

## MANHATTAN RESOURCES LIMITED

(Company Registration No. 199006289K)

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### FURTHER INFORMATION ON THE COMPANY'S UNAUDITED FINANCIAL STATEMENT ANNOUNCEMENT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (ANNOUNCEMENT)

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The Directors of Manhattan Resources Limited (*Manhattan or the Company*) refer to the Announcement made on 28 February 2020 and the further information requested by the Singapore Exchange Securities Trading Limited (**SGX-ST**) on 9 March 2020 relating to the Announcement.

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

#### SGX-ST's Question

- a) Please explain the nature of prepayments under both current and non-current categories, and provide an explanation for the increase of S\$2.3 million from FY18 to FY19.**

#### Manhattan's Response

##### Current

Included in current prepayments are prepaid taxes arising from the sale of electricity amounting to \$539,000 (2018: \$415,000) and payment made to a third party project management company of approximately \$869,000 in Ningbo for the management services in 1Q 2020.

##### Non-current

Included in non-current repayment are

- i. VAT prepayment arising from property development segments and
- ii. advanced payments made for the construction of haul roads to facilitate the transportation of coal to the power plant.

The increase in VAT prepayment of \$1.4 million is in line with the increase in the capitalisation of development expenditure for the property development in Ningbo in FY 2019. The advance payments on the road haul costs are amortised over the remaining tenure of 22 years.

### SGX-ST's Question

- b) Please provide a breakdown for trade and other receivables under both current and non-current assets for both FY18 and FY19, and reasons for the variances on a line item basis.

### Manhattan's Response

Please find the breakdown of the Group's Trade and other receivables for both current and non-current categories.

|                                       | 31 December 2019 | 31 December 2018 | Variance            |
|---------------------------------------|------------------|------------------|---------------------|
|                                       | S\$'000          | S\$'000          | S\$'000             |
| <b><u>Current</u></b>                 |                  |                  | Increase/(decrease) |
| Trade receivables                     | 1,553            | 3,301            | (1,748)             |
| <b><u>Other receivables</u></b>       |                  |                  |                     |
| GST receivables                       | 23               | 17               | 6                   |
| Deposits                              | -                | 25               | (25)                |
| Other receivables                     | 1,693            | 2,558            | (865)               |
|                                       | 1,716            | 2,600            | (884)               |
| Trade and other receivables (current) | 3,269            | 5,901            | (2,632)             |
|                                       |                  |                  |                     |
| <b><u>Non-current</u></b>             |                  |                  |                     |
| <b><u>Other receivables</u></b>       | 5,321            | 7,183            | (1,862)             |
|                                       |                  |                  |                     |
| Total other receivables               | 8,590            | 13,084           | (4,494)             |

1. The decrease in trade and other receivables in FY 2019 was mainly due to collection during the year.
2. Included in other receivables (current) in FY 2019 is the insurance claims amounting to S\$495k. The insurance claims were fully paid in early 2020.
3. In 2012, the Group entered into a ship sale and purchase agreement ("SPA") with a shipbuilder for the purchase of vessels. The Group subsequently sold the vessels to a third party buyer in 2013. The Group retains an unpaid seller's lien on the vessels until the consideration has been fully paid.

Included in the current and non-current other receivables is the outstanding consideration arising from the sale of the vessels of US\$7,631,000 (approximately \$10,279,000), which is to be paid in equal monthly instalments over a period of 120 months. Any outstanding consideration bears interest at 1 month SIBOR + 3.4% per annum. Due to the barge incidents in prior years, the Group and third party buyer entered into a Second Amendment to the SPA, whereby the monthly instalments were deferred and interest waived commencing from 1 January 2014.

Management had performed an impairment review and had made an allowance of \$7,226,000 (31 December 2018: \$7,319,000) on the other receivables due from the third party buyer in 2015. The decrease in current and non-current receivables was due to collection during the period. Please refer to page 90 of the Company's annual report for the year ended 31 December 2018 in relation to this matter.

4. Included in other receivables (non-current) is an amount of \$3,437,000 (31 December 2018: \$3,532,000) placed with local government authorities in Ningbo for the development of a property. These deposits are refundable to the Group based on milestones achieved.

SGX-ST's Question

**c) Please provide an aging of the trade receivables.**

Manhattan's Response

The aging of the trade receivables is as follows:

|                      | 31 December 2019 | 31 December 2018 |
|----------------------|------------------|------------------|
|                      | S\$'000          | S\$'000          |
| <b><u>Ageing</u></b> |                  |                  |
|                      |                  |                  |
| <b>Current</b>       | 1,032            | 1,590            |
| <b>≤ 30 days</b>     | 188              | 536              |
| <b>31 – 60 days</b>  | -                | 714              |
| <b>61 – 90 days</b>  | 192              | 346              |
| <b>91 – 120 days</b> | -                | 25               |
| <b>≥ 120 days</b>    | 141              | 90               |
|                      | <b>1,553</b>     | <b>3,301</b>     |

SGX-ST's Question

**d) Please provide the Board's assessment on the recoverability of the Group's trade receivables and bases for such an assessment.**

Manhattan's Response

There were no significant historical credit losses incurred on the trade receivables and the Group receives payment from the customers regularly. Hence, the Group is of the view that no additional allowance for impairment is required.

SGX-ST's Question

- e) Please provide a breakdown for trade and other payables under current and non-current liabilities for both FY18 and FY19 and the reasons for the variances on a line item basis.

|                                                      | 31 December<br>2019 | 31 December<br>2018 | Variance                   |
|------------------------------------------------------|---------------------|---------------------|----------------------------|
|                                                      | S\$'000             | S\$'000             | S\$'000                    |
| <b><u>Trade and other payables (current)</u></b>     |                     |                     | <b>increase/(decrease)</b> |
| Trade payables                                       | (7,591)             | (27,630)            | (20,039)                   |
| Accrued expenses                                     | (3,911)             | (7,067)             | (3,156)                    |
| Other payables                                       | (5,823)             | (9,428)             | (3,605)                    |
| Amount due to related parties                        | (42,088)            | (9,311)             | 32,777                     |
|                                                      | (51,822)            | (25,806)            | 26,016                     |
| <b>Trade and other payables (current)</b>            | <b>(59,413)</b>     | <b>(53,436)</b>     | <b>5,977</b>               |
| <b><u>Trade and other payables (non-current)</u></b> |                     |                     |                            |
| Other payables                                       | (8,213)             | (8,438)             | (225)                      |
| Amounts due to related parties                       | -                   | (16,669)            | (16,669)                   |
|                                                      | (8,213)             | (25,107)            | (16,894)                   |
| <b>Total trade and other payables</b>                | <b>(67,626)</b>     | <b>(78,543)</b>     | <b>(10,917)</b>            |

Manhattan's Response

- The decrease in trade and other payables was attributable to the payment to suppliers during the year.
- The trade and other payables (current) includes the following amount due to related parties,
  - US\$12,212,855 (equivalent to approximately S\$16.5m) owed by SLM (a wholly owned subsidiary of the Company) to Energy Resource Investment Pte. Ltd ("ERI") ,
  - US\$15 million (equivalent to approximately S\$20.2m) interest free loan from Kaiyi Investment Pte. Ltd. and
  - US\$2.63 million (equivalent to approximately \$3.5m) interest free loan from Kaiyi Investment Pte. Ltd
  - The Company will seek shareholders' approval to convert the debts of approximately S\$36.7 million into new shares of the Company. Please refer to announcements dated 21 June 2019 and 18 February 2020 for more details.
- Included in other payables (non-current) are government grants received in advance amounting to \$8,213,000 (2018: \$8,438,000) for the construction of infrastructure in connection with the land use rights acquired by Manhattan Resources (Ningbo) Property Limited in 2011. These payments may be applied to offset the construction costs of the relevant infrastructure, subject to the applicable development regulations and conditions.

The relevant construction permits were obtained in the previous financial year and the construction of property under development had commenced in the previous financial year. The government grants have been classified as non-current as it is not expected that these grants will be applied to offset the

construction costs within the next 12 months. Please refer to page 99 of the Company's annual report for the year ended 31 December 2018 in relation to this matter.

4. FY 2018 trade and other payables included an amount payable to ERI of US\$12,212,855 (approximately S\$16,453,000) (2018: \$16,669,000) arising from the acquisition of PT KP. As at 31 December 2018, these amounts were classified as part of non-current liability as ERI had agreed not to demand for repayment within the next 12 months. This amount is classified as amount payable to related parties (current) in FY 2019 as the Company will seek shareholders' approval in FY 2020 to convert this amount due to ERI of \$16,453,000 into new shares of the Company.

**BY ORDER OF THE BOARD**

Low Yi Ngo  
Chief Executive Officer and Managing Director  
10 March 2020