

MANHATTAN RESOURCES LIMITED

(Company Registration No. 199006289K)

RESPONSE TO SGX-ST QUERIES ON 2020 ANNUAL REPORT

Manhattan Resources Limited (“**Company**”) has received the following queries from the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) on 29 April 2021 in respect of the Corporate Governance Statement in the Annual Report 2020.

SGX-ST’s questions and the Company’s corresponding responses are listed below to enable investors to understand the matters raised by SGX-ST:

SGX-ST’s Question

- Listing Rule 907 requires issuers to disclose the aggregate value of interested person transactions entered into during the financial year under review in its annual report. The name of the interested person, nature of relationship and the corresponding aggregate value of the interested person transactions entered into with the same interested person must be presented in the following format: 1) Name of interested person; 2) Nature of relationship; 3) Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than \$100,000 and transactions conducted under shareholders’ mandate pursuant to Rule 920); and 4) Aggregate value of all interested person transactions conducted under shareholders’ mandate pursuant to Rule 920 (excluding transactions less than \$100,000) Please disclose the Nature of relationship with the interested persons – KaiYi Investment Pte. Ltd. and PT Dermaga Perkasapratama using the prescribed form found on Listing Rule 907.**

Manhattan’s Response

The nature of relationship with the interested persons – KaiYi Investment Pte Ltd and PT Dermaga Perkasapratama is as follows:

<i>Name of interested person</i>	<i>Nature of relationship</i>	<i>Aggregate value of all IPTs during the financial year under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders’ mandate pursuant to Rule 920 of the Listing Manual)</i>	<i>Aggregate value of all IPTs under shareholders’ mandate pursuant to Rule 920 of the Listing Manual (excluding transactions less than S\$100,000)</i>
	Note	S\$’000	S\$’000
KaiYi Investment Pte. Ltd. <i>(“KaiYi”)</i> - Lease of office premises	(1)	-	(121)
PT Dermaga Perkasapratama - Sale of electricity	(2)	5,115	-

Notes:

- KaiYi, a substantial shareholder, has 34.14% direct interest in the Company. In addition, Dato’ Dr. Low Tuck Kwong, a substantial shareholder of the Company, owns 10.46% of KaiYi, Low Yi Ngo, the CEO and MD, and Elaine Low, a non-independent non-executive director, each owns 34.22% and the immediate family of Dato’ Dr. Low Tuck Kwong, Low Yi Ngo and Elaine Low owns 16.16%. Accordingly, KaiYi is deemed to be an Interested Person for the purposes of Chapter 9 of the Listing Manual.
- PT Dermaga Perkasapratama is a subsidiary of PT Bayan Resources Tbk (“Bayan Resources”). Dato’ Dr. Low Tuck Kwong, a substantial shareholder of the Company, owns 53.96% of Bayan Resources, while Low Yi Ngo, the CEO and MD of the Company, owns 0.17% of Bayan Resources. Dato’ Dr. Low Tuck Kwong and Low Yi Ngo are on the board of directors of PT Bayan Resources Tbk. Accordingly, the Bayan Group, comprising Bayan Resources and its subsidiaries are deemed to be Interested Persons for the purposes of Chapter 9 of the Listing Manual.

SGX-ST's Question

2. **Listing Rule 710 requires issuers to explicitly state, when deviating from the provisions prescribed in the Code of Corporate Governance 2018 (the “Code”), an explanation on how the practices it had adopted are consistent with the intent of the relevant principle. Practice Guidance 2 requires an issuer to state the Company’s board diversity policy and progress made towards implementing the board diversity policy, including objectives. We note the Company stated that “Although the Company does not have a written policy on board diversity, the Nominating Committee considers and makes recommendations to the Board concerning its size and the need of the Board, having regard to the appropriate balance and skill mix, knowledge, experience and other aspects such as gender, age and personal qualities required for the diversity of perspectives, avoiding group think and fostering constructive debate and contributing to the overall performance of the Board.” Please state if the Company’s practices are consistent with the intent of Principle 2 of the Code, which requires the Board to have an appropriate diversity of thought and background in its composition to enable it to make decisions in the best interests of the Company.**

Manhattan's Response

The Company has disclosed the following in the FY2020 Annual Report (on pages 14 to 16):

- a. under the terms of reference, the Nominating Committee (“NC”) has been delegated responsibility to review the Board’s composition and effectiveness and make recommendations to the Board on all Board and Board Committee appointments. It is responsible for the nomination of directors for re-election and also reviews the independence of each director on an annual basis.
- b. the NC considers and makes recommendations to the Board concerning its size and the need of the Board, having regard to the appropriate balance and skill mix, knowledge, experience and other aspects such as gender, age and personal qualities required for the diversity of perspectives, avoiding group think and fostering constructive debate and contributing to the overall performance of the Board.

In 2021, the Company has also rejuvenated the Board with three new members. The composition of the current Board has an appropriate balance and diversity of skills, experience, gender and knowledge of the Company. The Board comprises members who have extensive experience in Group’s businesses from industrial utility, energy, shipping, engineering to accounting, financial services and legal sectors.

The Board comprises seven members, four of whom are independent. The Board is able to exercise objective judgment in the interests of the Group. No individual or group of individuals dominates the Board’s decision-making process. Where a director has a conflict or potential conflict of interest in relation to any matter, he/she is to abstain from voting on the resolution.

Accordingly, the above practices adopted by the Company are consistent with the intent of Principle 2 of the Code. The Company is also of the view that the Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of Company.

SGX-ST's Question

3. **Listing Rule 710 requires issuers to explicitly state, when deviating from the provisions prescribed in the Code of Corporate Governance 2018 (the “Code”), an explanation on how the practices it had adopted are consistent with the intent of the relevant principle. Practice Guidance 8 of the Code states that appropriate remuneration disclosures for individual directors, CEO and KMP should be made to provide sufficient transparency and information to shareholders regarding remuneration matters. The remuneration disclosures for individual directors and the CEO should specify the names, amounts and breakdown of remuneration. We note that the Company declined to disclose each individual director and CEO’s exact remuneration. Instead, the Company disclosed the remunerations in bands of S\$250,000. Please clarify if this disclosure provides sufficient transparency and information to shareholders and it is consistent with the intent of Principle 8 of the Code.**
4. **Listing Rule 710 requires issuers to explicitly state, when deviating from the provisions prescribed in the Code of Corporate Governance 2018 (the “Code”), an explanation on how the practices it had adopted are consistent with the intent of the relevant principle. Practice Guidance 8 of the Code states that remuneration disclosures of at least the top five key management personnel (who are not directors or the CEO) in bands no wider than S\$250,000 and in aggregate the total remuneration paid to these key management personnel. We note the Company had declined to disclose the aggregate total remuneration of its top five (5) KMP. The Company also declined to provide a breakdown of remuneration provided, and did not disclose the names of its five (5) KMP. Please clarify if this is consistent with the intent of Principle 8 of the Code.**

Manhattan's Response

The Company has disclosed the following in the FY2020 Annual Report (on pages 29 to 30):

- a. names and remuneration breakdown (in percentage terms) of individual Directors (including CEO/MD) in bands of S\$250,000 - S\$499,999;
- b. names and remuneration breakdown (in percentage terms) of individual Directors below S\$250,000;
- c. the number of the top five key management personnel (who are not Directors or the CEO) in bands below S\$250,000; and
- d. the policies and practices adopted by the Company in relation to remuneration, relationships between remuneration, performance and value creation, and procedure for setting remuneration, in relation to the Executive Directors and key management personnel

The Company has also disclosed the information on the compensation paid to all Directors (including Executive Directors) in Note 22 to the Financial Statements of the Financial Report.

As disclosed in page 29 of the FY2020 Annual Report, the Board has decided not to disclose the remuneration of each individual director, CEO and the total remuneration of the top five key executive officers (who are not directors) of the Group, including names of the top key executives, taking note of the highly competitive industry conditions and pressure in talent market and the sensitivity and confidentiality of remuneration matters.

The Board is of the view that disclosure of such information would not be in the interests of the Company as such information is confidential and sensitive, and could be exploited by competitors. The Company needs to maintain stability in the management team.

The amounts and breakdowns of remuneration of the top five key management personnel were not disclosed for the same reasons above.

Taking into consideration the disclosures in the FY2020 Annual Report as described above, the Company is of the view that there is sufficient transparency in its practices which are consistent with the intent of Principle 8 of the Code.

SGX-ST's Question

5. Listing Rule 1207(20b) provides that (b) Where the proceeds have been used for working capital purposes; a breakdown with specific details on how the proceeds have been applied have to be disclosed. We note that it was stated "The Group has also utilized approximately S\$11.4 million, representing 83% of the net proceeds from the rights issue for the capital investment in the Ningbo Project via MPDPL as well as for the working capital in the current financial year." In that regard, please provide a full breakdown with specific details on how the proceeds have been used for working capital purposes per Listing Rule 1207(20b).

Manhattan's Response

The breakdown of the use of the net proceeds from the rights issue is as follows:

Description	Amount (S\$'000)	Note
Investment in the Ningbo Project via MPDPL	9,884	
Working capital	1,516	(a)
Total proceeds used	11,400	

Note (a):

The breakdown of the use of the net proceeds from the rights issue for working capital purposes is as follows:

Description	Amount (S\$'000)
Employee benefits expenses	1,100
Other expenses *	231
Audit and non-audit fees	130
Office and other rental expenses	55
Total proceeds used for working capital purposes	1,516

* Other expenses include legal and professional fees, compliance fees, insurance premiums and other administrative expenses

BY ORDER OF THE BOARD

Low Yi Ngo
Chief Executive Officer and Managing Director
30 April 2021