

MANHATTAN RESOURCES LIMITED

(Incorporated in the Republic of Singapore)

(Company Registration No. 199006289K)

THE PROPOSED SUBSCRIPTION OF APPROXIMATELY 6.58% EQUITY INTEREST IN PT KARIANGAU POWER BY GALLANT POWER PTE. LTD. AS AN INTERESTED PERSON TRANSACTION

1. INTRODUCTION

- 1.1 The board of directors (“**Board**” or “**Directors**”) of Manhattan Resources Limited (“**Company**”, together with its subsidiaries, the “**Group**”) is pleased to announce that Gallant Power Pte. Ltd. (“**Gallant Power**”) has agreed to subscribe for 30,408 new ordinary shares of PT Kariangau Power (“**PT KP**”), which is an indirect subsidiary of the Company, with nominal value of IDR 1,000,000 (one million Rupiah) per share (“**Subscription Shares**”), representing approximately 6.58% of the enlarged issued and paid-up share capital of PT KP immediately after the completion of the subscription, for an aggregate consideration of US\$2,730,000 (“**Subscription Consideration**”) (equivalent to, as at 20 April 2018, approximately S\$3,582,000, based on the exchange rate of US\$1 : S\$1.3123, and approximately IDR 37,231,400,000, based on the exchange rate of US\$1 : IDR 13,818) to be satisfied by Gallant Power entirely in cash (“**Proposed Subscription**”).
- 1.2 PT KP is a limited liability company duly established under the laws of the Republic of Indonesia, and has at the date of this announcement an issued and paid-up share capital of IDR 431,535,000,000, comprising 431,535 ordinary shares. Each of SLM Holding Pte Ltd (“**SLM Holding**”), which is a wholly-owned subsidiary of the Company, and Dato’ Dr. Low Tuck Kwong (“**LTK**”), who is a Controlling Shareholder of the Company, holds approximately 92.18% and 7.82% equity interest in PT KP, respectively, comprising 397,785 ordinary shares with an aggregate nominal value of IDR 397,785,000,000 and 33,750 ordinary shares with an aggregate nominal value of IDR 33,750,000,000.00, respectively. Accordingly, PT KP, which is an indirect subsidiary of the Company, is considered an Entity at Risk (as such term is defined in the Mainboard Rules of the Singapore Exchange Securities Trading Limited (“**Mainboard Rules**”).
- Mr Low Yi Ngo (“**LYN**”), who is the Chief Executive Officer and Managing Director of the Company, is also a shareholder of the Company holding approximately 0.58% interests in the Company. LYN is also the son of LTK and brother of EL (as defined below).
- LYN is the president director of PT KP and LTK is the president commissioner of PT KP.
- 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.
- 1.3 Gallant Power¹ is an exempt private company limited by shares which is incorporated under the laws of the Republic of Singapore, and has at the date of this announcement an issued and paid-up share capital of S\$2, comprising 2 ordinary shares, which is entirely held by Ms Elaine Low (“**EL**”), who is a Director of the Company, daughter of LTK and sister of LYN. EL is also a Director of Gallant Power. Accordingly, Gallant Power, being an Associate (as such term is defined in the Mainboard Rules) of EL, is an Interested Person (as such term is defined in the Mainboard Rules) and the Proposed Subscription constitutes an Interested Person Transaction under Chapter 9 of the Mainboard Rules.
- 1.4 Following the completion of the Proposed Subscription, (a) each of SLM Holding, LTK and Gallant Power will hold approximately 86.11%, 7.31% and 6.58% equity interest in PT KP, respectively; and (b) the authorised capital as well as the issued and paid-up capital of PT

¹ The information on Gallant Power was provided by Gallant Power. 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 in the context that the information is being disclosed in this announcement.

KP will increase from IDR 431,535,000,000, comprising 431,535 ordinary shares, to IDR 461,943,000,000, comprising 461,943 ordinary shares.

2. PRINCIPAL TERMS OF THE PROPOSED SUBSCRIPTION

- 2.1 Gallant Power shall subscribe for the Subscription Shares, representing approximately 6.58% of the enlarged issued and paid-up share capital of PT KP immediately after the completion of the Proposed Subscription, with nominal value of IDR 1,000,000 (one million Rupiah) per share, for the Subscription Consideration.
- 2.2 The Subscription Shares shall rank *pari passu* in all respects with the existing shares of PT KP at that time (save for any dividends, rights, allotments or other distributions, the record date of which falls before the date of issue of the Subscription Shares), and shall be free from any and all encumbrances.
- 2.3 The Subscription Consideration shall be satisfied by Gallant Power in full in cash by way of telegraphic transfer to PT KP's bank account. The Subscription Consideration was arrived at on a willing-buyer and willing-seller basis after taking into consideration, amongst others, the amount of capital required by PT KP for its operations and the independent valuation of the market value of the equity interests in PT KP as at 31 December 2015.
- 2.4 Completion of the Proposed Subscription is conditional upon the following conditions being fulfilled or, to the extent permitted by law, waived by PT KP, namely, (a) the relevant approvals from the Indonesian Capital Investment Coordinating Board (BKPM) (or *Badan Koordinasi Penanaman Modal*); and (b) the relevant approvals from the Ministry of Law and Human Rights of the Republic of Indonesia, in respect of the Proposed Subscription having been obtained. As at the date of this announcement, the condition set out in sub-paragraph (a) has been fulfilled.

In the event that the condition set out in sub-paragraph (b) is not fulfilled or waived, the Subscription Consideration which has been received by PT KP in accordance with Section 2.3 of this announcement shall be refunded in full, interest-free, to Gallant Power.

3. RATIONALE FOR AND BENEFIT TO PT KP

The Subscription Consideration received by PT KP will be used as general working capital for its operations.

4. THE PROPOSED SUBSCRIPTION AS AN INTERESTED PERSON TRANSACTION

4.1 Interested Person, Entity at Risk and Interested Person Transaction

As set out in Section 1.2 of this announcement, PT KP, being an indirect subsidiary of the Company, is considered an Entity at Risk (as such term is defined in the Mainboard Rules), and as set out in Section 1.3 of this announcement, Gallant Power, being an Associate (as such term is defined in the Mainboard Rules) of EL, who is a Director of the Company and daughter of LTK and sister of LYN, is an Interested Person (as such term is defined in the Mainboard Rules). Accordingly, the Proposed Subscription constitutes an Interested Person Transaction under Chapter 9 of the Mainboard Rules.

Details of the Group's transactions (excluding (a) transactions which are covered by the Company's Existing IPT Mandate (as such term is defined below); and (b) transactions which are below S\$100,000 in value) with EL and her Associates (as such term is defined in the Mainboard Rules) for the current financial year beginning 1 January 2018 and up to 20 April 2018 ("**Cut-off Date**") are as follow:

Table A

Interested Person	Nature of Interested Person Transaction	Value (S\$'000)	Percentage of the Group's audited NTA as at 31 December 2017⁽¹⁾
Gallant Power	Proposed Subscription	3,582	4.39
PT Dermaga Perkasapratama ("DPP") ⁽²⁾	Sale of electric power by the Group ⁽²⁾	1,602 ⁽²⁾	1.96
Bayan International Pte. Ltd. ("Bayan International") ⁽²⁾	Purchase of coal by the Group ⁽²⁾	- ⁽²⁾	NA
	Total	5,184	6.35

Notes:

- (1) The Group's audited net tangible assets attributable to the equity holders of the Company was S\$81,582,000 as at 31 December 2017 ("**Group's latest audited NTA**").
- (2) At the extraordinary general meeting of the Company held on 29 June 2016, the shareholders of the Company ("**Shareholders**") approved, amongst others, the power purchase agreement on a take or pay basis dated 2 February 2015 between DPP and PT KP, pursuant to which PT KP agrees to sell electric power to DPP, and the coal sales and purchase agreement dated 1 October 2015 between Bayan International and PT KP, pursuant to which Bayan International agrees to sell and deliver and PT KP shall purchase and accept a certain amount of steam coal meeting certain specified specifications as set out therein. For more information, please refer to the Company's circular to Shareholders dated 14 June 2016.

Accordingly, as the aggregate value of all transactions (excluding (a) transactions which are covered by the Company's Existing IPT Mandate (as such term is defined below); and (b) transactions which are below S\$100,000 in value) with EL and her Associates (as such term is defined in the Mainboard Rules) is more than 3% of the Group's latest audited NTA, the Company is required to make an announcement on the Proposed Subscription under Rule 905(2) of the Mainboard Rules.

As the transactions with DPP and Bayan International have been separately approved by Shareholders (see Note (2) to Table A above), they need not be aggregated with the Proposed Subscription for the purpose of determining whether Shareholders' approval is required under Rule 906(1)(b) of the Mainboard Rules.

4.2 **Value of Interested Person Transactions**

Save for the Proposed Subscription, the Group does not have any other interested person transactions with Gallant Power for the current financial year beginning 1 January 2018 and up to the date of this announcement.

For the current financial year beginning 1 January 2018 up to the Cut-off Date, the total value of all interested person transactions entered into by the Group, excluding the Proposed Subscription, is as follow:

Name of Interested Person / Nature of Transaction	Aggregate value (S\$'000) of all interested person transactions (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920 of the Mainboard Rules ⁽¹⁾ ("Existing IPT Mandate")) S\$'000	Aggregate value (S\$'000) of all interested person transactions under the Existing IPT Mandate ⁽¹⁾ (excluding transactions less than S\$100,000) S\$'000
PT Muji Lines ⁽²⁾ - Chartering of vessels from the Group	-	4,056 ⁽²⁾
KaiYi Investment Pte. Ltd. ⁽²⁾ - Lease of office premises by the Group	-	55 ⁽²⁾
PT Fajar Sakti Prima ⁽²⁾ - Coal purchases by the Group	-	-(²⁾
PT Bara Tabang ⁽²⁾ - Coal purchases by the Group	-	1,877 ⁽²⁾
DPP ⁽³⁾⁽⁴⁾ - Sale of electric power by the Group	1,602 ⁽³⁾⁽⁴⁾	-
Bayan International ⁽³⁾⁽⁴⁾ - Purchase of coal by the Group	-(³⁾⁽⁴⁾	-
Total	1,602	5,984

Notes:

- (1) The Company has an Existing IPT Mandate, which was approved by the Shareholders at the annual general meeting of the Company held on 30 April 2018, further details of which are set out in the Company's circular to Shareholders dated 13 April 2018.
- (2) Interested Person Transactions which are conducted pursuant to the Existing IPT Mandate.
- (3) At the extraordinary general meeting of the Company held on 29 June 2016, the Shareholders approved, amongst others, the power purchase agreement on a take or pay basis dated 2 February 2015 between DPP and PT KP, pursuant to which PT KP agrees to sell electric power to DPP, and the coal sales and purchase agreement dated 1 October 2015 between Bayan International and PT KP, pursuant to which Bayan International agrees to sell and deliver and PT KP shall purchase and accept a certain amount of steam coal meeting certain specified specifications as set out therein. For more information, please refer to the Company's circular to Shareholders dated 14 June 2016.
- (4) Interested Person Transactions which are not conducted pursuant to the Existing IPT Mandate.

5. AUDIT COMMITTEE STATEMENT

Having considered, amongst others, the terms of the Proposed Subscription, the Audit Committee of the Company is of the view that the Proposed Subscription is on normal commercial terms, and is not prejudicial to the interests of the Company and its minority shareholders.

6. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

Save as disclosed in this announcement 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 Subscription.

7. FURTHER ANNOUNCEMENTS

The Company will make further announcements, in compliance with the requirements of the Mainboard Rules, as and when there are material developments in respect of the Proposed Subscription and other matters contemplated by this announcement.

8. 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 Subscription, 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.

9. CAUTION IN TRADING

Shareholders are advised to exercise caution in trading their shares. The Proposed Subscription is subject to certain conditions. There is no certainty or assurance as at the date of this announcement the Proposed Subscription 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 Subscription 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 stockbrokers, 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
30 April 2018