasons why the Directors have decided not to proceed with the Proposed Share Consolidation.

3. RATIONALE FOR THE PROPOSED SHARE CONSOLIDATION

- 3.1 With effect from 2 March 2015, the Singapore Exchange Securities Trading Limited ("**SGX-ST**") implemented a minimum trading price requirement of S\$0.20 per share for shares of issuers listed on the Mainboard of the SGX-ST ("**MTP Requirement**") as a continuing listing requirement.
- 3.2 The review of whether an issuer has satisfied the MTP Requirement will be based on the volume weighted average price ("**VWAP**") of the shares of the issuer for the six (6) months preceding the date of review. Issuers will be placed on the SGX-ST watch-list ("**Watch-list**") if they are unable to meet the MTP Requirement on 1 March 2016 or any of the subsequent quarterly reviews by the SGX-ST. Issuers which are unable to take steps to raise their minimum trading price and exit the Watch-list will be delisted after a 36-month cure period.
- 3.3 On 2 February 2016, the SGX-ST announced, amongst others, that the SGX-ST will grant issuers, who have experienced (for the first time) a dip in their six-month VWAP to below S\$0.20 due to extreme market volatility in January 2016, a six-month extension before they are reviewed for compliance with the MTP Requirement ("**Extension**"). Accordingly, the six-month VWAP of the shares of these issuers will only be assessed on 1 September 2016 instead of 1 March 2016. The Company is one (1) such issuer which has been granted the

Extension and will have up to 1 September 2016 (instead of 1 March 2016) to comply with the MTP Requirement.

- 3.4 For the past six (6) calendar months (that is, January 2016 to June 2016) prior to the Company making this announcement, the absolute price of the Shares had traded in a range of between S\$0.093 and S\$0.141. The six-month VWAP of the Shares was S\$0.119 as at 11 July 2016 for the past six (6) calendar months prior to the Company making this announcement, which is below the MTP Requirement of S\$0.20. The Proposed Share Consolidation would facilitate the Company's ability to satisfy the MTP Requirement. For illustrative purposes only, the closing market price of the Shares on 11 July 2016, being the last trading day on which the Shares were traded on SGX-ST prior to the date of this announcement, is S\$0.114. Upon the completion of the Proposed Share Consolidation, the theoretical share price of each Consolidated Share will be S\$0.570 based on the closing market price of the Shares on 11 July 2016, and the theoretical six-month VWAP for each Consolidated Share will be S\$0.595.
- 3.5 Further, low traded share prices translate to higher transaction costs, relative to the trading price, for each trading of one (1) board lot of Shares. The Proposed Share Consolidation will rationalise the share capital of the Company by reducing the number of Shares outstanding and this may serve to reduce the percentage transaction cost for investors in their dealings in the Shares.
- 3.6 In addition, the Proposed Share Consolidation may also increase market interest and activity in the Shares, and generally make the Shares more attractive to investors, including institutional investors, thereby resulting in a more diverse shareholder base.
- 3.7 **Shareholders should note that there is no assurance that the Proposed Share Consolidation will achieve the desired results, nor is there assurance that such results (if achieved) can be sustained in the longer term.**

4. CONDITIONS FOR THE PROPOSED SHARE CONSOLIDATION

- 4.1 The Proposed Share Consolidation is subject to, amongst others, the following:
- (a) the approval of the Shareholders for the Proposed Share Consolidation by way of an ordinary resolution at an extraordinary general meeting ("EGM") to be convened; and
 - (b) the receipt of the in-principle approval of the SGX-ST for the dealing in, listing of and quotation for the Consolidated Shares on the Mainboard of the SGX-ST.
- 4.2 An application will be made by the Company to the SGX-ST for dealing in, listing of and quotation for the Consolidated Shares on the Mainboard of the SGX-ST. An appropriate announcement on the outcome of such application will be made in due course.

5. CIRCULAR

Subject to the approval of the SGX-ST, a circular containing further information on, amongst others, the Proposed Share Consolidation, together with a notice of EGM of the Company, will be despatched to Shareholders in due course.

6. 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 Share Consolidation and other matters contemplated by this announcement.

7. 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 Share Consolidation, 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.

8. CAUTION IN TRADING

Meanwhile, Shareholders are advised to exercise caution in trading their shares. The Proposed Share Consolidation is subject to, amongst others, conditions. There is no certainty or assurance as at the date of this announcement the Proposed Share Consolidation 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 Share Consolidation 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

Low Yi Ngo
Chief Executive Officer and Managing Director
12 July 2016