

**PROPOSED DISPOSAL OF TWO VACANT LAND PARCELS IN EAST KALIMANTAN TO PT  
DERMAGA PERKASAPRATAMA**

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**1. INTRODUCTION**

1.1 The Board of Directors (the “**Board**”) of Manhattan Resources Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) wishes to announce that PT Kariangau Power (the “**Seller**” or “**PT KP**”), an indirect subsidiary of the Company, has on 9 December 2021 entered into a conditional land sale and purchase agreement (“**SPA**”) with PT Dermaga Perkasapratama (the “**Buyer**”) (the Seller together with the Buyer, collectively the “**Parties**”), pursuant to which the Seller has agreed to sell, and the Buyer has agreed to purchase, the following vacant land parcels (such land parcels, collectively the “**Land**”):

- (a) land based on Building Use Right Certificate No. 476 covering an area of 145,156 m<sup>2</sup>, Measurement Letter No. 00016/Kariangau/2011, at Kariangau Village, Balikpapan; and
- (b) land based on Building Use Right Certificate No. 477 covering an area of 126,118 m<sup>2</sup>, Measurement Letter No. 00017/Kariangau/2011, at Kariangau Village, Balikpapan,

(the “**Proposed Disposal**”).

**2. INFORMATION ON THE SELLER, THE BUYER AND THE LAND**

**2.1 Information on the Seller**

The Seller is a limited liability company duly established under the laws of the Republic of Indonesia in 2007, and has an issued and paid-up share capital of IDR 461,943,000,000 comprising 461,943 ordinary shares. The principal business activities of the Seller relate to the operations of a coal-fired steam power plant in the Kariangau industry area, Balikpapan, East Kalimantan, Indonesia.

As at the date of this announcement, the Seller is an indirect subsidiary of the Company and the Company indirectly holds 86.11% of the issued share capital of the Seller.

**2.2 Information on the Buyer**

The Buyer is a limited liability company incorporated in Indonesia and engaged in the business of food production. It is based out of Balikpapan, East Kalimantan, Indonesia. As at the date of this announcement, the Buyer is 87.40% owned by PT Bayan Resources Tbk (“**Bayan Resources**”).

## 2.3 Information on the Land

PT KP holds the right to build (*Hak Guna Bangunan - HGB*) in respect of three (3) pieces of land in Kelurahan Kariangau, Kecamatan West Balikpapan, Balikpapan City, East Kalimantan, Indonesia, further details of which are set out below:

No.	Type of land title	Land area (Square metres)	Expiry Date
1.	Right to Build ( <i>Hak Guna Bangunan – HGB</i> )	145,156	6 September 2040
2.	Right to Build ( <i>Hak Guna Bangunan – HGB</i> )	126,118	6 September 2040
3.	Right to Build ( <i>Hak Guna Bangunan – HGB</i> )	60,749	6 September 2040

The Right to Build (*Hak Guna Bangunan – HGB*) allows the holder of such land title to build, construct and/or remove either the building or any object over the land.

The power plant units owned by the Seller are located on Land No. 3. The Seller does not have any current business operations on the Land.

As disclosed in the circular dated 14 June 2016 when the Company acquired 92.18% of the total equity interests in PT KP, PT KP had commissioned KJPP Jimmy Prasetyo & Rekan (“**KJPR**”), a licenced valuer in Indonesia to carry out an independent valuation of the market value of, amongst others, Land No. 1 and Land No. 2 (i.e, collectively the Land) as at the valuation date of 5 April 2016. The market value of the Land based on such valuation then was IDR 103.7 billion (approximately US\$7.8 million) (the “**Previous Land Valuation**”).

PT KP is situated in the Kawasan Industri Kariangau (“**KIK**”) zone. Since the early 2000s, the KIK zone has been designated as an integrated industrial zone in Balikpapan, Indonesia for heavy industry, medium industry and warehouses, and may accommodate industries such as coal, oil and gas, commodities, aquaculture and other business sectors. The Land was previously reserved for the expansion of the power generation business expansion and has been vacant till now.

## 3. SALIENT TERMS OF THE SPA

### 3.1 Conditions Precedent

The Proposed Disposal is conditional on the following conditions (each a “**Condition**” and collectively, the “**Conditions**”):

- (a) the obtainment of all relevant approvals to carry out the Proposed Disposal;
- (b) the issuance of a fairness opinion by licensed independent surveyors and/or public appraisers (the “**Independent Land Valuation Report**”) and;
- (c) an advance payment by the Buyer to the Seller in the amount of IDR 135,637,000,000 (one hundred thirty-five billion and six hundred and thirty-seven million Rupiah) (which

is approximately S\$12,866,500<sup>1</sup> (the “**Down Payment**”) within five (5) working days from the date of the SPA and the receipt of the Seller’s invoice, whichever is later.

Save for the Condition set out in paragraph 3.1(c) above, the Conditions are required to be fulfilled within three (3) months from the date of the SPA (or such date as may be agreed by the Parties in writing). In the event that all the Conditions are not fulfilled and/or waived by the Parties (as the case may be) within six (6) months from the date of the SPA, the SPA shall automatically terminate, and the Seller shall be obliged to refund the Down Payment to the Buyer.

### 3.2 **Sale Consideration**

The consideration for the Proposed Disposal is IDR 271,274,000,000 (two hundred billion two hundred seventy-four million Rupiah) (which is approximately S\$25,733,000) which is equivalent to IDR 1,000,000 (one million Rupiah) per square metre (the “**Sale Consideration**”).

The balance of the Sale Consideration (after deducting the Down Payment) of IDR 135,637,000,000 (one hundred thirty-five billion six hundred thirty-seven million Rupiah) (which is approximately S\$12,866,500) will be paid by the Buyer to the Seller on the date of the execution of the relevant land sale and purchase deed.

The Sale Consideration was arrived at on a willing-buyer, willing-seller basis, after taking into account prevailing market conditions, the Previous Land Valuation and the rationale for the Proposed Disposal as disclosed in paragraph 4.1.

## 4. **RATIONALE FOR THE PROPOSED DISPOSAL AND USE OF PROCEEDS**

4.1 The Board is of the view that the Proposed Disposal is in the best interests of the Company and its shareholders as:

- (a) the Proposed Disposal is an opportunity for the Group to realise its property investment given that it is currently vacant and not generating any income and in light of the current COVID-19 situation, rental income for the Land may be restricted or limited in the foreseeable future;
- (b) the Proposed Disposal is in line with the Company’s intention to diversify into the renewal energy business as disclosed in the Company’s announcement dated 20 October 2021 (the “**20 October Announcement**”); and
- (c) the Sale Consideration will also provide another source of capital expenditure, development cost, and working capital for the pipeline projects for the renewal energy business which were described in the 20 October Announcement (the “**Pipeline Projects**”).

### 4.2 **Use of Proceeds**

It is intended that the proceeds from the Proposed Disposal will be deployed as capital expenditure, development cost, and working capital with respect to the Pipeline Projects.

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<sup>1</sup> For the purposes of this announcement, the forex exchange between S\$ and IDR is based on a forex rate of S\$1: IDR 10,542) as at 7 December 2021 as extracted from the website of the Monetary Authority of Singapore.

## 5. CHAPTER 10 OF THE LISTING MANUAL

### 5.1 Relative figures

The relative figures for the Proposed Disposal, computed on the bases set out in Rule 1006 of the listing manual (the “**Listing Manual**”) of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) and based on the Group’s latest announced consolidated financial statements, being the unaudited interim financial statements for the six months ended 30 June 2021 are set out below:

Rule 1006	Bases	Relative Figures (%) <sup>(1)</sup>
(a)	Net asset value of the assets to be disposed of, compared with the Group’s net asset value	27.53%
(b)	Net profit attributable to the assets disposed of, compared with the Group’s net profits	0% <sup>(2)</sup>
(c)	Aggregate value of the consideration <sup>(3)</sup> received compared with the Company’s market capitalisation <sup>(4)</sup> of approximately S\$179,190,219 based on the total number of issued shares in the Company, excluding treasury shares	14.36% <sup>(4)</sup>
(d)	Number of equity securities issued by the Company as consideration for the Proposed Disposal, compared with the number of equity securities previously in issue	Not applicable <sup>(5)</sup>
(e)	The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the Group’s proved and probable reserves	Not applicable <sup>(6)</sup>

#### Notes:

- (1) Percentage figures are rounded to the nearest two (2) decimal place.
- (2) The relative figure for the net profit attributable to the assets disposed of, compared with the Group’s net profits is zero as the Land has been vacant since the Seller’s acquisition of the Land, and as a result, no revenue has been generated from the Land.
- (3) The Sale Consideration is approximately S\$25,733,000 based on the forex exchange between S\$ and IDR of S\$1: IDR 10,542) as at 7 December 2021 as extracted from the website of the Monetary Authority of Singapore.
- (4) “**market capitalisation**” is calculated by the number of ordinary shares in the capital of the Company (excluding treasury shares) multiplied by the volume weighted average market price of S\$0.060 per share as at 8 December 2021, being the market day immediately preceding the date of the Proposed Disposal.
- (5) Not applicable, as the Company is not issuing any equity securities as consideration.

(6) Not applicable, as the Company is not a mineral, oil and gas company.

As the relative figures computed based on Rule 1006(a) of the Listing Manual for the Proposed Disposal exceeds 20%, the Proposed Disposal would constitute a “major transaction” under Chapter 10 of the Listing Manual. Accordingly, the approval of shareholders of the Company (the “**Shareholders**”) is required in respect of the Proposed Disposal.

## 6. FINANCIAL EFFECTS OF THE PROPOSED DISPOSAL

### 6.1 Illustrative Nature of Financial Effects

The financial effects of the Proposed Disposal on the net tangible assets (“**NTA**”) per share and earnings per share (“**EPS**”) of the Company have been prepared based on the Group’s audited financial statements for the financial year ended 31 December 2020 (“**FY2020**”). The financial effects below are purely for illustrative purposes and are not intended to reflect the actual future financial performance or position of the Group after completion of the Proposed Disposal.

### 6.2 NTA

Assuming that the Proposed Disposal had been effected on 31 December 2020 (being the end of the most recently completed financial year of the Group), the effects on the NTA per share of the Company would be as follows:

	Before the Proposed Disposal	After the Proposed Disposal
NTA (S\$ million)	84.07	100.58
Number of ordinary shares (‘million)	2,986.50	2,986.50
NTA per ordinary share (cents)	2.81	3.37

### 6.3 EPS

Assuming that the Proposed Disposal had been effected on 1 January 2020 (being the beginning of the most recently completed financial year of the Group), the effects of the Proposed Disposal on the EPS of the Company would be as follows:

	Before the Proposed Disposal	After the Proposed Disposal
Profit attributable to shareholders (S\$ million)	8.07	24.28
Weighted average no. of ordinary shares – Basic (‘million)	2,314.41	2,314.41

EPS (cents) – Basic	0.35	1.05
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#### 6.4 Profit/loss on the Proposed Disposal

Based on the audited consolidated financial statements of the Group for FY2020, the net profit/loss attributable to the Land for FY2020 is nil.

The net book value of the Land as stated in the audited consolidated financial statements of the Group as at 31 December 2020 is approximately S\$6,510,000. The Sale Consideration constitutes an excess of approximately S\$19,170,000 over the net book value of the Land as at 31 December 2020.

The Proposed Disposal will result in a gain on disposal of S\$19,477,000.

### 7. THE PROPOSED DISPOSAL AS AN INTERESTED PERSON TRANSACTION

#### 7.1 Details of the Interested Persons

As stated in paragraph 2.2 of this announcement, as at the date of this announcement, the Buyer is 87.40% owned by Bayan Resources. As at the date of this announcement,

- (a) each of Dato' Dr. Low Tuck Kwong ("**LTK**") and Mr. Low Yi Ngo (who is the Chief Executive Officer, Managing Director and a shareholder of the Company and the son of LTK) ("**LYN**") holds 55.13% and 0.17% of the issued share capital of Bayan Resources respectively. LTK and LYN are therefore deemed to be interested in the share capital of DPP;
- (b) Ms. Elaine Low (who is a non-executive and non-independent Director of the Company and the daughter of LTK) ("**EL**") is a Commissioner of DPP;
- (c) LTK has a total interest (direct and deemed) of 81.23% of the total issued share capital of the Company and is therefore considered a "controlling shareholder" of the Company under the Listing Manual; and
- (d) as a result of LTK's and LYN's deemed interest in the Buyer, the Buyer is considered an associate of each of LTK, LYN and EL and consequently, an "interested person" under Chapter 9 of the Listing Manual.

#### 7.2 Interested Person Transaction

Accordingly, the Proposed Disposal, which is a transaction between the Buyer (an "interested person") and the Seller (being a subsidiary of the Company and thus an "entity at risk"), constitutes an "interested person transaction" under Chapter 9 of the Listing Manual.

The value of the Proposed Disposal, which is the Sale Consideration of IDR 271,274,000,000 (which is approximately S\$ 25,733,000), represents approximately 30.61% of the Group's latest audited NTA as at 31 December 2020. As the value of the Proposed Disposal exceeds 5% of the Group's latest audited NTA, the Proposed Disposal is, pursuant to Rule 906 of the Listing Manual, subject to the approval of the independent Shareholders being obtained at an extraordinary general meeting of the Company to be convened.

### 7.3 **Total Value of All Interested Person Transactions for the Current Financial Year**

#### (a) The Buyer

The total value of all interested person transactions entered into by the Group with the Buyer (excluding the Proposed Disposal) for the sale of electricity from PT Kariangau Power for the current financial year beginning 1 January 2021 and up to the date of this announcement is approximately S\$4,558,000.

#### (b) Kaiyi Investment Pte. Ltd. (“**KaiYi**”)

The total value of all interested person transactions entered into by the Group with KaiYi for the lease of office premises for the current financial year beginning 1 January 2021 and up to the date of this announcement is approximately S\$121,000.

#### (c) All

The total value of all interested person transactions entered into by the Group (excluding the Proposed Disposal) for the current financial year beginning 1 January 2021 and up to the date of this announcement is approximately S\$30,170,000.

### 7.4 **Appointment of Independent Valuer and Independent Financial Adviser**

PT KP has appointed KJPR (a licenced valuer in Indonesia and the same valuer who performed the Previous Land Valuation) as the independent valuer to conduct an independent valuation of the Land in accordance with the property valuation standards as stipulated under the Listing Manual and to issue the Independent Land Valuation Report.

The Company is finalising the appointment of an Independent Financial Adviser (“**IFA**”) to advise the Directors of the Board who are independent for the purposes of the Proposed Disposal (the “**Independent Directors**”) and the audit committee of the Company (the “**Audit Committee**”) on the Proposed Disposal as an interested person transaction.

A copy of the Independent Land Valuation Report and the letter from the IFA to the Independent Directors will be included in the Circular (as defined below).

### 7.5 **Audit Committee Statement**

The Audit Committee will be obtaining an opinion from the IFA before forming its view on whether the Proposed Disposal as an interested person transaction is on normal commercial terms and is not prejudicial to the interests of the Company and its minority Shareholders.

## 8. **CIRCULAR TO SHAREHOLDERS**

A circular to shareholders containing further information on, amongst others, the Proposed Disposal as a major transaction and an interested person transaction (“**Circular**”), together with a notice of extraordinary general meeting of the Company, will be despatched or disseminated (as the case may be) to Shareholders in due course.

**9. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS**

Save as disclosed in this announcement, none of the Directors or the controlling shareholders (as defined in the Listing Manual) of the Company has any interest, direct or indirect, in the Proposed Disposal, otherwise than through their respective shareholdings (if any) in the Company.

**10. DIRECTORS' SERVICE CONTRACTS**

No person is proposed to be appointed as a director of the Company in connection with the Proposed Disposal. Accordingly, no service contract is proposed to be entered into between the Company and any such person in connection with the Proposed Disposal.

**11. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the SPA and the Independent Land Valuation Report (when it is issued to the Company) are available for inspection at the registered office of the Company at 133 New Bridge Road, #18-09 Chinatown Point, Singapore 059413, during normal business hours on any weekday for three (3) months from the date of this announcement.

In light of the prevailing safe distancing measures due to the COVID-19 situation, shareholders of the Company should provide their name, contact number, proposed date and time of inspection to the receptionist at 6345 0777 at least three (3) working days in advance to make a prior appointment to attend at the registered office of the Company to inspect the SPA.

**12. CAUTIONARY STATEMENT**

Shareholders should note that there is no certainty or assurance that the Proposed Disposal will be completed. Accordingly, Shareholders are advised to exercise caution when trading in the shares of the Company. The Company will make the necessary announcements when there are further developments on the Proposed Disposal and other matters contemplated by this announcement. Persons who are in doubt as to the action they should take should consult their legal, financial, tax or other professional advisers.

**BY ORDER OF THE BOARD**

Madelyn Kwang  
Company Secretary  
9 December 2021