

**APPLICATION FOR EXTENSION OF TIME TO COMPLY WITH RULE 1315 OF THE LISTING
MANUAL**

1. INTRODUCTION

The Board of Directors (the “**Board**”) of Manhattan Resources Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) refers to the announcements made by the Company dated:

- (a) 4 December 2018, in relation to the notification of the Company’s inclusion on the watch-list of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) with effect from 5 December 2018, due to the financial entry criteria pursuant to Rule 1311 of the Listing Manual of the SGX-ST (the “**Listing Manual**”); and
- (b) 12 November 2021, in relation to among others, the Company’s application to the Singapore Exchange Regulation Pte. Ltd. (the “**SGX RegCo**”) on 3 November 2021, for a 12-month extension to satisfy the requirements for the Company’s removal from the watch-list (the “**Extension Application**”).

2. EXTENSION OF TIME GRANTED BY THE SGX REGCO TO COMPLY WITH RULE 1315 OF THE LISTING MANUAL

2.1 The Board wishes to update its shareholders that the SGX RegCo has, on 7 March 2022, in relation to the Extension Application, informed the Company that SGX RegCo has no objection to an extension of time till 4 December 2022 (the “**Waiver**”) with regard to compliance with Rule 1315 of the Listing Manual, subject to the following:

- (a) the Company announcing the Waiver granted, the reasons for seeking the Waiver, the conditions as required under Rule 107 of the Listing Manual and if the Waiver conditions have been satisfied. If the Waiver conditions have not been met on the date of the announcement, the Company must make an update announcement when the conditions have all been met; and
- (b) submission of a written confirmation from the Company that it is not aware of any information that will have a material bearing on investors’ decision which has yet to be announced by the Company (the “**Written Confirmation**”).

Shareholders should note that the Waiver will not be effective if any of the above conditions has not been fulfilled.

2.2 In addition, the Board wishes to highlight that:

- (a) the SGX RegCo reserves the right to amend and/or vary its decision and such decision is subject to changes in the policies of the SGX RegCo; and
- (b) the Company is required to make an immediate disclosure via SGXNet if it is/ will be in contravention of any laws and regulations governing the Company and the constitution of the Company arising from the Waiver.

2.3 Following the release of this announcement, the Company has submitted the Written Confirmation to the SGX RegCo and will have complied with the conditions of the Waiver above.

3. REASONS FOR SEEKING THE WAIVER

3.1 The Company's market capitalisation and cash flow

- (a) Pursuant to paragraph 4.2(1) of Practice Note 13.2 of the Listing Manual, an issuer may be granted an extension to the 36-month cure period, of up to 12 months if it satisfies at least one of the following requirements under Rule 1314 of the Listing Manual:
- (i) records consolidated pre-tax profit for the most recently completed financial year (based on its audited full year consolidated accounts) (the **"Profit Criteria"**); and
 - (ii) has an average daily market capitalisation of S\$40 million or more over the last 6 months (the **"Market Cap Criteria"**).

Additionally, the issuer must also have achieved healthy cash flow from its operating activities (based on its audited full year consolidated accounts for the most recently completed financial year) (the **"Cash Flow Criteria"**).

- (b) As at the date of the Extension Application, while the Company has not satisfied the Profit Criteria, it has satisfied the Market Cap Criteria. This is because the Company had an average daily market capitalisation¹ of approximately S\$136.9 million (which is approximately S\$96.9 million (or approximately 242%) above the S\$40 million criteria) over the last 6 months. Additionally, the Company's average daily market capitalisation exceeded S\$40 million over the last 18 months.
- (c) In relation to the Cash Flow Criteria, if the Company were to disregard the cash outflow for the property development segment, the Company would have achieved healthy cash flow from its operating activities for the financial year ended 31 December 2019 (**"FY2019"**) (based on its audited full year consolidated accounts), FY2020 (based on its audited full year consolidated accounts) and for the financial year ended 31 December 2021 (**"FY2021"**) (based on the condensed interim financial statements (unaudited) for the full year ended 31 December 2021). This is because the net cash flows used in operating activities in these financial periods were mainly attributable to the capital expenditure incurred for the property development segment. In this regard, pursuant to the material dilution of the Company's shareholding interest in its subsidiary involved in the property development business, being Manhattan Property Development Pte. Ltd. (**"MPDPL"**), as approved by the shareholders of the Company at the extraordinary general meeting dated 11 May 2020 (the **"Material Dilution"**) and as announced by the Company on 4 May 2021, 9 July 2021, 29 October 2021, 29 December 2021 and 14 January 2022, the Company's shareholding interest in MPDPL has been diluted to 33.03% and MPDPL has ceased to be a subsidiary of the Company. Without having to consolidate the financial statements of MPDPL with the rest of the Group and to inject additional funds for the property development segment, the Company is hopeful that it will record cash inflows from operating activities for the financial year ending 31 December 2022 (**"FY2022"**) and accordingly be able to meet the Cash Flow Criteria.

3.2 The Company has taken active steps to return to profitability

Since being placed on the watch-list, the Company has taken active steps and made concerted efforts to increase its profitability and for the Group to return to profitability since being placed on the watch-list. Some of these steps include the following:

¹ Computed based on the 6-month volume weighted average price x total no. of shares in the capital of the Company.

- (a) The Company has endeavoured and will continue to endeavour, as a matter of priority to implement cost-saving initiatives to optimise the cost-effectiveness of the Group's existing businesses

Some of the more significant cost-saving initiatives undertaken by the Group include the completion of the disposal of 27 tugs and 25 barges on 9 November 2018 resulting in a gain of approximately S\$12 million in the financial year ended 31 December 2018 (“FY2018”) and which reduced the losses of the shipping segment from S\$4.3 million in the financial year ended 31 December 2017 to S\$75,000 in FY2019.

- (b) The Group has explored the viability of diversifying into new businesses

Among others, the Group is currently undergoing a strategic business transformation to accelerate its growth into a renewable energy company (the “**Proposed Diversification**”), which the Board is hopeful will in time provide a stable and growing source of income for the Group and allow it to record a consolidated pre-tax profit for FY2022. As part of the initial step of the diversification into the renewal energy business, the Company (i) completed the acquisition of Athena Energy Holdings Pte. Ltd. (“**Athena**”), a company in the principal business of developing, financing, constructing, owning and operating renewable energy assets in Asia and Australia; and (ii) is seeking the approval of its shareholders for, among others, the Proposed Diversification.

The Company has also conducted a leadership renewal exercise in the second half of 2020, to bring new ideas on how to improve the performance of the Group's business. From 12 January 2021, the Company welcomed Mr. Tang Kin Fei, Mr. Ajai Hari Dass and Dr. Henry Wong Chuen Yuen as directors of the Company. Additionally, to support the Company's diversification into the renewable energy business, the Company has also entered into employment agreements with the key management executives of Athena.

For more information, please refer to the Company's announcements dated 20 October 2021, 28 October 2021, 7 December 2021, 14 January 2022 and 22 February 2022.

- (c) The Group has reviewed the operations and viability of the Group's existing business and assets in energy, real estate and shipping sectors

Some of the steps taken after such review include the strengthening of the Group's financial position as follows:

- (i) the conversion of participating debts into new shares of the Company at the conversion price of S\$0.02 per conversion share (“**Debt Conversion**”);
- (ii) the issue of 1,849,521,700 new shares to the participating creditors;
- (iii) the transfer of a controlling interest in the Company to each of the participating creditors pursuant to the Debt Conversion; and
- (iv) the Material Dilution.

For more information, please refer to the Company's circular to shareholders dated 17 April 2020. The measures above were proposed in 2019 after the Company's internal review of (A) its financial position; (B) resources and risk allocation among the different segments; (C) the potential mismatch between the timeline for funding of construction for real estate business in China and the timeline for rights issues to obtain funding from the substantial shareholders, where such mismatch will subject the subsidiary to potential legal disputes with contractors and financial exposure as a result; and (D) the potential risks that the Company will lose its public float, if more rights issues are carried out and taken up by the substantial shareholder.

3.3 **Market perception and confidence in the prospects of the Group**

Notwithstanding the Company's status as a company on the watch-list, the Company is in discussions with a European investment fund (the "**Fund**") to provide the Group with a loan facility of up to US\$24 million to finance the engineering, procurement and construction contract dated 14 January 2021 entered into between (a) Vietrof Renewable Energy Vietnam Company Limited, a wholly owned, indirect subsidiary of Athena; and (b) PowerChina Sichuan Engineering Corporation Limited and Athena's other pipeline commercial and industrial solar energy projects ("**C&I Projects**") in Vietnam. The Fund has completed the due diligence exercise on the Group and the Company is currently working with it towards finalising the financing agreement by mid-March 2022. In addition, the Company is in discussions with several banks in relation to securing financing facilities for the pipeline C&I Projects. For more information, please refer to the Company's circular to shareholders dated 22 February 2022.

Additionally, the Company is in advanced discussions with one of its controlling shareholders in relation to a potential loan to be extended by such shareholder, on terms which can generally be considered to be more attractive compared to other external financing options presented to the Company so far.

The Board believes that the foregoing demonstrates the confidence that investors, bankers and shareholders alike have in the future prospects of the Group and the renewable energy business that the Group is proposing to enter into, and the ability of the Board and the Group to turn things around.

3.4 **The Group and its existing business have been adversely affected by the COVID-19 pandemic**

The Group has been adversely affected by the COVID-19 pandemic and faces challenging business and operating conditions as a result of the continuing COVID-19 pandemic situation, which makes it even more difficult for the Company to achieve the Profit Criteria. The Company requires more time to bring the projects under the Proposed Diversification in the renewable energy markets to fruition, which will not only give the Company the opportunity to fortify its financial results, but aid or facilitate the Company's ability to meet the Profit Criteria.

The Group has taken active steps to mitigate the impact of COVID-19, including taking the following steps:

- (a) reviewing workforce locations and travel, and enabling employees to work from home;
- (b) negotiating with O&M contractors to reduce the headcounts on site;
- (c) evaluating the supply chain and planning for the purchase of inventory for the spare parts and other raw materials to mitigate the supply chain disruptions;
- (d) engaging overseas teams and contractors to manage overseas projects and conducting regular online meetings to follow up and supervise the progress of the project(s); and
- (e) managing cash flow and revisiting fixed and variable costs and capital investment plans.

3.5 **A trading suspension may be detrimental to the interests of the minority shareholders of the Company**

With reference to facilities or loans that may be extended by financial institutions and/or shareholders of the Company, it is quite common that the relevant lender may, as a condition to the granting of the financing facilities or loan, impose that the trading of the shares of the Company must not be suspended and the shares must continue to be listed and quoted on the SGX-ST.

In the event that the trading in the Company's securities is suspended or if the Company is delisted, such events will typically be regarded as events of default and such financing facilities and/or loans may be withdrawn or not extended to the Group. In such an event, there is no assurance that the Group will be able to obtain alternative funding on comparable terms or at all, or that any such alternative funding will be obtained in a timely manner to enable the Group to meet its financial obligations relating to both the Group's existing businesses and the renewal energy business that the Group is proposing to enter into. Further, minority shareholders may feel the impact of the Company's suspension or delisting adversely as the Company's shares become illiquid and it will be difficult for the minority shareholders to realise their investment in the Company.

4. GENERAL

It is anticipated that with the grant of the Waiver, the Company will be on course to return to profitability and if and where required, the Company may re-apply for a second extension of 12 months in order to meet the requirements under Rule 1314 of the Listing Manual, including the Profit Criteria. The Board will update its shareholders if there are any material developments in this regard.

BY ORDER OF THE BOARD

Low Yi Ngo
Chief Executive Officer and Managing Director
8 March 2022