

MANHATTAN RESOURCES LIMITED

(Incorporated in the Republic of Singapore)

(Company Registration No. 199006289K)

(A) **PROPOSED ACQUISITION OF THE ENTIRE ISSUED AND PAID-UP SHARE CAPITAL OF SINGXIN RESOURCES PTE. LTD. AS A VERY SUBSTANTIAL ACQUISITION AND AN INTERESTED PERSON TRANSACTION**

(B) **PROPOSED BONUS ISSUE OF FREE WARRANTS TO EXISTING SHAREHOLDERS AND THE VENDORS**

1. INTRODUCTION

The Board of Directors (the **Board**) of Manhattan Resources Limited (the **Company** or **MRL**) is pleased to announce that the Company had on 21 May 2014, entered into a conditional sale and purchase agreement (the **Agreement**) with Kaiyi Investment Pte. Ltd. (**Kaiyi**), Mining Alliances Pte. Ltd. (**MAPL**), Dato' Dr Low Tuck Kwong (**Dato' Low**), and Asiaworld Capital Ltd (**ACL**) (collectively, the **Vendors** and each, a **Vendor**) (collectively the **Parties**, and each, a **Party**) whereby the Company will acquire the entire issued and paid-up share capital (the **Sale Shares**) of Singxin Resources Pte. Ltd. (Company Registration Number 201412837Z) (the **TargetCo**) from the Vendors (the **Proposed Acquisition**) for a purchase consideration of S\$1.0 billion (**Purchase Consideration**).

The Purchase Consideration shall be satisfied in full by the allotment and issue of up to 1,369,863,013 new ordinary shares (**Shares**) in the share capital of MRL (**Consideration Shares**) to the Vendors at an issue price of S\$0.73 per Consideration Share (**Issue Price**) credited as fully paid up.

The TargetCo, incorporated in Singapore, is an investment holding company. Upon completion of the Restructuring Exercise (as defined below), it is envisaged that the TargetCo will hold 70% of the entire issued share capital of GiantMiner (as defined below) and GiantMiner shall be the sole legal and beneficial owner of 100% equity interest in the PRCCo (as defined below). The PRCCo is a mining company operating in Xinjiang, the People's Republic of China. The PRCCo currently holds Exploration Permits (as defined below) to explore three (3) mines in Xinjiang, the People's Republic of China (**Target Assets**) and will apply for mining permits in respect of the Target Assets. For more information on the TargetCo, please refer to Section 2 (Information relating to the Vendors and the TargetCo) of this Announcement.

The Proposed Acquisition, if undertaken and completed, is expected to constitute a "very substantial acquisition" of the Company as defined under Chapter 10 of the Singapore Exchange Securities Trading Limited (**SGX-ST**) Listing Manual (the **Listing Manual**) and will be subject to the approval of the shareholders of the Company and the SGX-ST pursuant to Rule 1015 of the Listing Manual. In addition, the Proposed Acquisition also constitutes an interested person transaction as defined under Chapter 9 of the Listing Manual, and is subject to the approval of the shareholders of the Company.

In connection with the Proposed Acquisition, the Company proposes, subject to completion of the Proposed Acquisition, a bonus issue (the **Proposed Bonus Issue**) of 1,876,353,988 warrants (the **Warrants**), each Warrant carrying the right to subscribe for one (1) new ordinary Share in the issued share capital of the Company (each, a **New Share**, and collectively, the **New Shares**) at an exercise price of S\$1.00 (the **Exercise Price**) for each New Share, to be issued to the Company's existing shareholders (the **Shareholders**) and the Vendors for free on the basis of one (1) Warrant for every one (1) existing ordinary Share in the capital of the Company held as at a books closure date (the **Books Closure Date**) to be determined by the Board.

The Proposed Acquisition and the Proposed Bonus Issue are collectively referred to as the **Proposed Transactions**.

2. INFORMATION RELATING TO THE VENDORS AND THE TARGETCO

The information on the Vendors and the TargetCo in this Section 2 was provided by the Vendors. In respect of such information, MRL has not independently verified the accuracy and correctness of the same and MRL'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 The Vendors

The Vendors are Kaiyi, MAPL, Dato' Low and ACL. As at the date of this Announcement, the Vendors are the legal and beneficial owners of the entire issued and paid-up share capital of the TargetCo and their respective shareholdings in the TargetCo are set out in **Table A** below.

Table A

Name of TargetCo Shareholder	No. of Sale Shares	Percentage Shareholding of Sale Shares (%)
Kaiyi	70,000	70
MAPL	5,000	5
Dato' Low	10,000	10
ACL	15,000	15

Dato' Low is a controlling shareholder of MRL and has a total interest, both direct and deemed, of approximately 53.85% in the issued and paid-up capital of MRL.

Kaiyi is an investment holding company incorporated in Singapore and is 51% owned by Dato' Low who is a controlling shareholder of MRL. Mr Low Yi Ngo (**LYN**), the Chief Executive Officer, Managing Director and Shareholder of MRL, who is also the son of Dato' Low, holds 16% of the shareholding interest in Kaiyi. Elaine Low (**EL**), a Director of MRL, who is the daughter of Dato' Low and the sister of LYN, holds 16% of the shareholding interest in Kaiyi. The rest of the shareholding interest in Kaiyi is held by the immediate family of Dato' Low, LYN, and EL.

MAPL is an investment holding company and was incorporated in Singapore. As at the date of this Announcement, MAPL has an issued share capital of S\$2.00 comprising 2 ordinary shares.

ACL is an investment holding company incorporated in the British Virgin Islands. As at the date of this Agreement, ACL has an issued share capital of US\$2.00 comprising 2 ordinary shares.

For more information on Kaiyi and Dato' Low, please refer to Section 7 (Interested Person Transaction) of this Announcement.

2.2 The Target Group

- (a) The Target Group comprises (i) the TargetCo and GiantMiner Pte Ltd (Company Registration Number 201400787W) (**GiantMiner**), both companies are incorporated in Singapore under the Companies Act (Cap. 50); and (ii) Urumqi Jinshi Huilong Mining Co., Ltd¹ (乌鲁木齐金石徽

¹ For identification purposes only.

龙矿业有限公司) (**PRCCo**), a company established in the People's Republic of China (**PRC**) under the PRC Company Law.

- (b) The TargetCo is an investment holding company. As at the date of this Announcement, the TargetCo has an issued share capital of S\$5,000.00 comprising 100,000 ordinary shares. Dato' Low and EL are directors of the TargetCo.
- (c) GiantMiner is a limited exempt private company. As of the date of this Announcement, GiantMiner has an issued share capital of S\$2,000.00 comprising 2,000 ordinary shares, and GiantMiner is owned by Mr Xu Yuan Xing and Mr Ho Sing Ming. GiantMiner is principally engaged in mining and quarrying. Dato' Low and EL are directors of GiantMiner.
- (d) As at the date of this Announcement, the PRCCo has a registered capital of RMB 1,000,000 which has been paid-up, and the PRCCo is owned by Mr Xu Ming Yun and Mr Xu Chun Hua. The PRCCo is principally engaged in the business of mining industry technology development consultancy, installation, sales and technical advisory of mining machinery and accessory, sales of mineral products, petroleum products, chemical products, ginned cotton and cotton linters.
- (e) It is intended that the Target Group be principally engaged in the business of mining serpentine, chrome, nickel and other minerals. The PRCCo currently holds exploration permits (**Exploration Permits**) in respect of chrome for the following target areas (collectively the **Target Areas** and each, a **Target Area**):
 - (i) covering area of 11.76 sq km located at Tuoli County, Tacheng Area, Xinjiang Uygur Autonomous Region, the PRC;
 - (ii) covering area of 9.95 sq km located at Tuoli County, Tacheng Area, Xinjiang Uygur Autonomous Region, the PRC; and
 - (iii) covering area of 5.28 sq km located at Tuoli County, Tacheng Area, Xinjiang Uygur Autonomous Region, the PRC.

Please refer to **Appendix A** of this Announcement for more information on the Exploration Permits.

Serpentine, chrome and nickel are industrial minerals. Serpentine is a mineral that can be used to produce either magnesia (magnesium oxide) or magnesium (metal). Magnesia (magnesium oxide) is versatile and has wide industrial applications. Magnesium oxide is used in a number of industrial applications such as fertilisers, pharmaceuticals and construction. Chrome has high corrosion resistance and hardness and can be added to steel to make it highly resistant to corrosion and discoloration. Nickel is a transition metal, which is hard and ductile, and is valuable in the production of nickel-steel (in particular, stainless steel).

- (f) As a condition precedent to the Proposed Acquisition, the Vendors shall procure that the following transactions (**Restructuring Exercise**) are completed on or prior to completion of the sale and purchase of the Sale Shares under the Agreement (**Completion**):
 - (i) the TargetCo is the sole legal and beneficial owner of 70% of the entire issued share capital of GiantMiner, free from any mortgage, assignment of receivables, debenture, lien, charge, pledge, title, retention, right to acquire, security interest, options, rights of first refusal and any other encumbrance or condition whatsoever (**Encumbrances**).
 - (ii) Mr Xu Yuan Xing is the sole legal and beneficial owner of 25% of the entire issued share capital of GiantMiner, free from Encumbrances;
 - (iii) Ho Sing Ming is the sole legal and beneficial owner of 5% of the entire issued share capital of GiantMiner, free from Encumbrances;

- (iv) GiantMiner is the sole legal and beneficial owner of 100% equity interest in the PRCCo, free from Encumbrances. This will be as a result of Mr Xu Ming Yun and Mr Xu Chun Hua, transferring all (and not some only) of the equity interests in the PRCCo to GiantMiner;
- (v) GiantMiner being TargetCo's only subsidiary, and the PRCCo being GiantMiner's subsidiary, and
- (vi) the PRCCo having legal and valid exploration rights and mining and extraction rights in respect of serpentine, chrome, nickel and other minerals (the **Target Minerals**).

2.3 Financial Highlights of Target Group

- (a) The TargetCo and GiantMiner were incorporated on 5 May 2014 and 7 January 2014 respectively as investment holding companies. Currently, they are not carrying out any operations. The only company in the Target Group which has commenced operations is the PRCCo. The PRCCo's financial statements have been prepared in accordance with PRC GAAP.
- (b) A summary of the unaudited pro forma combined financial statements of the Target Group for the financial years ended 31 December (**FY**) 2013 are set out below. The Target Group's unaudited pro forma combined financial statements have been prepared in accordance with the PRC GAAP.

Combined Income Statement

(S\$'000)	FY2013 ⁽¹⁾
Revenue	0
Expenses	6.6
Loss before income tax	6.6
Income tax expense	0
Net loss	6.6

Note:

- (1) Rule 1015(1) of the Listing Manual requires the Company to announce the latest three years proforma financial information of the assets to be acquired. However, TargetCo and GiantMiner were only incorporated in 2014, and PRCCo does not have audited accounts or management accounts for FY2011 and FY2012 because the PRCCo was dormant during this period and there is no requirement to prepare audited and management accounts under PRC law.
- (c) A summary of the unaudited pro forma balance sheet of the Target Group as at 31 December 2013 is as follows:

Combined Balance Sheet

(S\$)	As at 31 December 2013
Non-current assets	17,839
Current assets	146,810
Current liabilities	0
Net current assets	146,810

Non-current liabilities	0
Net assets	164,649
Net assets	164,649
Net tangible assets	164,649
Total equity	164,649

3. KEY TERMS OF THE PROPOSED ACQUISITION

3.1 Sale and Purchase

- (a) Subject to the terms and conditions of the Agreement, the Vendors shall sell to MRL the Sale Shares and MRL, relying on the representations, warranties, undertakings and indemnities of the Vendors contained in the Agreement, shall purchase the Sale Shares, free from all Encumbrances and with the benefit of all rights, advantages, benefits and entitlements attaching and accruing thereto on and after completion.
- (b) MRL 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.

3.2 Purchase Consideration

- (a) The Parties agree that the aggregate consideration payable by MRL for the Sale Shares on Completion shall be the sum of S\$1.0 billion (the **Purchase Consideration**), which shall be satisfied in full by the allotment and issuance of an aggregate of 1,369,863,013 MRL shares (**Consideration Shares**) at the issue price of S\$0.73 for each Consideration Share, such Consideration Shares to be credited as fully paid.
- (b) The Parties agree and acknowledge that the Purchase Consideration was arrived at on a willing-buyer and willing-seller basis after taking into account, among others, a local geological report indicating the resources available at the Target Area.
- (c) If the final valuation in the VALMIN Report results in a negative variance in valuation of the Target Group of an aggregate of more than 5 per cent. from the Purchase Consideration, the Purchase Consideration shall be adjusted downwards to match the valuation price stated in the VALMIN Report (or in such other manner as may be mutually agreed in writing between the Parties on or before Completion). To avoid doubt, in the event that the final valuation in the VALMIN Report results in a positive variance in valuation of the Target Group which is higher than the Purchase Consideration, there will be no adjustment of the Purchase Consideration.

For the purposes of this Announcement, **VALMIN Report** shall mean the valuation report to be prepared by SRK Consulting China Ltd (or such party as may be agreed between MRL and the Vendors) in relation to the technical review of the Target Minerals within the Target Areas that meets the standards of the reporting under the Code for Technical Assessment and Valuation of Mineral and Petroleum Assets and Securities for Independent Expert Reports promulgated by the VALMIN Committee, or such other standards as may be approved by the SGX-ST or required by MRL from time to time

3.3 Completion

- (a) Subject to the satisfaction or waiver in accordance with this Agreement (as the case may be) of the conditions precedent specified in **Appendix B** of this Announcement (the **Conditions Precedent**), Completion shall take place in Singapore (or such other place as may be agreed between the Parties) on the date of Completion (**Completion Date**) or at such other venue, time and/or date as the Parties may mutually agree in writing.

- (b) If any of the Conditions Precedent has not been fulfilled or waived by MRL on or before 18 months from the date of this Agreement (or such other date as the Parties may mutually agree in writing) (**Long Stop Date**), this Agreement (other than the clauses stipulated as surviving clauses in the Agreement (the **Surviving Clauses**)) shall automatically terminate and neither Party shall have any claim of any nature whatsoever against the other Party under the 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).

3.4 Shareholding Structure on Completion

It is envisaged that upon Completion, the shareholding structure of the Company will be as follows:

Shareholder	Before the Proposed Acquisition		After the Proposed Acquisition	
	Number of Shares	%	Number of Shares	%
Directors				
Liow Keng Teck	1,392,000	0.28	1,392,000	0.07
Low Yi Ngo	3,300,000	0.65	3,300,000	0.18
Elaine Low	-	-	-	-
Choo Hsun Yang	-	-	-	-
Oliver Khaw Kar Heng	-	-	-	-
Lim Say Tai	-	-	-	-
Tung Zhihong, Paul	-	-	-	-
Controlling Shareholders				
Dato' Low ⁽¹⁾	52,098,700	10.28	189,085,001	10.08
Manhattan Investments Pte Ltd ⁽¹⁾	219,016,701	43.24%	219,016,701	11.67
Substantial Shareholder				
Mohamed Abdul Jaleel s/o Muthumaricar Shaik Mohamed ⁽²⁾	40,301,000	7.96	40,301,000	2.15
Other Vendors (apart from Dato' Low)				
Kaiyi ⁽¹⁾	-	-	958,904,109	51.10
MAPL	-	-	68,493,151	3.65
ACL	-	-	205,479,452	10.95
Others				
Spouse of Dato' Low ⁽¹⁾	1,690,000	0.33	1,690,000	0.09
Public Shareholders	188,692,574	37.26	188,692,574	10.06
	<u>506,490,975</u>	<u>100.00</u>	<u>1,876,353,988</u>	<u>100</u>

Notes:

- (1) Dato' Low is deemed interested in the Shares held by his spouse and Manhattan Investments Pte Ltd.
- (2) Mohamed Abdul Jaleel s/o Muthumaricar Shaik Mohamed is deemed interested in 38,579,000 shares held in various nominee accounts.

3.5 Compliance Placement and Moratorium

Given that the Company's market capitalisation as at 20 May 2014 is approximately S\$389,998,000, pursuant to Rule 210 of the Listing Manual, at least 20% of the issued share capital of the Company must be held in public hands and the Company must have at least 500 public shareholders to maintain its listing status on the Main Board of the SGX-ST. Upon Completion, the Company may not comply with the shareholding spread and distribution requirements under Rule 210 of the Listing Manual and the Company shall, if necessary, issue such number of new ordinary shares in the capital of the Company to meet such shareholding spread and distribution requirements.

Each of the Vendors shall moratorise their entire shareholdings in the Company upon completion of the Proposed Acquisition for the longer period of (a) the applicable moratorium requirements under Rule 229 of the Listing Manual; or (b) until such time where the Target Group records an accumulated revenue of S\$50.0 million and at least 50% of their original shareholdings until such time where the Target Group records an accumulated revenue of S\$100.0 million.

4. THE PROPOSED BONUS ISSUE

4.1 Terms and Conditions of Warrants

The Warrants, to be issued free to Shareholders and the Vendors, will be in registered form and be constituted in an instrument by way of a deed poll (the **Deed Poll**) that sets out the terms and conditions of the Warrants and which may from time to time be amended or supplemented.

4.2 Exercise Period

Each Warrant will, subject to the terms and conditions in the Deed Poll, carry the right to subscribe for one (1) New Share at the Exercise Price during the exercise period commencing on the date of listing on the SGX-ST and expiring at 5.00 p.m. on the market day immediately preceding the 3rd anniversary of the date of issue of the Warrants (the **Exercise Period**). Any Warrant remaining unexercised at the end of the Exercise Period shall lapse and cease to be valid for all purposes.

4.3 Exercise Price

The Exercise Price of S\$1.00 for each New Share represents a premium of approximately 29% to the last transacted price of S\$0.775 per share of the Company on the SGX-ST on the last closing market day on which the shares of the Company were traded on 20 May 2014.

4.4 Status

- (a) The Warrants will be listed and traded on the SGX-ST under the book-entry (scripless) settlement system. The listing of and quotation for the Warrants and the New Shares on the SGX-ST, if approved, is expected to be subject to, among others, there being an adequate spread of holdings of the Warrants to provide for an orderly market in the Warrants.
- (b) The New Shares arising from the exercise of Warrants will rank *pari passu* in all respects with the then existing issued shares of the Company for any dividends, rights, allotments or other distributions, the record date for which falls after the exercise date of the Warrants, save as may be otherwise provided in the Deed Poll. The Exercise Price and the number of Warrants will be subject to adjustments under certain circumstances to be provided for in the Deed Poll.

4.5 Eligibility

- (a) The Warrants will be issued to existing Shareholders and the Vendors for free on the basis of one (1) Warrant for every one (1) existing ordinary share of the Company held as at the Books Closure Date.
- (b) For practical reasons and in order to avoid any violation of the relevant legislation applicable in countries other than Singapore, the Warrants will not be offered to Shareholders with registered addresses outside Singapore and who have not, at least five (5) market days prior

to the Book Closure Date, provided to the Company or The Central Depository (Pte) Limited (**CDP**), as the case may be, addresses in Singapore for the service of notices and documents (the **Foreign Shareholders**). The Warrants which would otherwise be allotted to Foreign Shareholders will, if practicable, be sold on the SGX-ST and the net proceeds from all such sales, after deduction of all expenses therefrom, will be pooled and thereafter distributed to Foreign Shareholders in proportion to their respective shareholdings or, as the case may, the number of shares of the Company entered against their names in the depository register maintained by the CDP as at the Books Closure Date and sent to them at their own risk by ordinary post. If the amount of net proceeds distributable to any single Foreign Shareholder is less than S\$10.00, such amount will be retained for the sole benefit of the Company or otherwise dealt with as the Board in its absolute discretion deem fit and no Foreign Shareholder shall have any claim whatsoever against the Company or CDP in connection therewith.

4.6 Conditions and Approvals

The Proposed Bonus Issue is subject to, among others, the following:

- (a) the satisfaction or waiver (as the case may be) of the Conditions Precedent and the occurrence of Completion in compliance with the Agreement;
- (b) the receipt of approval in-principle of the SGX-ST for the listing of and quotation for all the Warrants and the New Shares on the SGX-ST; and
- (c) the Proposed Bonus Issue being approved by the Shareholders at the Company's extraordinary general meeting to be convened.

To avoid doubt, the Proposed Acquisition is not conditional upon the Proposed Bonus Issue being approved. The Proposed Bonus Issue is however conditional upon the Proposed Acquisition being completed.

5. RATIONALE FOR THE PROPOSED TRANSACTIONS

5.1 Proposed Acquisition

The Board is of the view that the Proposed Acquisition, if approved by the SGX-ST and the Shareholders of the Company, is in the best interests of the Company and the Shareholders for the following reasons:

- (a) it will enable the Company to embark on a business in the PRC's mineral mining industry with good potential for growth;
- (b) the Company has been looking at various investment prospects to create a stable revenue base for the Company. Where there are current collaborations being explored in respect of the barging business, it is not expected to pick up dramatically. Hence, it is the intention of the Company to diversify into mining;
- (c) the Proposed Acquisition offers a chance for the Company to acquire a new business which will in turn provide it with a potential growing revenue stream and enable the Company to diversify its operations and build a long term sustainable business. Having conducted a preliminary assessment of the Target Group, the Board believes that the mines at the Target Areas are within the current investment capacity of the Company. Accordingly, the Board is of the view that the financial performance and the position of the Company and its subsidiaries (collectively, the **Group**) will be strengthened by the Proposed Acquisition, which will enhance shareholder value for the Company. The Company also intends to bring in management expertise in mining and will do so having identified relevant parties with expertise.

5.2 Proposed Bonus Issue

The Directors are proposing the Proposed Bonus Issue to reward existing Shareholders and to raise funds for the Group in the future. The Directors believe that the Proposed Bonus Issue will provide Shareholders with the opportunity to increase their equity participation in MRL, and potentially increase MRL's capital base and strengthen its balance sheet.

Based on the Company's issued and paid-up share capital of 506,490,975 shares as at the date of this Announcement, the Proposed Bonus Issue will comprise 1,876,353,988 Warrants. Assuming all the Warrants issued pursuant to the Proposed Bonus Issue are exercised, the Company will receive gross proceeds of approximately S\$1.88 billion. MRL intends to use the proceeds arising from the exercise of the Warrants for future working capital and expansion plans.

6. THE PROPOSED ACQUISITION AS A VERY SUBSTANTIAL ACQUISITION

Based on the Group's latest audited financial statements for the financial year ended 31 December 2013 and the latest unaudited financial statements of the PRCCo for the financial year ended 31 December 2013 (save as otherwise specified), the relative figures of the Proposed Acquisition computed on the bases set out in Rule 1006(a) to (e) of Listing Manual are as follows:

Rule 1006(a)	S\$'000
Net value of the assets to be disposed of	Not applicable
Net asset value of the Group	Not applicable
Size of relative figure	Not applicable

Rule 1006(b)	S\$'000
Net loss attributable to the acquired assets	Not meaningful ⁽¹⁾
Net profits ⁽¹⁾ of the Group for the full financial year ended 31 December 2013	Not meaningful ⁽¹⁾
Size of relative figure	Not meaningful ⁽¹⁾

Rule 1006(c)	S\$'000
Aggregate value of consideration to be given	1,000,000
Company's market capitalisation as at 20 May 2014 ⁽²⁾ , being the last traded market day immediately preceding the date of the Agreement	389,998
Size of relative figure	256%

Rule 1006(d)	
Number of equity securities to be issued by the Company as consideration ⁽³⁾ for an acquisition	1,369,863,013
Number of equity securities in issue ⁽⁴⁾	506,490,975
Size of relative figure	270%

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

Notes:

- (1) Not Meaningful, as the Target Group was in a net loss position for the financial year ended 31 December 2013. Rule 1015(2) of the Listing Manual states that for a "very substantial acquisition" the target business to be acquired must be profitable. In this regard, as the SGX-ST's rules on mineral, oil and gas companies will apply to this Proposed Acquisition, the Company intends to consult the SGX-ST on the application of Rule 1015(2) to the Proposed Acquisition.
- (2) The market capitalisation is derived from the volume weighted average market price of S\$0.77 per share as at 20 May 2014, being the last traded market day immediately preceding the date of the Agreement (*Source: SGX*).
- (3) Based on the number of new shares to be allotted pursuant to the Agreement, namely the issuance of the Consideration Shares (being approximately 1,369 million shares), assuming no adjustments were made to the Consideration Shares. The computation did not include the warrants issued.
- (4) Based on the issued share capital of as at the date of this Announcement.

As the relative figures under Rules 1006 (c) and (d) of the Listing Manual exceed 100% and the Proposed Acquisition will not result in a change in control of the Company, the Proposed Acquisition constitutes a "Very Substantial Acquisition" as defined under Chapter 10 of the Listing Manual and is conditional upon the approval of the Shareholders and of the SGX-ST pursuant to Rule 1015 of the Listing Manual.

7. INTERESTED PERSON TRANSACTION

Dato' Low is a controlling shareholder of MRL and has a total interest, both direct and deemed, of approximately 53.85% in the issued and paid-up capital of MRL. As set out in Section 2.1 above, the Vendors are, among others, Dato' Low and Kaiyi. In the case of Dato' Low, he will be considered an interested person in relation to MRL under Rule 904(4)(a)(i) of the Listing Manual. In the case of Kaiyi, Dato' Low holds 51% and his immediate family, namely his son, LYN, and his daughter, EL, each hold 16% of Kaiyi's issued and paid-up capital. Together, they have an interest of more than 30% in Kaiyi. This will make Kaiyi an associate of Dato' Low under the Listing Manual. As such, Kaiyi will be an "interested person" as defined under Rule 904(4)(a)(ii) of the Listing Manual.

Accordingly, the Proposed Acquisition would constitute an interested person transaction pursuant to Chapter 9 of the Listing Manual.

Further, the value of Proposed Acquisition of S\$1.0 billion represents approximately 891% of the latest audited net tangible assets (**NTA**) attributable to the equity holders of the Company as at 31 December 2013. As the value of the Proposed Acquisition exceeds 5% of the Group's latest audited NTA, pursuant to Rule 906 of the Listing Manual, the Proposed Acquisition is subject to the approval of the independent Shareholders being obtained at the extraordinary general meeting of the Company.

8. PRO FORMA FINANCIAL EFFECTS

The Company intends to finance the payment of the Purchase Consideration through the issuance of new shares and the pro forma financial effects of the Proposed Transactions as set out in **Appendix C** of this Announcement have been prepared based on, amongst others, the assumption that new shares have been issued for the purpose of payment of the Purchase Consideration.

9. INTERESTS OF THE DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

- (a) Save as disclosed in Sections 2.2 and 7 of this Announcement, none of the Directors (other than in his capacity as a Director or shareholders of the Company) or controlling Shareholders of the Company (other than through their respective shareholdings in the Company) has any interest, direct or indirect in the Proposed Acquisition.
- (b) None of the agreements relating to the Proposed Acquisition provides for the appointment of any person to MRL's Board pursuant to or in connection with the Proposed Acquisition.

10. FINANCIAL ADVISER

The Company will be appointing a financial adviser in respect of the Proposed Acquisition in due course.

11. INDEPENDENT FINANCIAL ADVISER

Pursuant to Chapter 9 of the Listing Manual, the Company will be appointing an independent financial adviser to the independent directors of the Company in relation to the Proposed Acquisition as an Interested Person Transaction. A copy of the letter from the independent financial adviser to the independent directors of the Company will be included in the Circular (as defined below) which will be dispatched to Shareholders in due course.

12. FURTHER INFORMATION

Subject to the approval of the SGX-ST, a circular containing further information on the Proposed Acquisition and such other transactions as contemplated in the Agreement (the **Circular**), together with a notice of the extraordinary general meeting of MRL, will be dispatched by MRL to Shareholders in due course.

A copy of the Agreement will be made available for inspection during normal business hours at the registered office of the Company at 133 New Bridge Road, #18-09 Chinatown Point, Singapore 059413 for three (3) months from the date of this Announcement.

13. RESPONSIBILITY STATEMENT

The Directors of the Company (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 (save for information relating to the Vendors and the TargetCo) and confirm, after making all reasonable enquiries that to the best of their knowledge and belief, the facts stated and opinions expressed in this Announcement are fair and accurate in all material respects as at the date hereof, and that there are no material facts the omission of which would make this Announcement misleading in any material respect.

The Vendors accept full responsibility for the accuracy of the information given in this Announcement in respect of the Vendors and the Target Group and confirm, after making all reasonable enquiries that to the best of their knowledge and belief, the facts stated and opinions expressed by them in this

Announcement in respect of the Vendors and the Target Group are fair and accurate in all material respects as at the date hereof, and that there are no material facts in respect of the Vendors or Target Group, the omission of which would make any statement in respect of the Vendors or Target Group, misleading in any material respect.

Where information has been extracted from published or otherwise publicly available sources, the sole responsibility of the Directors and the Vendors, as the case maybe, 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.

14. CAUTION IN TRADING

Shareholders are advised to exercise caution in trading their Shares. The Proposed Acquisition is subject to, among others, conditions and due diligence. There is no certainty or assurance as at the date of this Announcement that the Proposed Acquisition will be completed, or whether the Proposed Bonus Issue or Compliance Placement will occur, 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
MANHATTAN RESOURCES LIMITED**

Low Yi Ngo
Chief Executive Officer and Managing Director
21 May 2014

APPENDIX A

LIST OF EXPLORATION PERMITS

Approval/Permit	Country	Regulatory Body	Issue Date	Expiry Date	Resources	Held by	Licensed land area	Location
No.T65120090902034162	The PRC	Department of Land and Resources of Xinjiang Uygur Autonomous Region	4 March 2014	4 March 2015	chrome	PRCCo	11.76 sq km	Tuoli County, Tacheng Area, Xinjiang Uygur Autonomous Region, the PRC
No.T65120090902034124	The PRC	Department of Land and Resources of Xinjiang Uygur Autonomous Region	4 March 2014	4 March 2015	chrome	PRCCo	9.95 sq km	Tuoli County, Tacheng Area, Xinjiang Uygur Autonomous Region, the PRC
No. T65120090902034158	The PRC	Department of Land and Resources of Xinjiang Uygur Autonomous Region	4 March 2014	4 March 2015	chrome	PRCCo	5.28 sq km	Tuoli County, Tacheng Area, Xinjiang Uygur Autonomous Region, the PRC

APPENDIX B

SUMMARY OF CONDITIONS PRECEDENT

1. Completion of the sale and purchase of the Sale Shares is conditional upon the following conditions being satisfied or waived in accordance with Clause 2 below:
 - (a) the Restructuring Exercise having been completed to the satisfaction of MRL in its sole and absolute discretion and remaining in full force and effect and not be amended, modified or varied;
 - (b) legal opinion(s) from PRC legal counsel acceptable to MRL confirming that (A) the Restructuring Exercise has been legally and validly completed; and (B) the matters in clause 3.4(a)(iv) has been verified and confirmed ;
 - (c) legal opinion(s) from Singapore legal counsel acceptable to MRL confirming that the TargetCo and GiantMiner have complied with all laws, rules and regulations in Singapore, including but not limited to, the proper incorporation and good standing of the TargetCo and GiantMiner;
 - (d) the issuance of a JORC Report² in respect of any Target Area within any of the Exploration Permits showing that the Target Area has Measured Resources and Indicated Resources of not less than 3 billion tonnes of the Target Minerals;
 - (e) the issuance of a VALMIN Report to the satisfaction of MRL in its sole and absolute discretion;
 - (f) PRCCo having:
 - (i) sole exploration licences or permits to search for and explore for any or all of the Target Minerals in the Target Areas, to the satisfaction of MRL; and/or
 - (ii) sole mining licences or permits, to be held through another entity(s) to be wholly-owned by the PRCCo, to mine or exploit any or all of the Target Minerals in the Target Areas, to the satisfaction of MRL;
 - (iii) full and reasonable access to the Target Areas, and all material rights and capabilities to perform all activities in the Target Areas that may be necessary in connection with (A) and (B);
 - (iv) materially complied with all laws, rules and regulations of in the Target Areas, including but not limited to, the proper incorporation and good standing of PRCCo; and
 - (v) title to or valid and enforceable rights to the Target Minerals (including licences and agreements);
 - (g) the (A) completion, to MRL's reasonable satisfaction, of the audit of the accounts of the Target Group, which shall be prepared in accordance with international financial reporting standards for the financial years ended 31 December 2012, 2013 and the financial year ending 2014; together with (B) an unqualified opinion given by a reputable public accounting firm agreed between MRL and the Vendors;

² For the purposes of Appendix C, **JORC Report** shall mean the independent qualified person's report to be prepared by SRK Consulting China Ltd in relation to the technical review of the Target Minerals within the Target Areas that meets the standards of the reporting under the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves, promulgated by the Joint Ore Reserves Committee of the Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia, as amended or modified from time to time, or such other standards as may be approved by the SGX-ST or required by MRL from time to time.

- (h) the approval by the shareholders of MRL having been obtained at an extraordinary general meeting of MRL for (i) the entry into, implementation and completion of the transactions contemplated under this Agreement; and (ii) MRL to allot and issue compliance placement shares for the purpose of meeting free float requirements under the SGX-ST's listing rules;
- (i) the issue of an in-principle approval from the SGX-ST for (A) the transactions in this Agreement; and (B) the listing and quotation of the Consideration Shares on the SGX-ST having been obtained and if such approval or issuance is subject to conditions, such conditions being reasonably acceptable to MRL and the Vendors and if required by the SGX-ST, such conditions being fulfilled or satisfied before Completion, and such approval remaining in full force and effect;
- (j) all necessary consents, approvals and waivers (if any) of any governmental bodies, stock exchange and other regulatory authority having jurisdiction over any of the transactions contemplated under this Agreement (including the Restructuring Exercise) (whether in Singapore, the PRC or any other applicable jurisdiction) and all other transactions in connection therewith and incidental thereto, having been obtained, such consents, approvals and waivers not having been amended or revoked before the Completion, and if subject to any conditions required to be fulfilled before the Completion, such conditions being reasonably acceptable to the Vendors and MRL;
- (k) the delivery by the Vendors to MRL of written consents (in terms satisfactory to MRL) (if any) from all relevant persons to the effect that they consent to the sale and purchase of the Sale Shares and agree not to exercise any right (whether of pre-emption, termination or otherwise) arising by reason of such sale and purchase;
- (l) the satisfactory outcome, in MRL's sole and absolute discretion, of all financial, commercial and legal due diligence investigations by MRL on, among others, the financial, contractual, tax and trading positions, and prospects, of each Target Group Company and title to its assets (including the Exploration Permits and the Mining Permits);
- (m) the Disclosure Letter (if any) being to the satisfaction of MRL;
- (n) all representations, warranties and undertakings of the Vendors under this Agreement being complied with, true, complete, accurate and correct in all material respects as at the date of this Agreement, and as of the Completion Date;
- (o) there being, as determined by MRL in its sole and absolute discretion, no material adverse change in the prospects, operations or financial condition of the Target Group occurring after the date of this Agreement and on or before Completion Date;
- (p) there not having been at any time prior to or on Completion the occurrence of any of the following events:
 - (i) compulsory acquisition or notice of compulsory acquisition or intended acquisition of land affecting or which may affect the exploration and/or mining of any of the Target Areas (in whole or in part);
 - (ii) withdrawal of approval or additional restriction/condition on the exploration and/or mining licence/permit/concession and/or any other approval, permit, consent, certificate, waiver, or notice or intention of such withdrawal of approval or additional restriction/condition which may materially and adversely affect the exploration and/or mining of any of the Target Areas (in whole or in part);
 - (iii) liquidation, bankruptcy or insolvency of the Vendors, or any of the Target Group Companies;

- (iv) termination of any part of the business of any of the Target Group Companies;
 - (v) appointment of any assignee, receiver or liquidator for any part of the assets or business of the Vendors or of any of the Target Group Companies;
 - (vi) attachment, sequestration, execution or seizure of any part of the assets of the Vendors or of any of the Target Group Companies; or
 - (vii) Material Adverse Change to the Target Areas on which the exploration and/or mining activities are or will be carried out by the Target Group. For purposes of this Clause, **Material Adverse Change** means any change which causes a material or substantial part of any of the Target Areas to be inaccessible, unfit, hazardous or commercially infeasible for exploration and/or mining activities; and
- (q) The shares of MRL having remained listed on the Mainboard of the SGX-ST and the trading of such shares not being suspended for more than three (3) market days.
2. MRL shall be entitled in its absolute discretion, by written notice to the Vendors, to waive any or all of the Conditions Precedent either in whole or in part, except in respect of Clauses 1(h), 1(i), 1(j) and 1(k) above.
 3. To the extent applicable to it, each Party shall use its reasonable endeavours to procure the expeditious fulfilment of the conditions referred to in Clause 1. Each Party shall use its reasonable endeavours to keep the other Parties fully informed of any development relating to the conditions applicable to it and shall forthwith notify the other Parties upon the fulfilment of all such conditions and furnish to the other Parties documentary evidence reasonably satisfactory to the other Parties in respect thereof.
 4. Without prejudice to Clause 3, 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 Parties, where applicable, to obtain the necessary consents and approvals referred to in Clause 1 and shall ensure that the information so provided is true, accurate and complete in all material respects.

APPENDIX C

COMBINED PRO FORMA FINANCIAL EFFECTS

The pro forma financial effects of the Proposed Transactions on the share capital, earnings, net tangible assets (**NTA**) and gearing of the Group have been prepared based on the unaudited combined financial information of the Target Group for the financial year ended 31 December 2013 and the audited consolidated financial results of the Group for the financial year ended 31 December 2013.

Shareholders should note that the pro forma financial effects of the Proposed Transactions 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.

For the purpose of illustrating the financial effects of the Proposed Transactions, the financial effects of the Proposed Transactions are computed based on, amongst others, the following assumptions:

- (i) The financial effects on the Group's earnings and earnings per Share are computed assuming that the Proposed Transactions were completed on 1 January 2013. The financial effects on the Group's NTA and gearing are computed assuming that the Proposed Transactions were completed on 31 December 2013;
- (ii) The fair market value of each Share is assumed to be the same as the net asset value per share and accordingly, no goodwill arises as a result of the Proposed Transactions. On Completion, the deemed consideration for the Proposed Transactions for accounting purposes will be based on the fair market value of each Share at the date of Completion. As the final goodwill will have to be determined at Completion, the actual goodwill could be materially different from the assumption used above. Any goodwill arising thereon from the Proposed Transactions will be accounted for in accordance with the accounting policies of the Company; and
- (iii) The analysis does not take into account any dividend or distributions out of the profits that may be declared by the Target Company in respect of the financial year ended 31 December 2013.

The effects of the Proposed Transactions on the share capital, earnings, NTA and gearing of the Group are as follows:

Share Capital

	Before Proposed Transactions	the After adjusting for the Proposed Acquisition, assuming none of the Warrants are exercised	After adjusting for the Proposed Acquisition, assuming all of the Warrants are exercised ⁽¹⁾
Issued and paid up share capital (S\$'000)	163,614	1,163,614	3,039,968
Number of ordinary shares in issue (‘000)	506,491	1,876,354	3,752,708

Note:

(1) Assuming the warrant and the market price of the shares is S\$1 on the exercise date.

Basic Earnings Per Share (*EPS*)

	Before the Proposed Acquisition	After adjusting for the Proposed Acquisition, assuming none of the Warrants are exercised	After adjusting for the Proposed Acquisition, assuming all of the Warrants are exercised
	S\$'000	S\$'000	S\$'000
Profit attributable to equity holders of the Company ⁽¹⁾	2,543	2,543	2,543
Weighted average number of ordinary shares in issue	506,491	1,876,354	3,752,708
EPS (cents)	0.50	0.14	0.0001

Note:

(1) 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. The net profits figure as stated is in respect of the full financial year ended 31 December 2013.

As the mine is not in operation as at 31 December 2013, there is no depreciation charge on the mining properties in the profit and loss accounts.

The profit attributable to equity holders of the Company did not include the professional fees and all the other relevant expenses for the proposed acquisition

NTA

	Before the Proposed Transactions	After adjusting for the Proposed Acquisition, assuming none of the Warrants are exercised	After adjusting for the Proposed Acquisition, assuming all of the Warrants are exercised
	S\$'000	S\$'000	S\$'000
NTA attributable to equity holders of the Company ⁽¹⁾	112,192	1,112,192	2,988,546
Number of ordinary shares in issue	506,491	1,876,354	3,752,708
NTA per share (cents)	22.15	59.27	79.64

Note:

(1) for this purpose, NTA includes mining properties, assuming the technical feasibility and commercial viability of an area of interest are demonstrable and the estimated reserves attributable to equity holders of the Company is S\$1 billion. In the event if the final valuation in the VALMIN Report results in a negative variance in valuation of the Target Group of an aggregate of more than 5% of the consideration price, the purchase consideration shall be adjusted downwards. In the event that the final valuation in the VALMIN Report results in a positive variance in valuation of the Target Group which is higher than the Purchase Consideration, there will be no adjustment of the Purchase Consideration. As the assets

are acquired on 31 December 2013, there is no deferred exploration and development expenditures recognised in the Profit and Loss.

Gearing

Neither the Company nor any of its subsidiaries had any bank borrowings or debt securities at the date of the Announcement.