

CIRCULAR DATED 22 FEBRUARY 2022

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt as to the action you should take, you should consult your stockbroker, bank manager, accountant, solicitor or other professional adviser immediately.

The purpose of this Circular is to provide information to shareholders of Manhattan Resources Limited (the “**Company**”) (“**Shareholders**”) in relation to and to seek Shareholders approval for the Proposals (as defined herein) to be tabled at the extraordinary general meeting of the Company (the “**EGM**”) to be held on 9 March 2022 by electronic means. This Circular has been made available on SGXNet.

If you have sold or transferred all your shares in the capital of the Company, you should immediately forward this Circular together with the Notice of EGM and the accompanying Proxy Form immediately to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or the transferee.

The Singapore Exchange Securities Trading Limited assumes no responsibility for the accuracy of any of the statements or opinions made or reports contained in this Circular.

Due to the current COVID-19 situation in Singapore, Shareholders will not be able to attend the EGM in person. Instead, alternative arrangements have been put in place to allow Shareholders to participate at the EGM by (a) observing and/or listening to the EGM proceedings via “live” audio-visual webcast or “live” audio-only stream; (b) submitting questions “live” at or in advance of the EGM; and/or (c) appointing the Chairman of the EGM as proxy to vote on their behalf at the EGM.

Please refer to Section 7 of this Circular and the Notice of EGM dated 22 February 2022, which has also been uploaded on SGXNet at the URL <https://www2.sgx.com/securities/company-announcements> and the Company’s website at the URL www.manhattan.sg on the same day for further information, including the steps to be taken by Shareholders to participate at the EGM.



MANHATTAN RESOURCES LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration Number: 199006289K)

CIRCULAR TO SHAREHOLDERS in relation to

- (1) THE PROPOSED DIVERSIFICATION OF THE GROUP’S EXISTING BUSINESSES TO INCLUDE THE RENEWABLE ENERGY BUSINESS;**
- (2) THE PROPOSED ENTRY INTO THE HUAFU EPC; AND**
- (3) THE PROPOSED DISPOSAL OF TWO VACANT LAND PARCELS IN EAST KALIMANTAN TO PT DERMAGA PERKASAPRATAMA AS A MAJOR TRANSACTION AND AN INTERESTED PERSON TRANSACTION.**

Independent Financial Adviser to the Independent Directors
in relation to the Proposed Disposal as an Interested Person Transaction



W CAPITAL MARKETS PTE. LTD.

(Incorporated in the Republic of Singapore)
(Company Registration No. 201813207E)

IMPORTANT DATES AND TIMES

Last date and time to pre-register online to attend the EGM	:	Monday, 7 March 2022 at 9:30 a.m.
Last date and time for lodgement of Proxy Form	:	Monday, 7 March 2022 at 9:30 a.m.
Date and time of the EGM	:	Wednesday, 9 March 2022 at 9:30 a.m.
Place of the EGM	:	The EGM will be held by way of electronic means

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DEFINITIONS

In this Circular, the following definitions apply throughout unless the context otherwise requires:

“2016 Acquisition”	:	Has the meaning ascribed to it in Section 4.1 of this Circular
“17 April 2020 Circular”	:	Has the meaning ascribed to it in Section 2.1(c) of this Circular
“14 June 2016 Circular”	:	Has the meaning ascribed to it in Section 4.1 of this Circular
“20 October 2021 Announcement”	:	Has the meaning ascribed to it in Section 1.2 of this Circular
“Aggregated Transactions”	:	Has the meaning ascribed to it in Section 2.4 of this Circular
“Associate”	:	<p>(a) in relation to any director, chief executive officer, substantial shareholder or controlling shareholder (being an individual) means:</p> <p>(i) his immediate family;</p> <p>(ii) the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; and</p> <p>(iii) any company in which he and his immediate family together (directly or indirectly) have an interest of 30% or more;</p> <p>(b) in relation to a substantial shareholder or a controlling shareholder (being a company) means any other company which is its subsidiary or holding company or is a subsidiary of such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30% or more</p>
“Associated Company”	:	A company in which at least 20% but no more than 50% of its shares are held by the Company and/or its subsidiaries, or a subsidiary of such company, and over which the Company has control
“Athena”	:	Athena Energy Holdings Pte. Ltd.
“Athena Group”	:	Athena and its subsidiaries (defined by Section 5 of the Companies Act)

DEFINITIONS

“Audit Committee”	:	The audit committee of the Company as at the Latest Practicable Date, comprising Ms. Elaine Low, Mr. Tung Zhihong, Paul, Mr. Lee Fook Choon and Mr. Ajaib Hari Dass
“Bayan Resources”	:	PT Bayan Resources Tbk
“Board”	:	The board of Directors of the Company
“BOC”	:	Has the meaning ascribed to it in Section 4.3(a)(B) of this Circular
“Buyer”	:	Has the meaning ascribed to it in Section 4.1 of this Circular
“C&I Projects”	:	Commercial and industrial solar energy projects which involve ground-mounted or roof-top distributed solar generation system(s) designed and installed for commercial or industrial applications, which are either leased by, or subject to one or more power purchase agreements with, one or more commercial businesses, industrial companies, government entities, or other entities
“CDP”	:	The Central Depository (Pte) Limited
“Circular”	:	This circular to Shareholders dated 22 February 2022 in respect of the Proposals
“Companies Act”	:	The Companies Act 1967 of Singapore, as amended, modified or supplemented from time to time
“Company”	:	Manhattan Resources Limited
“Conditions”	:	Has the meaning ascribed to it in Section 4.3(a) of this Circular
“Confirmation Email”	:	Has the meaning ascribed to it in Section 7.2(a) of this Circular
“Constitution”	:	The constitution of the Company, as amended, modified or supplemented from time to time

DEFINITIONS

“Controlling Shareholder”	:	A person who: <ul style="list-style-type: none">(a) holds directly or indirectly 15% or more of the total number of issued shares excluding treasury shares in the company. The SGX-ST may determine that a person who satisfies this paragraph is not a controlling shareholder; or(b) in fact exercises control over a company
“CPF”	:	Central Provident Fund
“CPF Agent Banks”	:	Agent banks included under the CPFIS
“CPFIS”	:	Central Provident Fund Investment Scheme
“CPFIS Investors”	:	Investors who have purchased Shares using their contributions pursuant to the CPFIS
“Dato Low”	:	Dato’ Dr. Low Tuck Kwong
“Directors”	:	The directors of the Company for the time being
“Down Payment”	:	Has the meaning ascribed to it in Section 4.3(a)(iii) of this Circular
“EGM”	:	The extraordinary general meeting of the Company, notice of which is set out in this Circular
“EL”	:	Ms. Elaine Low
“Entity at Risk”	:	<ul style="list-style-type: none">(a) The Company;(b) a subsidiary of the Company that is not listed on the SGX-ST or an approved exchange; or(c) an Associated Company that is not listed on the SGX-ST or an approved exchange, provided that our Group or our Group and our Interested Person(s), has control over the Associated Company
“EPC”	:	Engineering, Procurement and Construction Contract
“EPC Consideration”	:	Has the meaning ascribed to it in Section 3.4 of this Circular
“EPS”	:	Earnings per Share
“ERI”	:	Energy Resource Investment Pte. Ltd.

DEFINITIONS

“Existing Businesses”	:	Has the meaning ascribed to it in Section 2 of this Circular
“First Major Transaction”	:	Has the meaning ascribed to it in Section 2.4 of this Circular
“Fund”	:	Has the meaning ascribed to it in Section 2.9 of this Circular
“FY”	:	Financial year ended or, as the case may be, ending 31 December
“Group”	:	The Company and its Subsidiaries
“Huafu EPC”	:	The engineering, procurement and construction contract dated 14 January 2021 entered into between Vietrof RE and PowerChina
“Huafu Fashion”	:	Has the meaning ascribed to it in Section 3.3(a) of this Circular
“Huafu PPA”	:	The power purchase agreement dated 11 December 2021 entered into between Vietrof RE and Huafu Vietnam
“Huafu Project”	:	The Huafu EPC and Huafu PPA collectively
“Huafu Vietnam”	:	Huafu (Vietnam) Industrial Co., Ltd.
“IFA”	:	W Capital Markets Pte. Ltd., the independent financial adviser to the Independent Directors in relation to the Proposed Disposal
“IFA Letter”	:	The letter dated 22 February 2022 from the IFA to the Audit Committee in relation to the Proposed Disposal, appended as <u>Appendix C</u> to this Circular
“immediate family”	:	In relation to a person, means the person’s spouse, child, adopted child, step-child, sibling and parent
“Independent Directors”	:	The Directors who are considered independent for the purposes of making a recommendation to the minority Shareholders in respect of the Proposed Disposal, namely Mr. Tang Kin Fei, Mr. Ajaib Hari Dass, Mr. Tung Zhihong, Mr. Lee Fook Choon and Mr. Henry Wong Chuen Yuen
“Independent Land Valuation Report”	:	The valuation report dated 9 December 2021 issued by the Independent Valuer in respect of the Land Valuation, appended as <u>Appendix B</u> to this Circular and a summary of which is appended as <u>Appendix A</u> to this Circular

DEFINITIONS

“Independent Valuer”	:	KJPP Jimmy Prasetyo & Rekan, the independent valuers appointed to conduct an independent valuation of the Land in relation to the Proposed Disposal
“Interested Person”	:	(a) a director, chief executive officer or Controlling Shareholder of the Company; or (b) an Associate of any such director, chief executive officer or Controlling Shareholder
“Interested Person Transaction” or “IPT”	:	Means a transaction between an Entity at Risk and an Interested Person
“KaiYi”	:	Kaiyi Investment Pte. Ltd.
“KIK”	:	Has the meaning ascribed to it in Section 2.1(a) of this Circular
“KJPR”	:	KJPP Jimmy Prasetyo & Rekan
“Labour Law”	:	Has the meaning ascribed to it in Section 2.8(s) of this Circular
“Land”	:	Has the meaning ascribed to it in Section 4.1 of this Circular
“Land No. 1”	:	Has the meaning ascribed to it in Section 4.1 of this Circular
“Land No. 2”	:	Has the meaning ascribed to it in Section 4.1 of this Circular
“Land Valuation”	:	Has the meaning ascribed to it in Section 4.2(c) of this Circular
“Latest Practicable Date”	:	The latest practicable date prior to the printing of this Circular, being 21 February 2022
“Listing Manual”	:	The listing manual of the SGX-ST
“LYN”	:	Mr. Low Yi Ngo
“Material Dilution”	:	Has the meaning ascribed to it in Section 2.1(c) of this Circular
“Market Day”	:	A day on which the SGX-ST is open for trading in securities
“MCC”	:	Has the meaning ascribed to it in Section 2.1(c)(ii)(B)(I) of this Circular

DEFINITIONS

“MPDPL”	:	Has the meaning ascribed to it in Section 2.1(c) of this Circular
“MRN”	:	Has the meaning ascribed to it in Section 2.1(c) of this Circular
“NAV”	:	Net asset value, being the value of an entity’s assets minus the value of its liabilities
“Ningbo Project”	:	Has the meaning ascribed to it in Section 2.1(c) of this Circular
“Notice of EGM”	:	The notice in respect of the EGM dated 22 February 2022, as attached to this Circular
“NTA”	:	Net tangible assets
“off-grid renewal energy business”	:	The development, construction and maintenance of renewable energy systems not connected to utility grid(s)
“OJK”	:	Has the meaning ascribed to it in Section 4.3(a) of this Circular
“on-grid renewable energy business”	:	The development, construction and maintenance of renewable energy systems that are connected to utility grid(s)
“Ordinary Resolution”	:	The ordinary resolution(s) set out in the Notice of EGM
“other commercial parties”	:	Has the meaning ascribed to it in Section 3.6 of this Circular
“PowerChina”	:	PowerChina Sichuan Engineering Corporation Limited
“Power Plant Segment”	:	Has the meaning ascribed to it in Section 2.1(a) of this Circular
“PPA”	:	Power Purchase Agreement
“PPA Consideration”	:	Has the meaning ascribed to it in Section 3.2 of this Circular
“PRC”	:	Has the meaning ascribed to it in Section 2.1(c) of this Circular
“Pre-Registration Deadline”	:	Has the meaning ascribed to it in Section 7.2(a) of this Circular

DEFINITIONS

“Previous Land Valuation”	:	Has the meaning ascribed to it in Section 4.2(c) of this Circular
“Proposals”	:	Has the meaning ascribed to it in Section 1.1 of this Circular
“Proposed Disposal”	:	Has the meaning ascribed to it in Section 1.1(c) of this Circular
“Proposed Diversification”	:	Has the meaning ascribed to it in Section 1.1(a) of this Circular
“Proposed Huafu EPC”	:	Has the meaning ascribed to it in Section 1.1(b) of this Circular
“Proxy Form”	:	The proxy form in respect of the EGM as attached to this Circular
“PT KP”	:	Has the meaning ascribed to it in Section 2.1(a) of this Circular
“Register of Members”	:	The register of members of the Company
“Renewable Energy Business”	:	Has the meaning ascribed to it in Section 2.2 of this Circular
“Sale Consideration”	:	Has the meaning ascribed to it in Section 4.3(b) of this Circular
“Sale Shares”	:	Has the meaning ascribed to it in Section 4.1 of this Circular
“Securities Account”	:	A securities account maintained by a Depositor with CDP but does not include a securities sub-account maintained with a Depository Agent
“Sembcorp”	:	Has the meaning ascribed to it in Section 3.7(a)(i)(A) of this Circular
“SFA”	:	Securities and Futures Act 2001 of Singapore, as amended, modified or supplemented from time to time
“SFRS(I)”	:	Singapore Financial Reporting Standards (International)
“SGX-ST”	:	Singapore Exchange Securities Trading Limited
“Share Registrar”	:	The share registrar of the Company, B.A.C.S. Private Limited

DEFINITIONS

“Shareholders”	:	Registered holders of Shares except that where the registered holder is CDP, the term “Shareholders” shall, in relation to such Shares and where the context admits, mean the Depositors whose Securities Accounts are credited with Shares
“Shares”	:	Ordinary shares in the capital of the Company
“SPA”	:	Has the meaning ascribed to it in Section 4.1 of this Circular
“SRS”	:	The Supplementary Retirement Scheme
“SRS Agent Banks”	:	Agent banks included under SRS
“SRS Investors”	:	Investors who hold Shares under the Supplementary Retirement Scheme
“Subsidiaries”	:	Companies which are for the time being subsidiaries of the Company as defined by Section 5 of the Companies Act; and “Subsidiary” means each of them
“Substantial Shareholder”	:	A person (including a corporation) who holds directly or indirectly 5% or more of the issued share capital of the Company
“Vietrof RE”	:	Vietrof Renewal Energy Vietnam Company Limited, a wholly owned, indirect subsidiary of Athena

Currencies, units and others

“IDR”	:	Indonesian Rupiah
“RMB”	:	China Renminbi
“S\$” and “cents”	:	Singapore dollars and cents respectively
“US\$”	:	United States dollars
“%” and “per cent.”	:	Per centum or percentage

The terms **“Depositor”**, **“Depository”**, **“Depository Agent”**, **“Depository Register”** and **“Sub-Account Holder”** shall have the meanings ascribed to them, respectively, in Section 81SF of the SFA. The terms **“treasury shares”**, **“subsidiaries”** and **“subsidiary holdings”** shall have the meaning ascribed to them, respectively, in Companies Act.

Words importing the singular shall, where applicable, include the plural and *vice versa*. Words importing the masculine gender shall, where applicable, include the feminine and neuter genders. References to persons shall include corporations.

DEFINITIONS

The headings in this Circular are inserted for convenience only and shall be ignored in construing this Circular.

For the purposes of this Circular, 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.

Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Companies Act, the SFA, or the Listing Manual, or any statutory modification thereof and not otherwise defined in this Circular shall have the same meaning assigned to it under the Companies Act, the SFA, or the Listing Manual, or any statutory modification thereof, as the case may be.

Any reference to a time of day in this Circular is made by reference to Singapore time unless otherwise stated.

Any discrepancies in the tables in this Circular between the listed amounts and the totals thereof are due to rounding.

Any reference in this Circular to “**we**”, “**our**”, “**us**” or their other grammatical variations is a reference to our Company, or our Group, or any member of our Group, as the context requires.

Any reference to a website or any website directly or indirectly linked to such websites in this Circular is not incorporated by reference into this Circular and should not be relied upon.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

All statements other than statements of historical fact included in this Circular are or may be forward-looking statements. Forward-looking statements include but are not limited to those using words such as **“aim”**, **“seek”**, **“expect”**, **“anticipate”**, **“estimate”**, **“believe”**, **“intend”**, **“project”**, **“plan”**, **“potential”**, **“strategy”**, **“forecast”**, **“possible”**, **“probable”** and similar expressions or future or conditional verbs such as **“if”**, **“will”**, **“would”**, **“should”**, **“could”**, **“may”** or **“might”**. These statements reflect the Company’s current expectations, beliefs, hopes, intentions or strategies regarding the future and assumptions in light of currently available information. Such forward-looking statements are not guarantees of future results, performance, events or achievements and involve known and unknown risk and uncertainties. Accordingly, actual future results, performance, events or achievements may differ materially from those described in such forward-looking statements. Given the risks and uncertainties involved, Shareholders and investors should not place undue reliance on such forward-looking statements and information. The Company does not undertake any obligation to update any of those forward-looking statements or publicly announce any revisions to those forward-looking statements, subject to compliance with all applicable laws and regulations and/or rules of the SGX-ST and/or any other regulatory or supervisory body or agency.

LETTER TO SHAREHOLDERS

MANHATTAN RESOURCES LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration Number: 199006289k)

Directors:

Tang Kin Fei (Non-Executive and Non-Independent Director and Board Chairman)
Low Yi Ngo (Chief Executive Officer and Managing Director)
Ajaib Hari Dass (Lead Independent Director)
Elaine Low (Non-Executive Director)
Tung Zhihong, Paul (Independent Director)
Lee Fook Choon (Independent Director)
Henry Wong Chuen Yuen (Independent Director)

Registered Office:

133 New Bridge Road
#18-09 Chinatown Point
Singapore 059413

22 February 2022

To: The Shareholders of
Manhattan Resources Limited

Dear Sir/Madam

- (1) **THE PROPOSED DIVERSIFICATION OF THE GROUP'S EXISTING BUSINESSES TO INCLUDE THE RENEWABLE ENERGY BUSINESS;**
- (2) **THE PROPOSED ENTRY INTO THE HUAFU EPC; AND**
- (3) **THE PROPOSED DISPOSAL OF TWO VACANT LAND PARCELS IN EAST KALIMANTAN TO PT DERMAGA PERKASAPRATAMA AS A MAJOR TRANSACTION AND AN INTERESTED PERSON TRANSACTION;**

1. INTRODUCTION

1.1 EGM

The Directors are convening an EGM to be held on 9 March 2022 by electronic means to seek Shareholders' approval for the following proposals:

- (a) (Ordinary Resolution 1) the proposed diversification of the Group's Existing Businesses to include the Renewable Energy Business (the "**Proposed Diversification**");
- (b) (Ordinary Resolution 2) the proposed entry into the Huafu EPC (the "**Proposed Huafu EPC**"); and
- (c) (Ordinary Resolution 3) the proposed disposal of two vacant land parcels in East Kalimantan to PT Dermaga Perkasapratama as a major transaction and an Interested Person Transaction (the "**Proposed Disposal**"),

(collectively, the "**Proposals**").

LETTER TO SHAREHOLDERS

1.2 Background

As announced by the Company on 20 October 2021 (the “**20 October 2021 Announcement**”) and 28 October 2021, the Company acquired the Athena Group as part of its ongoing strategic business transformation to accelerate its growth into a renewable energy company. Further, as announced by the Company on 14 January 2022, Vietrof RE, a wholly owned, indirect subsidiary of Athena, has on:

- (a) 11 December 2021, entered into the Huafu PPA with Huafu Vietnam, pursuant to which Vietrof RE has agreed to sell, and Huafu Vietnam has agreed to purchase, all the net electrical output of the rooftop photovoltaic power system according to the terms and conditions of the Huafu PPA; and
- (b) 14 January 2022, entered into the Huafu EPC with PowerChina, pursuant to which PowerChina has agreed to construct the rooftop photovoltaic power system used to supply power to Huafu Vietnam.

For more background information on Huafu Vietnam and PowerChina, please refer to Section 3.3 of this Circular. As mentioned in the 20 October 2021 Announcement, the future plans of the Athena Group could potentially change the risk profile of the Company in the future and the Board will continue to assess the development and will seek Shareholders’ approval where necessary, if there is a change in the Company’s risk profile, or should the Company wish to seek the proposed diversification of its core business.

Given that the Proposed Huafu EPC is anticipated to change the existing risk profile of the Group and the proceeds of the Proposed Disposal will be utilised to fund the Renewable Energy Business, including the Huafu EPC, the Directors are convening the EGM as set out in Section 1.1 of the Circular to seek Shareholders’ approval for the Proposals, which include the Proposed Diversification. Subject to the approval by Shareholders at the EGM, the Group may, in its ordinary course of business, enter into transactions relating to the Renewable Energy Business which will not change the risk profile of the Group, in an efficient and timely manner without the need to convene separate general meetings from time to time to seek Shareholders’ approval as and when such potential transactions arise.

1.3 Circular to Shareholders

The purpose of this Circular is to provide Shareholders with information relating to, and to seek Shareholders’ approval for the Proposals to be tabled at the EGM. The Notice of EGM is set out on pages N-1 to N-4 of this Circular. This Circular has been prepared solely for the purpose set out herein and may not be relied upon by any persons (other than Shareholders) nor for any other purpose.

1.4 Conditionality of Resolutions

Shareholders should note that Ordinary Resolution 2 in respect of the Proposed Huafu EPC is conditional upon the passing of Ordinary Resolution 1 in respect of the Proposed Diversification. **This means that if Ordinary Resolution 1 is not passed, Ordinary Resolution 2 will also be deemed not to be passed.**

1.5 Legal Adviser

Drew & Napier LLC is the legal adviser to the Company as to Singapore law in relation to subject matter of this Circular.

LETTER TO SHAREHOLDERS

2. THE PROPOSED DIVERSIFICATION

2.1 Existing Businesses

The existing businesses of the Group include the following segments:

- (a) the construction, acquisition, operation and maintenance of power plants and the production and sale of electric power in Indonesia (the **"Power Plant Segment"**). The Group owns a coal-fired power plant with two 15 megawatt units through the acquisition of PT Kariangau Power (**"PT KP"**) in 2016. Currently, PT KP has the license to exclusively supply electricity within the Kawasan Industri Kariangau (**"KIK"**) zone located in the East Kalimantan of Indonesia;
- (b) the ship chartering and provision of freight services in Indonesia, mainly for coal carrying activities. The Group currently owns tugs and barges built specifically for coal transportation mainly deployed in East and South Kalimantan, Indonesia;
- (c) the property development segment, comprising property development activities in the People's Republic of China (**"PRC"**). In April 2011, the Company established a joint venture company named Manhattan Resources (Ningbo) Property Limited (**"MRN"**) in Zhejiang, and in Singapore. In July 2018, the Company completed a restructuring of MRN, such that MRN was 51% held by the Company and 49% held by KaiYi. On 11 May 2020, the Company's shareholders approved the material dilution of the Company's shareholding interest in Manhattan Property Development Ptd. Ltd. (**"MPDPL"**) (the parent company of MRN) from 51% to 30% (the **"Material Dilution"**). For more information on the Material Dilution, please refer to the Company's circular to Shareholders dated 17 April 2020 (**"17 April 2020 Circular"**).

(i) Information on MRN

MRN owns parcels of land situated at the south-central business district in Yinzhou District, Ningbo, Zhejiang Province. There are two land use right certificates issued to MRN, namely, LUR Certificate No. Yong Yin Guo Yong (2015) No. 4-00098 with the expiry date of 30 August 2051, covering an area of 22,457 square meters, and LUR Certificate No. Yong Yin Guo Yong (2015) No. 4-00097 with the expiry date of 30 August 2051, covering an area of 924 square meters.

Through MRN, the Group has been developing the real estate project Ningbo Yinzhou Manhattan Tower (**"Ningbo Project"**), a mixed-use office and commercial tower, incorporating retail, SOHO and high end office with 56 storeys. Once completed, the Ningbo Project will be approximately 254 meters tall, which will make it the highest building in the district.

MRN is required to complete the construction of the property for the Ningbo Project within certain timelines as agreed with the local government authorities. In the event MRN is unable to complete the construction of such property, deposits of approximately S\$3.6 million may be forfeited. In addition, MRN will be exposed to additional penalties including the withdrawal of land use rights and fines due to breaches of the agreements. As at the Latest Practicable Date, MRN has filed with the local regulatory authorities an updated construction plan to the Ningbo Project, after taking into consideration a design optimisation expert

LETTER TO SHAREHOLDERS

opinion and the updated project timeline. For more information on the updated timeline of the Ningbo Project, please refer to Section 2.1(c)(ii)(C) of this Circular below.

(ii) Information on the Ningbo Project

(A) Funding

Following the Material Dilution, the Company announced on 4 May 2021, 9 July 2021, 29 October 2021, 29 December 2021 and 14 January 2022, that the Company's shareholding interest in MPDPL had been diluted to 48.09%, 41.47%, 38.10%, 34.94% and 33.03% respectively and MPDPL has ceased to be a subsidiary of the Company. The Company will not inject any additional funds for the property development segment. Accordingly, it is envisaged that KaiYi will take the lead in funding the construction payments for property development in the Ningbo Project moving forward. The Company will seek Shareholders' approval for further dilution in 2022, should onshore project financing in China for the Ningbo Project be delayed.

(B) Delays to the Ningbo Project

As mentioned in the 17 April 2020 Circular, despite the Group's efforts to progress the development of the Ningbo Project, the Group has experienced various delays to the original planned timeline, as a result of:

(I) Disputes with MCC TianGong Group Corporation Limited (中冶天工集团有限公司) ("**MCC**")

MRN has experienced delays in the construction of the Ningbo Project largely as a result of MRN's dispute with MCC in 2017. MCC, the then-contractor of the Ningbo Project, had initiated legal proceedings against MRN for claims relating to (i) additional design and construction works allegedly performed by MCC amounting to RMB19,130,074.20; and (ii) damages amounting to RMB26,169,978.00. Operations at the Ningbo Project site experienced disruptions at the same time. MCC's claims have since been dismissed by the Ningbo City Yinzhou District Court. For more information, please refer to the Company's announcements dated 20 April 2017, 6 July 2018 and 6 August 2018 in relation to this matter.

(II) Other external factors beyond the Company's control

Delays to the construction works including the commencement of the excavation works are also due to external factors outside the Company's control, namely, (i) a shortage of cement and concrete in the region arising from a crackdown by national environment authorities in the PRC on sandstone and cement processing factories which fail to comply with environmental regulations; (ii) delays by the terminals serving the transportation of mud and other waste from construction sites; and (iii) temporary stop work instructions by local authorities as a result of the hosting of certain public events and extreme weather conditions.

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As these delays are caused by factors outside of the Company's control, the Company has limited visibility over the timing and extent of such delays.

As disclosed in the Company's annual report for FY2020, it is expected the construction of Ningbo Project will complete in 2025. The Company was not able to provide a more detailed estimated timeline, given the impact of COVID-19 to the construction and business, which delayed the Ningbo Project for approximately seven (7) months. For more information on the updated timeline of the Ningbo Project, please refer to Section 2.1(c)(ii)(C) of this Circular below.

(C) Updated Timeline to the Ningbo Project

To illustrate the Group's progression on the Ningbo Project, a comparison of the planned timeline and milestones of the Ningbo Project as set out in the 17 April 2020 Circular and the current estimate is set out below:

Construction Stage	Estimated Completion Date	
	As disclosed in the 17 April 2020 Circular	Current Status/ Estimate
Pile Foundation	End December 2019	December 2019
Excavation	End December 2020	November 2021
Basement structure capping	End August 2021	End November 2022
Super structure with roofing	End July 2023	End June 2024
Façade	End April 2024	End March 2025
Municipal landscape	End June 2024	End March 2025
Refined interior decoration	End June 2024	End March 2025
Electrical mechanical items testing and commissioning	End June 2024	End April 2025
Final inspection with the local authorities	End November 2024	End June 2025
Handover	End November 2024	End June 2025

The Ningbo Project team is currently in the construction stage of “basement structure capping” and has completed the basement excavation work and raft foundation construction. The tower building and podium building construction has commenced in late January 2022. The underground structure for the main tower is expected to be completed in first quarter of 2022, and the underground structure for the podium is expected to be completed in the third quarter of 2022; and

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- (d) the mineral resources segment, comprising mineral resources and mining activities in the PRC. The Group engages in mineral exploration and evaluation by searching for mineral resources, determining the technical feasibility and assessing the commercial viability of such identified resources, which may be further developed for extraction,

(collectively, the “**Existing Businesses**”).

2.2 Information regarding the Renewable Energy Business

The Group has explored the viability of and intends to expand the scope of the Existing Businesses to include a renewable energy business comprising on-grid and off-grid renewable energy business segments and selective clean energy power projects, with a focus on the Asia (primarily in Vietnam, Indonesia, the Philippines and Bangladesh) and Australia in the initial years between 2022 and 2025 (the “**Renewable Energy Business**”).

Subject to Shareholders’ approval for the Proposed Diversification at the EGM, the Company envisages its renewable energy portfolio to include hydropower projects, wind projects, C&I Projects and utility scale solar projects.

The Company aims to be amongst the first movers to pursue the green energy business in Asia and Australia and to become a leading renewable energy company in Asia and Australia by providing solutions to power customers and industries to reduce their carbon emission.

2.3 Rationale for the Proposed Diversification

Over the past decade, with the general global trend on decarbonisation, the financial performance of the Existing Businesses has not been satisfactory. Additionally, as highlighted in the Company’s annual report for FY2020, the COVID-19 pandemic has presented an unprecedented challenge to public health in 2020 and the Group has experienced significant commercial impact and disruption in the supplier chains caused by the outbreak of COVID-19. On the Power Plant Segment, the demand for the electricity supply has been substantially lowered due to the hit of COVID-19.

As such, the Company had reviewed its corporate strategy and decided to pursue businesses which will be sustainable and provide a stable income. After thorough evaluation, the Company had decided to select and adopt renewable energy as one of its core businesses. The Renewable Energy Business is strongly aligned with the Company’s investment policy and transformation objectives.

The Board further believes that the Proposed Diversification is in the interests of Shareholders for the following reasons:

- (a) The Proposed Diversification will reduce the Group’s dependence on the Existing Businesses and provide a more diversified business and income base

Given the current uncertainties prevailing in the global economy, the Group believes it is more prudent not to rely solely on its Existing Businesses. The Proposed Diversification would reduce the Group’s reliance on the Existing Businesses by diversifying its revenue streams, as well as improving future prospects and better support the growth of the Group, so as to enhance Shareholders’ value.

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- (b) The Proposed Diversification is expected to provide additional and recurrent revenue streams with a view to achieving long-term growth

The Group believes that the Proposed Diversification represents an opportunity for the Group to enter into a new market offering Renewable Energy Business opportunities which would potentially provide additional and recurrent revenue streams and assist in continual growth of the Group. As the Group grows and expands its Renewable Energy Business, the Group may build a sustainable and profitable business which will contribute positively to its financial position and in turn enhance Shareholders' value.

- (c) Positive prospects in the renewable energy industry in Asia and Australia

The Group believes that there are positive prospects in the renewable energy industry in Asia and Australia. For example, in recent years in Asia, (i) the Indonesian Government has announced that it would accelerate and promote the development of renewable energy in Indonesia;¹ (ii) the Vietnamese Government has introduced regulations and policies, such as feed-in-tariffs, tax incentives and waiver of land leases to drive renewable energy growth;² (iii) the Philippines Government has implemented the Green Energy Auction Program to support the development and increase of access of financing for renewable energy;³ and (iv) the Bangladesh Government has introduced the National Solar Energy Action Plan targeting to provide a solar PV power generation plan for Bangladesh from 2021 to 2041.⁴ Similarly, in Australia, the renewable energy industry had received increased support from state governments. For example, the New South Wales Government had in 2020, introduced the Electricity Infrastructure Roadmap, which promised to implement 12 GW of new transmission capacity to facilitate the construction of three renewable energy zones across the state.⁵

- (d) The Proposed Diversification will give the Group the flexibility to enter into transactions relating to the Renewable Energy Business in the ordinary course of business

Upon receipt of approval from Shareholders for the Proposed Diversification, the Group may, in the ordinary course of business, enter into transactions relating to the Renewable Energy Business without having to seek Shareholders' approval, subject to compliance with the relevant rules of the Listing Manual. This can be done as long as such transactions do not change the Group's risk profile, and will eliminate the need for the Company to convene separate general meetings on each occasion to seek Shareholders' approval as and when potential transactions relating to the Renewable Energy Business arise.

1 <https://www.oecd.org/environment/cc/cefim/indonesia/RUPTL-2021-30-PLN-steps-up-ambitions-to-accelerate-clean-energy-investments-in-Indonesia.pdf>

2 <https://accept.aseanenergy.org/vietnam-could-and-should-replicate-its-solar-success-in-electric-mobility>

3 <https://cleanenergynews.ihsmarkit.com/research-analysis/philippines-energy-transition-accelerates.html>

4 https://pdf.usaid.gov/pdf_docs/PA00XD5J.pdf

5 <https://www.industry.gov.au/data-and-publications/australias-long-term-emissions-reduction-plan>

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In view of the foregoing reasons and the increasing significance and importance placed on environmental, social and governance performance, notwithstanding the risks associated with the Renewable Energy Business as set out in Section 2.8 of this Circular, the Board believes that it is an opportune time to diversify the Group's revenue sources to not just increase the resilience of the Existing Businesses and to build a new core business which will be sustainable but to also build a new core business which will be sustainable and provide a stable and growing source of income for the Group. Accordingly, the Company proposes to seek Shareholders' approval for the Proposed Diversification at the EGM.

2.4 Application of Section 10 of the Listing Manual to the Proposed Diversification

Upon Shareholders' approval of the Proposed Diversification, any acquisition or disposal which is in, or in connection with, the Renewable Energy Business, may be deemed to be in the Group's ordinary course of business and therefore not fall under the definition of a "transaction" under Chapter 10 of the Listing Manual.

Accordingly, the Group may, in its ordinary course of business, enter into transactions relating to the Renewable Energy Business which do not change the risk profile of the Group, in an efficient and timely manner without the need to convene separate general meetings from time to time to seek Shareholders' approval as and when such potential transactions arise, even where they cross the threshold of a "major transaction"⁶.

As set out in Practice Note 10.1 of the Listing Manual, an acquisition that is regarded to be in, or in connection with, the ordinary course of an issuer's business, is not subject to the requirements under Chapter 10 of the Listing Manual (except for Part VIII on very substantial acquisitions or reverse takeovers). An acquisition can be regarded to be in, or in connection with, the ordinary course of an issuer's business, if: (a) the asset to be acquired is part of the issuer's existing principal business; and (b) the acquisition does not change the issuer's risk profile. This will reduce substantially the administrative time and expenses in convening such meetings, without compromising the corporate objectives and adversely affecting the business opportunities available to the Company.

For the avoidance of doubt, notwithstanding that Shareholders' approval of the Proposed Diversification has been obtained, in respect of transactions involving the Renewable Energy Business:

- (a) where the acquisition of assets (whether or not the acquisition is deemed in the ordinary course of business of the Group) is one where any of the relative figures as computed based on the bases set out in Rule 1006 of the Listing Manual is 100% or more, or results in a change of control of the Company, the transaction will be classified as a very substantial acquisition and reverse takeover respectively and will be subject to Rule 1015 of the Listing Manual, and such transaction must be, *inter alia*, made conditional upon approval by Shareholders at a general meeting;
- (b) pursuant to Practice Note 10.1 of the Listing Manual, where any acquisition will change the risk profile of the Group, such acquisition must also be made conditional upon, *inter alia*, approval by Shareholders at a general meeting; and

⁶ Pursuant to Rule 1014 of the Listing Manual, a major transaction is a transaction (as defined in Rule 1002(1) of the Listing Manual) where any of the relative figures as computed on the bases set out in Rule 1006 of the Listing Manual exceeds 20%, and must be made conditional upon approval by shareholders in a general meeting.

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- (c) which constitutes an “interested person transaction” as defined under the Listing Manual, Chapter 9 of the Listing Manual will apply to such transaction and the Company will comply with the provisions of Chapter 9 of the Listing Manual.

Pursuant to Rule 1005 of the Listing Manual, separate transactions completed within the last 12 months may also be aggregated and treated as if they were one transaction in determining whether a transaction falls into category (a), (b), (c) or (d) of Rule 1004 of the Listing Manual. Notwithstanding the above requirements as prescribed under the Listing Manual, when the Group enters into its first major transaction as defined under Rule 1014 of the Listing Manual (the “**First Major Transaction**”) involving the Renewable Energy Business, or where any of the Rule 1006 figures in respect of several transactions involving the Renewable Energy Business which are aggregated (the “**Aggregated Transactions**”) within the last 12 months exceeds 20%, such First Major Transaction or the last of the Aggregated Transactions will be made conditional upon approval of the Shareholders at a general meeting. In this regard, please see Section 3.8 of this Circular for more details.

The Company will also be required to comply with any applicable and prevailing rules of the Listing Manual as may be amended or modified from time to time.

2.5 Approvals, Licenses and Permits

As at the Latest Practicable Date, the Company has developed and mapped out the relevant standards, laws, regulations and permits required to operate the Renewable Energy Business in Vietnam and Indonesia by engaging reputable law firms and advisory firms in the jurisdictions.

To the best of the Company’s knowledge as at the Latest Practicable Date, the Company has obtained all requisite licences, permits and regulatory approval to conduct the Renewable Energy Business in Vietnam. In relation to Indonesia, the Company has engaged a top tier law firm in the field of renewable energy to advise on the corporate structure and contractual structure for the Renewable Energy Business and is in the process of applying for the requisite licences, permits and regulatory approval for the Renewable Energy Business.

As and where necessary, desirable or required for any activities carried out under the Renewable Energy Business, the Group will apply for any other licences and/or permits required.

2.6 Management of the Renewable Energy Business

The Renewable Energy Business will be overseen by the Board, and in this regard the Board and senior management of the Group comprise individuals with varied qualifications and experience who can and will provide strategic vision and policy on the Renewable Energy Business. Following the acquisition of Athena Group, the Company has also entered into employment contracts with the management team of Athena to deliver Athena’s pipeline C&I Projects and grow its business. Athena’s highly experienced management team and local presence in key renewable energy markets across Asia and Australia serve to complement and strengthen the Company’s existing capabilities to grow its low carbon energy business. Please see the Company’s announcements made in this regard on 20 October 2021 and 28 October 2021. For more details on the experience of the Board and senior management of the Group, please refer to Section 3.7(a) of this Circular.

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As the Renewable Energy Business expands and the Board identifies Renewable Energy Business opportunities and/or acquisition targets, the Group will, where necessary, employ new employees and engage key professionals with the relevant expertise and experience to manage, support and assist with the Renewable Energy Business. Additionally, the Board and management of the Company will, where necessary, seek the advice of reputable external consultants and experts and work closely with local industry experts and professionals to ensure that the Company will be in compliance with the relevant laws and understand the operating landscape in the jurisdictions in which the Renewable Energy Business will operate in.

If necessary, the Group may also foster partnerships or enter into joint ventures with various other third parties in the solar energy industry to assist it in undertaking the Renewable Energy Business more effectively and efficiently. Such partnerships may be on a case-by-case basis or on a long-term basis. In selecting its partners, the Group will take into account the specific expertise and competencies necessary for the transaction(s) in question and the experience, track record, capabilities and financial standing of the party and/or parties concerned, and synergy from such proposed transaction(s).

2.7 Internal Controls and Risk Management Procedures

The Board recognises the importance of internal controls and risk assessment for the smooth running of the Renewable Energy Business. In order to better manage the Group's external and internal risks resulting from the Proposed Diversification, the Group will implement a set of operations and compliance procedures.

The governance controls are managed at the Singapore level by the senior management team with the support from Mr. Yau Wai Hoo, the General Manager for business in Vietnam and Indonesia. For more details of Mr. Yau's background, please refer to Section 3.7(a)(ii)(A) of this Circular. The procedures will be periodically reviewed and updated for any changes in regulations, policy and law. All major decisions, in particular, related to investments and governance are approved by the working committee chaired by the Company's Chairman, Mr. Tang Kin Fei.

Additionally, the Audit Committee and the Board will:

- (a) review with the management, external and internal auditors on the adequacy and effectiveness of the Group's internal control procedures addressing financial, operational, compliance, informational technology and risk management systems relating to the Renewable Energy Business, at least once a year; and
- (b) where necessary, commission and review the findings of internal investigations into matters where there is any suspected fraud or irregularity, or failure of internal controls or infringement of any law, rule or regulation which has or is likely to have a material impact on the Group's operating results and/or financial position.

The Group will endeavour to ensure that the risk management systems implemented are commensurate with the risk and business profile, nature, size and complexity of operations and business activities of the Renewable Energy Business, and will review such risk management systems periodically to assess adequacy. However, the risk management and internal control system, no matter how sophisticated in design, still contains inherent limitations caused by misjudgement or fault. Accordingly, there is no assurance that the risk management and internal control systems are adequate or effective notwithstanding the Group's efforts, and any failure to address any internal control matters and other deficiencies may result in investigations and/or disciplinary actions, or even prosecution being taken against the Group and/or its employees, disruption to the risk management system, and an adverse effect on the Group's financial condition and results of operations.

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2.8 Risk Factors

To the best of the Directors' knowledge and belief, the risk factors which are material to Shareholders and prospective investors in making an informed judgment on the Proposed Diversification are set out below.

If any of the factors and/or uncertainties described below develops into actual events affecting the Renewable Energy Business, this may have a material and adverse impact on the Renewable Energy Business and consequently, the overall results of operations, financial condition and prospects of the Group could be similarly affected.

The risks declared below are not intended to be exhaustive and not presented in any order of importance. There may be additional risks not presently known to the Company or are currently not deemed to be material. New risk factors may emerge from time to time and it is not possible for the management to predict all risk factors, nor can the Group assess the impact of all factors on the Renewable Energy Business or the extent to which any factor or combination of factors may affect the Renewable Energy Business.

Shareholders should carefully consider and evaluate the following risk factors and all other information contained in this Circular before deciding on whether to vote in favour of the Proposed Diversification.

(a) The Group may need various licenses and permits to operate and the non-renewal, non-granting or suspension of its licenses and permits may affect its operations, financial performance, and financial condition

The Group may be required to obtain various licences and permits to conduct the Renewable Energy Business. The Group will obtain all licences and permits required for the Renewable Energy Business as and when the Group has identified any specific renewable energy projects in the relevant geographical territory. These licences and permits are generally subject to conditions stipulated therein and/or the relevant laws or regulations under which such licences and permits are issued. Failure to comply with such conditions could result in non-renewal, non-granting or suspension of the relevant licence or permit. As such, the Group will have to constantly monitor and ensure compliance with such conditions. Should there be any failure to comply with such conditions resulting in the cancellation, revocation or non-renewal of any of the licences and permits, the Group may not be able to carry out its operations. In such event, its operations, financial performance and financial condition will be materially and adversely affected.

(b) Competition between the demand for renewal energy powered systems and other sources of energy

The demand for renewable energy powered systems that produce electricity from renewable energy sources depends in part on the cost of generation from other sources of energy. The terms and costs under which supplies of petroleum, coal, natural gas and other fossil fuels, as well as uranium, can be obtained are key factors in determining the economic interest in using these energy sources rather than renewable energy sources. The principal energy sources in competition with renewable energy sources are petroleum, coal, natural gas and nuclear energy. A decline in the competitiveness of electricity from renewable energy sources in terms of cost of generation, technological progress in the exploitation of other energy sources, discovery of large new deposits of oil, gas or coal, could weaken demand for electricity generated from renewable energy sources.

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In the renewable energy sector, competition primarily exists with regard to factors such as bidding for available sites, performance of sites in generation, quality of technologies used, price of power produced and scope and quality of services provided, including operation and maintenance services. A decline in the competitiveness of electricity generated from renewal energy sources in terms of such factors could weaken demand for renewal energy. Should renewable energy power productions become uncompetitive compared with other forms of renewable energy production, or if fossil fuel productions become more cost competitive, the construction of renewal energy powered systems such as solar power panels may slow down, thus reducing the pool of potential customers of the Group and limiting the ability of the Group to grow and the revenue of the Group may decline.

(c) *The Group may not be able to attract and retain highly skilled personnel with the relevant skill sets for the Renewable Energy Business*

There can be no assurance that the Group will be able to attract and retain suitable individuals with the appropriate qualifications, skill sets and experience to set up and manage the Renewable Energy Business and to be able to compete effectively with existing and future competitors. If the Group is unable to attract, motivate and/or retain the necessary highly skilled personnel, there may be a material adverse impact on the performance of the Renewable Energy Business.

While the Group may appoint third-party professionals and consultants to assist in its management of the Renewable Energy Business, there is no guarantee that these third-party professionals and/or consultants will be able to deliver or perform satisfactorily.

(d) *The Group may be affected by the actions of its employees and/or the professionals it engages*

Employee misconduct and/or negligence may result in legal liability, regulatory sanctions and unquantifiable damage to the Group's reputation, and may materially and adversely affect the Group's business operations and financial performance. Notwithstanding that the Group intends to put in place internal policies and guidelines to manage risks and mitigate liabilities relating to employee misconduct or fraud, such policies and guidelines may not be effective in any or all cases, and it may not always be possible to detect employee misconduct or fraud.

Furthermore, the laws, rules and regulations applicable to the professionals engaged by the Group to manage the Renewable Energy Business may also impose restrictions and/or penalties on the Group in the event such laws, rules or regulations are breached, or alleged to be breached, by these professionals, and the Group's competitiveness and financial performance may consequently be materially and adversely affected.

(e) *Reliance on third-party contractors*

The Group may occasionally rely on third-party contractors for the operation of the Renewable Energy Business. Accordingly, the Group would have limited control over the day-to-day activities of such third-party contractors and will be reliant on the ability of such third-party contractors to carry out their contractual obligations.

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While the Group shall (a) put in place internal processes for the engagement of such third-party contractors, having regard, amongst others, for the specific expertise and competencies required for the project in question and their experience, historical track record and financial standing; and (b) have a management team to closely monitor the work of such third-party contractors, to the extent that such third-party contractors fail to perform their contractual obligations in accordance with their respective contracts, there may be a loss of revenue from the Renewable Energy Business. Even if the Group were to take legal action against such third-party contractor for such breach, the Group may not be able to recover the losses incurred. In such an event, this may materially and adversely affect the financial performance of the Group.

(f) *The Group is exposed to risks associated with acquisitions, joint ventures and strategic alliances*

Depending on available opportunities, feasibility and market conditions, the Group's expansion into the Renewable Energy Business may involve acquisitions, joint ventures or strategic alliances with third parties overseas, such as in Asia or Australia. There is no assurance that such joint ventures or strategic alliances or the joint management of such enterprises will be successful. Participation in joint ventures, strategic alliances, acquisitions or other investment opportunities involves numerous risks, including the possible diversion of management attention from existing business operations and loss of capital or other investments deployed in such ventures, alliances, acquisitions or opportunities.

Furthermore, the Group may be expected to rely on its joint venture partners at the initial stage of its foray into the Renewable Energy Business and there is a risk that any of the joint venture partners may fail to perform by not possessing the adequate experience or skill sets expected of them or experience financial or other difficulties which may affect their ability to carry out their contractual obligations, thus delaying the completion of the Group's development projects and/or resulting in additional costs to the Group. In such events, the Group's financial performance may be adversely affected.

(g) *The Group may be exposed to risk of non-compliance with governmental and regulatory requirements*

There is no assurance that the Group will be able to meet all the regulatory requirements and guidelines, or comply with all the applicable regulations at all times, or that it will not be subject to sanctions, fines or other penalties in the future as a result of non-compliance. If sanctions, fines and other penalties are imposed on the Group for failing to comply with applicable requirements, guidelines or regulations, its business, reputation, financial condition and results of operations may be materially and adversely affected.

(h) *The Group may face disruptions of supply of electricity caused by equipment failure*

The breakdown of generation equipment or failure of other key equipment or of a civil structure in renewable energy powered systems that the Group may acquire or construct may disrupt the generation of electricity. This may result in reduced revenues and increased maintenance costs of the Group. Furthermore, any breakdown or failure of one or more of the transmission systems may disrupt

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transmission of electricity by such renewable energy powered systems to the power grid, which may lead to the Group's failure to supply electricity to its customers continuously, in which case fines may be imposed on the Group by the relevant regulatory authority.

(i) *The Group may face disruptions to business caused by disasters and human fault*

The renewable energy powered systems such as solar power panels that the Group may acquire or develop may be damaged by flooding, drought, debris flow, landslide, earthquake, other natural disasters, human error, fault or negligence. The operations of the Renewable Energy Business may have to be suspended during repair of the damaged systems or when there is a drought. Such unpredictable disasters may not only significantly obstruct the Group's access to renewable energy such as solar power, disrupt the power generation and damage the power generation facilities and equipment, but may also significantly reduce the general demand of electricity. The Group's operation may be seriously disrupted by such disasters which may materially and adversely affect its results of operation.

(j) *Competition in power industry*

The Group will be competing with other local power generation companies overseas and particularly in Asia and Australia. These power companies and a number of other power producers may have substantially greater financial, infrastructural or other resources than the Group. The Group may also face competition from new entrants to the renewable energy industry having business objectives similar to the Group and who may have greater financial resources.

There is also increasing competition among operating solar power systems for the provision electric power and land use rights. In particular, there may be keen competition on the acquisition or development of solar power systems. If the Group is unable to compete successfully, the Group's growth opportunities to increase generating capacity may be limited and its revenue and profitability may be adversely affected. In the future, competitive bidding may extend to solar power systems and further increase price competition among domestic power generation companies. There is no assurance that increased competition in the future will not have a material adverse effect on the Group's results of operations and growth prospects.

(k) *The growth of the Renewable Energy Business may be limited*

While the Group intends to actively seek for opportunities for new projects in the Renewable Energy Business, there is no assurance that it will be able to identify such suitable projects which suit its risk and return profile. Further, there is no assurance that such projects undertaken will be profitable or successful.

(l) *The Group may be exposed to risk of loss and potential liabilities that may not be covered by insurance*

The operation of renewable energy powered systems involves different risks and hazards, such as failure of power generation or transmission systems, industrial accidents and natural disasters, which are beyond the control of the Group as well as human error, fault and negligence. The Group's operating costs for the renewable energy

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powered systems that the Group may acquire or develop may increase due to business interruptions or compensations for personal injuries and replacement or repair of damaged property.

While the Group believes that its insurance coverage is adequate and is in line with the practice for the renewable energy industry, if the Group shall incur uninsured losses or pay compensation for uninsured risks, the Group's results of operations and financial condition of the Group may be materially and adversely affected.

In this regard, the Group intends to have insurance over its fixed assets and intends to maintain third party liability insurance to cover claims in respect of bodily injuries or property or environmental damages arising from accidents or natural disasters on the Group's property or relating to its operations. For instance, as at the Latest Practicable Date and in relation to Vietnam, the types of (i) construction insurance procured by the Group's EPC contractors include: Construction All-Risk, Third Party Liability and Business Interruption Cover; and (ii) insurance procured by the Group for the purposes of the operations of facilities include: Property All-Risk, Third Party Liability and Business Interruption. In addition to the above, the Group has also procured a Public and Product Liability insurance in Australia. The projects in the other jurisdictions are still in the developmental stages and the Group does not believe that insurance cover is required for present purposes. The Group will engage consultants to look through the necessary insurance covers required as and when the projects progress.

(m) The Group may be involved in legal or other proceedings arising from its operations in the Renewable Energy Business

The Group may be involved from time to time in disputes with various parties involved in the projects that the Group undertakes. These parties include contractors, sub-contractors, suppliers, construction companies, purchasers of the Group's properties and other partners. These disputes may lead to legal and other proceedings. The Group may also have disagreements with regulatory bodies and these may subject it to administrative proceedings.

In the event that unfavourable judgments are passed by the courts or unfavourable rulings are made by the regulatory bodies, the Group may suffer not only financial losses but also a delay in the construction or completion of the Group's solar power projects.

(n) The Renewable Energy Business is subject to the general risk of doing business overseas

The Group intends to engage in the Renewable Energy Business overseas, with a focus on Asia and Australia in the upcoming years. As such, the Group may be subject to the general risk of doing business overseas. These general risks include unexpected changes in regulatory requirements, difficulties in staffing and managing foreign operations, maintaining good union and labour relations, social and political instability, fluctuations in currency exchange rates, nationalisation and expropriation of assets, potentially adverse tax consequences, legal uncertainty regarding liability, tariffs and other trade barriers variable and unexpected changes in local law and barriers to the repatriation of capital or profits, any of which could materially affect the overseas operations of the Group. These risks if materialised may affect the Group's business and financial condition.

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In addition, if the governments of countries in which the Group operates tightens or otherwise adversely changes their laws and regulations relating to the repatriation of their local currencies, it may affect the ability of the Group's overseas operations to repatriate profits to the Group and, accordingly, the cash flow of the Group will be adversely affected.

(o) *Changes in government legislations, regulations or policies may directly or indirectly affect the Renewable Energy Business.*

Changes in government legislations, regulations or policies of countries in which the Group undertakes its Renewable Energy Business may result in the Group being unable to complete its renewable energy projects on time, or at all, or result in an increase in costs, or adversely affect the businesses which are relevant to the renewable energy industry. Such changes may include delays in procuring the necessary approvals, licenses or certificates from government bodies, and changes in laws, regulations and policies in relation to the Group's business sectors. This may adversely affect the financial position of the Group.

(p) *The Group is susceptible to fluctuations in foreign exchange rates that could result in the Group incurring foreign exchange losses*

The revenue from the Renewable Energy Business may be generated from sales to markets, which may include overseas markets. To the extent that the Group's revenue, purchases and operating costs are not matched in the same currency and to the extent there are timing differences between invoicing and collection of payment, as the case may be, the Group may be exposed to any unfavourable fluctuations of such currencies of the jurisdictions in which the Group will be engaging in to conduct its business, and the Group's operating results may be materially or adversely affected.

(q) *The Group may be adversely affected by an outbreak of communicable diseases.*

An outbreak of infectious disease in the markets, such as COVID-19, where the operations of the Renewable Energy Business are based may have an adverse impact on the Group's operations and the Group's financial performance. Market sentiment and consumer confidence could be affected and may lead to a deterioration of economic conditions. Further, in the event that the Group's employees or those of the Group's contractors or sub-contractors are infected or suspected of being infected with any communicable disease, the Group may be required by health authorities to temporarily shut down the affected project sites and quarantine the relevant workers to prevent the spread of the disease. This will result in project delay and have an adverse impact on the Group's business, financial performance and financial condition.

(r) *Substantial reduction or elimination of government subsidies and economic incentives for renewable energy power applications may adversely affect the Group*

Many jurisdictions are turning to tax relief to promote renewable energy sources, such as solar power, for power generation and have adopted the same or substantially the same model of offering such incentives. Government support for renewable energy investments comes in a wide variety of tax incentives including but not limited to credits, grants, tax holidays, accelerated depreciation and non-tax incentives. As

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such, the growth of substantially all of the target markets for renewable energy power applications usually depends on the availability and size of government subsidies and economic incentives. In the event that the governments of countries in which the Group may undertake its Renewable Energy Business substantially reduce or eliminate these government subsidies and economic incentives, it will likely reduce the size of these markets, result in decreased demand for renewable energy products and result in increased price competition, which may adversely affect the Group's results of operations.

(s) *Labour activism and unrest may materially and adversely affect the Renewable Energy Business*

Laws permitting the formation of labour unions, combined with weak economic conditions, have resulted, and may result, in labour unrest and activism. These labour laws and regulations may make it more difficult to maintain flexible labour policies in such jurisdictions in which the Group undertakes the Renewable Energy Business.

For example, the Indonesian government enacted Law No. 13/2003 (the "**Labour Law**") in March 2003 which requires further implementation of regulations that may substantively affect labour relations in Indonesia. The Labour Law requires bipartite forums with participation from employers and employees, and the participation of more than 50% of the employees of a company, in order for a collective labour agreement to be negotiated. In addition, the Labour Law creates procedures that are more permissive to the staging of strikes.

Further, labour unrest and activism could disrupt operations of the Renewable Energy Business, and thus could materially and adversely affect the Group's financial condition, results of operations and prospects.

(t) *The Group may face difficulties in acquiring new land sites for the Renewable Energy Business*

The Group may acquire land for the Renewable Energy Business, in particular for the construction of solar power systems for the Group's own operations. The Group is subject to availability of suitable land sites and its ability to acquire them due to various government regulations restricting foreign ownership of land and competition with other local power generation companies for the sourcing of land sites.

The Group may also face difficulties in obtaining ownership of land title or enforcement thereof for new land sites which extend over areas where local communities reside. Even if the Group acquires such land sites, the Group's operations may also impact these local communities negatively. Consequently, local dissatisfaction with the Group may arise and future acquisition of new land sites may be restricted.

There is no assurance that the Group will not face difficulties in acquiring new land sites for the Renewable Energy Business. If the Group is unable to acquire such land, the Group's business, financial condition, results of operations and prospects may be adversely affected.

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(u) The Group may incur additional costs in relation to its warranty obligations for the Renewable Energy Business

The Group may undertake warranty obligations in respect of the products sold or services provided in respect of the Renewable Energy Business and may be faced with product liability claims or claims for defects. Although most liability claims or claims for defects may be covered in the warranty obligations contractually provided by the suppliers, it is not possible to exhaustively address all possible claims and financial exposure as a result. Hence, the Group may incur additional costs for such rectification and repair works conducted pursuant to such warranty claims, significant warranty claims may have an adverse effect on the Group's financial performance. The Group may also enter into power purchase agreements for the production and sale of solar power. In the event that parts of the solar power system used for the production of solar power, for example solar panels which have a warranty period of 25 years, are defective and the Group's suppliers for such particular part fail to fulfil its product warranties by repairing or replacing such defective part at no cost, the Group may incur additional expense in the rectification of such defect. In such an event, the Group's business, financial condition, results of operations and prospects may be adversely affected.

(v) The Group may be subject to risks of obsolescence of the technology relating to Renewable Energy Business

The Group intends to implement mature technologies such as tested solar photovoltaic technology and top tier solar equipment as part of the Renewable Energy Business. In the event of any change or innovation in technologies utilised for the generation of solar power, there can also be no assurance that the Group will be successful in acquiring and/or picking up such expertise in the installation, operation and/or maintenance of such new technologies and/or equipment for the Renewable Energy Business. In the event of the advent of such new technologies, while the Group does not anticipate any impact to revenues and earnings in respect of any subsisting power purchase agreements during the term of such agreements, there is no assurance that the Group would be able to utilise its then existing technology and equipment upon the expiry of such agreements.

2.9 Funding for the Renewable Energy Business

The nature of the Renewable Energy Business is that it tends to be more capital intensive in the initial stages and typically take at least approximately nine (9) to twelve (12) months from the date of entering into the power purchase agreements before the C&I Projects can commence commercial operations and start generating profits. Hence, the Company will require additional funding to finance the Group's capital expenditure for new C&I Projects (including the Huafu EPC), general working capital requirements and expenses relating to the Renewable Energy Business.

The Company intends to fund the Renewable Energy Business through a combination of its internal resources, bank borrowings, fund-raising exercises, the proceeds from the Proposed Disposal (if approved by the Shareholders) and/or shareholders' loans (and in the case where loans are obtained from an Interested Person, such loans shall be subject to approval from Shareholders in accordance with the Listing Manual) as necessary.

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In this regard, the Group is discussing with a European investment fund (the “**Fund**”) to provide the Group with a loan facility of up to US\$24 million to finance the Huafu EPC and Athena’s other pipeline C&I Projects in Vietnam. The Fund has completed its 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.

The Directors will determine the optimal mix of internal funding and external funding, taking into account the cash flow requirements of the Group and prevailing funding costs. In addition, the Company may consider tapping on the capital market including but not limited to rights issues, share placements, exchange of equity-based assets and/or issuance of debt instruments as and when necessary and deemed appropriate. The Company will make further announcements to update its Shareholders if there are any material developments to the funding of the Renewable Energy Business.

2.10 Financial effects of the Proposed Diversification

As at the Latest Practicable Date and save as disclosed, the Company has no affirmative and binding plans in relation to the Renewable Energy Business that is expected to materially impact the net profit, EPS or NTA of the Group. Should there be any material impact on the Group’s NTA per Share and EPS for FY2021 as a result of any developments relating to the Renewable Energy Business, the Company will make the necessary announcements at the appropriate time.

2.11 Disclosure of Financial Results of the Renewable Energy Business

The Renewable Energy Business will be accounted for as a Renewable Energy Business segment in the Group’s financial statements in line with the SFRS(I) and accordingly, the Group will disclose the financial results of Renewable Energy Business as part of the Group’s financial statements. The financial results of the Renewable Energy Business together with the Group’s financial statements will be periodically announced pursuant to the requirements as set out in Chapter 7 of the Listing Manual. In these periodic results announcements, the Group may provide segmented financial results relating to the Renewable Energy Business where appropriate or if required under any applicable accounting standards and Listing Manual.

2.12 Changes to the Board Arising from the Proposed Diversification

There will be no new appointment to the Board arising from the Proposed Diversification.

3. THE PROPOSED HUAFU EPC

3.1 Background

Following the Proposed Diversification, the Group’s Renewable Energy Business will include C&I Projects (including the Huafu EPC) which are envisaged to operate on a business model where the Group:

- (a) secures a sufficient and sustained demand for its renewable energy through PPAs entered into with customers, pursuant to which the Company agrees to supply, and the customers agrees to purchase, power for an agreed price over a long period of time (typically a 20-year period). The power will typically be supplied to the customers via solar facilities constructed on the assets of the customers which could include the roofs of the customers’ factories; and

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- (b) enters into an EPC with a contractor, which is experienced in solar energy developments, to construct the solar facilities. The solar panels in such solar facilities, upon the completion of the construction of such solar facilities by such contractor under the EPC, will be owned by the Group.

3.2 Information on the Huafu Project

As disclosed in Section 1.2 of this Circular, Vietrof RE has entered into the (a) Huafu PPA with Huafu Vietnam on 11 December 2021; and (b) Huafu EPC with PowerChina on 14 January 2022. PowerChina is a long-term business partner of Athena in the expansion of the renewable energy business and was introduced to Vietrof RE by Athena. Huafu Vietnam was introduced by PowerChina to Vietrof RE. There is no introduction fee or consultancy fee involved in the foregoing. Notwithstanding that Huafu Vietnam was introduced by PowerChina to Vietrof RE, the Group is not dependent on PowerChina for PPA projects as the Company has a professional business development team in the target markets to source its customers and projects.

Through the Huafu Project, Huafu Vietnam will be required to pay Vietrof RE based on a pre-agreed tariff structure for all the net electrical output of the rooftop photovoltaic power system which shall be constructed by PowerChina and supplied by Vietrof RE, for a period of twenty years (“**PPA Consideration**”) unless otherwise extended by mutual agreement or terminated in accordance with Huafu PPA. Pursuant to the terms of the Huafu EPC, the construction of the rooftop photovoltaic power system is to be completed within five (5) months unless otherwise extended by mutual agreement or terminated in accordance with the Huafu EPC. Accordingly, it is expected that the Huafu PPA will commence on or around July 2022.

The Group’s obligations under the Huafu PPA are conditional upon the Huafu EPC (a) taking effect; (b) and/or being approved by the Shareholders at the EGM. The Group’s obligations under the Huafu EPC are in turn conditional upon the terms of the Proposed Huafu EPC being approved by the Shareholders at the EGM.

For the avoidance of doubt, the Huafu PPA and the Huafu EPC were negotiated separately and entered into on different dates, being 11 December 2021 and 14 January 2022 respectively. However, due to the business model as disclosed above and to ensure that the Group has the solar facilities to supply the demand for energy under the Huafu PPA, the Group had negotiated the Huafu PPA such that it was conditional upon the Huafu EPC taking effect. Under the Huafu PPA, as long as Huafu Vietnam requires electricity and the rooftop solar system is capable of producing electricity, Huafu Vietnam is obliged to off-take the electricity produced by the rooftop solar system on a priority basis.

3.3 Information on Huafu Vietnam and PowerChina

(a) Huafu Vietnam

Huafu Vietnam was incorporated in 2013 and is in the principal business of supplying and manufacturing yarn in Southeast Asia, with a production capacity up to 280,000 spindles of yarn and 20,000 tons of dyeing yarn.

Huafu Fashion Co., Ltd. (“**Huafu Fashion**”) is the indirect sole shareholder of Huafu Vietnam, through its holding vehicle Huafu HK Co. Limited (CR NO. 1184194) and is the first company in the colour spun industry in China to be listed on the Shenzhen

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Stock Exchange. HuaFu Fashion is a global leading colour spun industrial brand and is in the principal business of supplying and manufacturing new-type yarn, such as middle and high-class colour spun yarns, and provides semi-worsted colour yarns, vortex spun colour yarns, rotor spun colour yarns, high-class new-type grey yarns and dyed yarns as auxiliary products, and also related services, such as fashion trend analysis, certification of raw materials and products, and technical consulting.

For more information, please refer to the URL http://www.e-huafu.com/hjj/index_246.aspx.

(b) PowerChina

Power Construction Corporation of China, branded as POWERCHINA, is a wholly State-owned company administered by the State-owned Assets Supervision and Administration Commission and is part of the heavy and civil engineering construction industry. PowerChina was incorporated in 2017 and is a first-tier power engineering construction company, which principal business includes power engineering, infrastructure, energy conservation and environmental protection, oil and gas chemical industry, electrical and mechanical installation, steel structure safety, maintenance, operation and maintenance of power plants. PowerChina has an extensive footprint in Asia and in more than 20 countries and regions, including Africa and South America. To date, PowerChina has successively built and delivered approximately 250 thermal power plants, 60 substations, 1,700 kilometres of transmission lines, 70 towering structures, 70 civil buildings and infrastructures in China and the rest of the world.

PowerChina has successfully completed projects in the fields of circulating fluidised bed boiler construction, seawater desalination, waste-to-energy, distributed energy, and renewable energy (photovoltaic, wind power). Some prominent examples include, Pakistan's first large-scale photovoltaic power station (100 MW), Singapore's first large-scale biomass and coal mixed-burning power station, the world's largest single-unit capacity supercritical air-cooled power generation unit (600 MW), the world's largest single-unit capacity coal-fired circulating fluidised bed boiler demonstration power station project (600 MW), South America's first thermal power generating unit made in China (600 MW), the largest W-flame boiler power station made in China (600 MW), the largest domestic projects such as underground power stations and the largest geothermal power stations in China.

For more information, please refer to the URL <http://gzw.sc.gov.cn/scsgzw/c100135/2019/10/25/e6049af6a8164e54b14deb27af382cb9.shtml>.

As at the Latest Practicable Date and save as disclosed in this Circular, HuaFu Vietnam, PowerChina, and their respective directors and substantial shareholders do not have any connections (including business relationships) with Company and its Directors and the Substantial Shareholders.

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3.4 Consideration for the Huafu EPC

The aggregate consideration payable by Vietrof RE to PowerChina for the construction of the rooftop photovoltaic power system for the Huafu EPC, is from S\$17,600,000 to S\$24,700,000 (the “**EPC Consideration**”).

The EPC Consideration was arrived at pursuant to arm’s length negotiations between Vietrof RE and PowerChina on a willing-buyer willing-seller basis, after taking into account among others, commercial considerations, the technical capabilities of the contractor and the expected return profile of Vietnam.

3.5 Rationale for the Huafu Project

On 28 October 2021, the Company announced the completion of the acquisition of Athena, a Singapore incorporated company in the principal business of developing, financing, constructing, owning and operating renewable energy assets in Asia and Australia. Through the acquisition of Athena, the Company has enhanced its capabilities with 4MW of operating and approximately 30MW of committed rooftop C&I Projects in Vietnam, with pipeline renewable energy projects across Asia and Australia.

The Company is keen to expand and include sizable renewable assets into its portfolio, such as the Huafu Project. In this regard, the Company has strategically prioritised the Vietnamese market due to its size and prospects. With the expansion of the Company’s portfolio to include the Huafu Project, the economical scale of the portfolio can be better achieved, which may provide Shareholders a better yield for their investment commitments.

3.6 Financial effects of the Huafu Project

Given that the terms of the Huafu PPA and Huafu EPC are confidential and commercially sensitive, the financial effects of the Huafu Project will not be disclosed as the Group’s existing customers, potential customers, competitors as well as other EPC contractors (the “**other commercial parties**”) should not be privy to such information. If the financial effects of the Huafu Project are disclosed, the other commercial parties may be able to deduce the financial margins of the Group and use them as bargaining chips in negotiating commercial contracts with the Group, and this will not be in the best interests of the Group.

As at the Latest Practicable Date, there are no net profits attributable to Vietrof RE for its entry into the Huafu PPA or the Huafu EPC since the rooftop photovoltaic power system has not been fully constructed and is only expected to commence full commercial operation in July 2022. Notwithstanding, the Board is of the view that the Huafu Project will result in a positive financial impact to the Group given that the long-term benefits of the PPA Consideration will outweigh the EPC Consideration and the availability of the source of funds as disclosed in Section 2.9 of the Circular.

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3.7 Other information on PPAs and EPCs

(a) The Company's expertise and resources in evaluating and determining the terms of PPAs and EPCs

The Company has sufficient expertise and resources in evaluating and determining the terms of the PPA and EPC at two different levels, being the (a) board level, which focuses on the strategic direction of the Company; and (b) management level, which focuses on the project execution itself.

(i) Experienced Board Members

(A) **Tang Kin Fei** (Non-Executive Non-Independent Board Chairman, and Member of Nominating and Remuneration Committees)

Mr. Tang was appointed to the Board in January 2021 and is currently the Chairman of the Executive Committee of SIA Engineering Company Limited, and the Chairman of Singapore LNG Corporation Pte Ltd, a major energy infrastructure project with strategic intent. He is a Director of Summit Power International Limited, the Council Chairman of Ngee Ann Polytechnic and Vice Chairman of the Kwong Wai Shiu Hospital, a charitable hospital which provides care for needy patients.

Mr. Tang was the Group President and Chief Executive Officer of Sembcorp Industries Ltd ("**Sembcorp**") from 1 May 2005 until his retirement on 31 March 2017. He then remained as an Advisor and a Non-Executive Director on the Board of Sembcorp until 31 May 2017. Mr Tang, who was with Sembcorp for approximately 30 years, has been credited with driving its transformation into an international energy, water, marine and urban development group. He had headed Sembcorp's utilities business on Jurong Island in Singapore, which grew into a global energy and water player with a sizeable portfolio of assets and capabilities.

(B) **Ajaib Hari Dass** (Lead Independent Director, Chairman of Nominating and Remuneration Committees and Member of Audit Committee)

Mr. Hari Dass was appointed to the Board in January 2021 and is currently an Independent Director of Sembcorp. He is a panel member of the Singapore International Arbitration Centre, the Singapore Chamber of Maritime Arbitration and the Asian International Arbitration Centre. He is also an accredited principal mediator of the Singapore Mediation Centre and a senior accredited specialist (maritime and shipping law), at the Singapore Academy of Law. He is a commissioner for oaths, a notary public and a retired justice of the peace. He is also the Lead Independent Director of Nam Cheong Limited.

(C) **Henry Wong Chuen Yuen** (Independent Director)

Dr. Wong was appointed to the Board in January 2021. Dr. Wong has extensive experience in power quality management and system analysis (Albased), as well as in mechanical and electrical infrastructure management.

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Dr. Wong is a Chartered Engineer, and holds a PhD from the Department of Electrical and Electronics Engineering from the University of Dundee (UK). Dr. Wong is currently the Director-Programmes at the National Research Foundation, Prime Minister's Office, Singapore. He was the Director of the Integrated Programme Office, National Research Foundation, Prime Minister's Office, Singapore, from November 2018 to December 2020. He worked as the Cluster Head for Smart Energy and Environment Department – Institute for Infocomm Research at A*STAR from 2016 to 2018. From 2013 to 2016, he worked as the Head for Smart Grid Department – Institute for Infocomm Research at A*STAR.

(ii) Experienced Key Management

(A) **Yau Wai Hoo** (General Manager) (Mr. Yau is also the Chief Executive Officer of Athena)

Mr. Yau has more than 20 years of experience in China in the Infrastructure, Water/Waste-Water Treatment, Energy (fossil & renewable), Facilities Management, Township Development and Marine Engineering sectors.

Prior to founding Athena, Mr. Yau was the CEO of Sembcorp China Holding Ltd (2011 to 2015) and APAC Regional Director of Advisian. He was responsible for the operation of a fleet of 27 utilities companies, including water/waste-water treatment plants, gas-fired co-generation plant, coal-fired power plant and wind farms. He oversaw operations of water treatment capacity of > 2,700,000 cubic metres/day. Besides treating high concentrated industrial wastewater and supplying both industrial and municipal water, the operation also has strong capabilities in water reclamation. He managed a portfolio of energy assets, including wind farms and power plants, with a total capacity of 3,327 MW.

Mr. Yau used to cover the Middle East and Southeast Asia regions as well. The exposure over the decades of working overseas in senior executive positions have given him valuable experiences in strategy development and implementation, operations, project development, stakeholders' relations and human resources management. Being a persuasive and tenacious leader with a proven track record in achieving positive business results by developing strategic business alliances, identifying new markets and developing business processes, Mr. Yau has built an extensive network with key stakeholders in many sectors and provinces in PRC; as well as, in the greater APAC Region.

Mr. Yau also sat on the Board of a few township development and marine engineering companies in PRC. Mr. Yau was instrumental in cementing strong relationship with local partners and government officials.

Working experience and occupation(s) during the past 10 years:

- **Chief Executive Officer** – Athena Energy Holdings Pte Ltd
- **Principal/Executive Director** – Advisian
- **Chief Executive Officer** – Sembcorp China

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(B) **Siva Sreedharan** (Chief Investment Officer)

Mr. Sreedharan has worked for more than 35 power and water projects with a total capacity of around 30,000+MW and 400+ MGD (Million Gallons per Day) of water infrastructure assets, equivalent to approximately US\$11 billion around the world.

Prior to founding Athena, Mr. Sreedharan was leading the advisory practice as APAC Power Director for Advisian, mainly focusing on transaction and mergers & acquisition services, completed 24 deals as an advisor. Before that, Mr. Sreedharan was an asset manager with Marubeni Power previously based in Hong Kong and he served as an asset manager for an international independent power producer, managing a portfolio 35,000+MW and 450+ MIGD (Million Imperial Gallons per Day) (gross) portfolio of power and water assets with footprint in 25 countries.

Working experience and occupation(s) during the past 10 years:

- **CIO** – Athena Energy Holdings Pte Ltd
- **Utilities Sector Lead** – Advisian Pte Ltd
- **Head of Management Consulting (Principal Consultant)** – Black & Veatch Pte Ltd
- **Asset Manager** – Marubeni Power Asset Management Hong Kong

(C) **Diana Gao** (Chief Technical Officer)

Ms. Gao has extensive experience with overall lifecycle of power infrastructure from early investment planning to commissioning, operations and maintenance of gas fired combined cycle gas turbines (CCGT), coal fired power plant, solar, wind, mini-hydro project and waste-to-energy generation technologies; and transmission and distribution projects. Over the years, she established intensive network and relationship with key equipment suppliers, GE, Siemens, Babcock & Wilcox, Hitachi Zosen (Austrian Energy & Environment), Doosan, Keppel Seghers etc. and is well connected with Korean, Chinese EPC contractors.

Prior to founding Athena, Ms. Gao was based in Singapore and was a key member of the team that created the Advisian SEA and China utility business portfolio. Ms. Gao also worked with China Energy Engineering Group Guangdong electric design institute, subsidiary of Energy China, as Director of Business Development for international projects. During this tenure, Ms. Gao set up the Turkey branch Company and oversaw the 6 branches company and representative offices, in Turkey, Bangladesh, Philippines, Pakistan, Thailand and Indonesia for developing of gas-fired co-generation plant, coal-fired power plant, wind farms and renewable energy. She was the leader and key negotiator for most of major international project negotiation in the organisation.

Working experience and occupation(s) during the past 10 years:

- **CTO** – Athena Energy Holdings

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- **South East Asia and China, Utility Sector Director** – WorleyParsons Pte Ltd
- **Head of Business Development (International Business)** – China Energy Engineering Cooperation
- **Chief Representative (Turkey and Eastern Europe)** – China Southern Power Grid Company Guangdong Electric Power Design Institute

(b) **How the Company's customers and EPC suppliers are evaluated**

The Company has a professional business development team in the target markets to source its customers and projects. In addition, some prospective projects are made known to the Company through business associates. The commercial case of each project will be carefully studied and analysed from both technical and commercial aspects before they are presented to the management and the Board. To assess the financial health of the prospective customers in addition to reviewing the overall commercial terms in the proposed PPAs, the Company (through Athena) has implemented two sets of internal and external credit assessment exercises to ensure that the assessments are comprehensive and balanced:

(i) **Step 1: Internal Credit Assessment**

- (A) Athena utilises an internal credit rating tool which has been designed similarly to the rating scale of S&P and Fitch ratings.
- (B) Once a customer shares its financial information, the internal credit rating tool calculates and finalises the credit rating of the customer as the first step.
- (C) Athena will only proceed to the next stage of discussions provided that the customer has been graded with a satisfactory credit rating.

(ii) **Step 2: External Credit Rating**

- (A) Once Athena has been shortlisted as the preferred bidder or if the tariff has been finalised with the customer, the next step of external credit assessments are undertaken.
- (B) Third party credit checks are undertaken by Athena through Dun & Bradstreet ratings. Athena will only proceed with the customer provided that the customer satisfies the rating criteria.

In relation to the EPC suppliers, Athena has shortlisted two to three top-tier proven industry players (which have delivered the projects in the region) and will run a competitive bidding process to achieve the best commercial terms for its projects.

3.8 Shareholders' Approval for the Proposed Huaifu EPC

As at least one of the Rule 1006 figures in respect of the Aggregated Transactions (comprising the acquisition of Athena and the Proposed Huaifu Project) exceeds 20%, the Proposed Huaifu EPC is conditional upon approval of the Shareholders at the EGM.

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4. THE PROPOSED DISPOSAL

4.1 Background

As announced by the Company on 9 December 2021, PT KP, an indirect subsidiary of the Company, had, on 9 December 2021, entered into a conditional land sale and purchase agreement (“**SPA**”) with PT Dermaga Perkasapratama (the “**Buyer**”), pursuant to which PT KP has agreed to sell, and the Buyer has agreed to purchase, the following vacant land parcels:

- (a) land based on Building Use Right Certificate No. 476 covering an area of 145,156 m², Measurement Letter No. 00016/Kariangau/2011, at Kariangau Village, Balikpapan (“**Land No. 1**”); and
- (b) land based on Building Use Right Certificate No. 477 covering an area of 126,118 m², Measurement Letter No. 00017/Kariangau/2011, at Kariangau Village, Balikpapan (“**Land No. 2**”),

(collectively, the “**Land**”).

As mentioned in the Company’s circular to Shareholders dated 14 June 2016 (“**14 June 2016 Circular**”), the Group acquired the Land as part of the acquisition of 92.18% of equity interests of PT KP (“**Sale Shares**”) from ERI for US\$37,000,000 (adjusted to US\$35,710,000 in accordance with the terms of the sale and purchase agreement, as announced by the Company on 29 June 2016) in 2016 (the “**2016 Acquisition**”). The market value of the Land as attributable to the Sale Shares was IDR 103.7 billion (approximately S\$9.8 million). For more information on the use and value of the Land, please refer to Section 4.2(c) of this Circular.

ERI is an exempt private company limited by shares which was incorporated in Singapore in 2005. The principal activities of ERI are investment holding and general wholesale trade (including general importers and exporters). LYN (who is the Chief Executive Officer, Managing Director and a shareholder of the Company and the son of Dato Low) and EL (who is a non-executive and non-independent Director of the Company and the daughter of Dato Low) each held approximately 33.33% of shareholding interest in ERI, and the remaining 33.33% of shareholding interest in ERI was held by an immediate family member of Dato Low, LYN and EL, and all of whom are also directors of ERI.

The 2016 Acquisition provided an opportunity for the Group to diversify its revenue streams and to broaden its earning base. It also served as a natural extension of the Group’s barging business and the Group’s energy related businesses, while leveraging on the Board’s experience in the area of power generation, back in 2016. It also allowed the Group to tap on the opportunities for a rising demand of electricity in Indonesia, coupled with the Indonesian government’s support in granting PT KP the right to supply electricity exclusively within certain areas of Indonesia for a period of 15 years commencing from 1 April 2013.

The Company had previously considered among others, the terms of the 2016 Acquisition, the rationale and benefits of the 2016 Acquisition and the advice of the independent financial adviser in relation to the 2016 Acquisition, in seeking the approval of Shareholders at an extraordinary general meeting convened on 29 June 2016. For more information, please refer to the 14 June 2016 Circular.

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4.2 Information on PT KP, the Buyer Group and the Land

(a) Information on PT KP

PT KP 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 PT KP relate to the operations of a coal-fired steam power plant in the Kariangau industry area, Balikpapan, East Kalimantan, Indonesia.

As at the Latest Practicable Date, PT KP is an indirect subsidiary of the Company and the Company indirectly holds 86.11% of the issued share capital of PT KP.

(b) Information on the Buyer Group

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 Latest Practicable Date, the Buyer is 87.40% owned by Bayan Resources and the remaining shareholding interests in the Buyer are held by an associate of each of Dato Low, LYN and EL, and consequently such associate is considered an Interested Person. As at the Latest Practicable Date, PT KP has an on-going power purchase agreement with the Buyer pursuant to which PT KP has agreed to sell electric power to the Buyer for a term of seven (7) years commencing from 2 February 2015, which was further extended to February 2028.

Bayan Resources is a holding company incorporated in Indonesia and is listed on the Indonesia Stock Exchange. Bayan Resources and its subsidiaries are engaged in open cut mining of various coal quality from mines located primarily in East and South Kalimantan. As an integrated coal producer in Indonesia, the Bayan Group through its various mines, produces coal ranging from semi-soft coking coal to environmentally-friendly low sulphur, sub-bituminous coal. The Company's Controlling Shareholder, Dato Low, is also a Controlling Shareholder of Bayan Resources. For more information on the Interested Persons in relation to the Proposed Disposal, please refer to Section 4.7(a) of the Circular.

(c) 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:

Land 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.

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The power plant units owned by PT KP are located on Land No. 3. PT KP does not have any current business operations on the Land. For the avoidance of doubt, Land No. 3 does not constitute part of the Proposed Disposal.

As mentioned in Section 4.1 of this Circular, the Group acquired 92.18% of the total equity interests in PT KP from ERI in 2016. In connection with the 2016 Acquisition, PT KP had commissioned 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, 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 S\$9.8 million) (the **“Previous Land Valuation”**).

On 30 November 2021, PT KP has appointed KJPP Jimmy Prasetyo & Rekan (the **“Independent Valuer”**) (a licenced valuer in Indonesia and the same valuer who performed the Previous Land Valuation) to carry out an independent valuation of the market value of the Land as at a valuation date of 3 December 2021. The market value of the Land No.1 and Land No. 2 based on such valuation was IDR 132.1 billion (approximately S\$12.5 million) and IDR 114.8 billion (approximately S\$10.9 million) respectively, with an aggregate value of IDR 246.9 billion (approximately S\$23.4 million) (the **“Land Valuation”**).

PT KP is situated in the 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, and as a result, no revenue has been generated from the Land. There was no impairment provided on the Land since the 2016 Acquisition.

4.3 Salient Terms of the SPA

(a) Conditions Precedent

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

- (i) the obtainment of all relevant approvals to carry out the Proposed Disposal;
- (ii) the issuance of a fairness opinion by licensed independent surveyors and/or public appraisers; and
- (iii) an advance payment by the Buyer to PT KP in the amount of IDR 135,637,000,000 (which is approximately S\$12,866,500) (the **“Down Payment”**) within five (5) working days from the date of the SPA and the receipt of PT KP’s invoice, whichever is later.

Save for the Condition set out in Section 4.3(a)(iii) 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 PT KP and the Buyer in writing). In the event that all the Conditions are not fulfilled and/or waived by PT KP or the Buyer (as the case may be) within six (6) months from the date of the SPA, the SPA shall automatically terminate, and PT KP shall be obliged to refund the Down Payment to the Buyer.

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In relation to Section 4.3(a)(i) above, the relevant approvals consist of the following:

- (A) Seller Group: (I) approval of the Shareholders for the Proposed Disposal, being Ordinary Resolution 3 as set out in this Circular; and (II) approval from the PT KP's immediate shareholders, in the form in a written resolution; and
- (B) Buyer Group: (I) the Buyer's Board of Commissioners' ("**BOC**") approval; and (II) independent valuation and a fairness opinion from the Buyer's parent company, Bayan Resources and confirmation from Bayan Resources' BOC that it is satisfied that the transaction is being done on an arm's length basis. As the Proposed Disposal is not a material transaction in relation to Bayan Resources, no approval is required from the shareholders of Bayan Resources.

In relation to Section 4.3(a)(ii) above, the fairness opinion is a report required to be obtained by the Buyer's parent company, Bayan Resources (which is publicly listed on the Indonesia Stock Exchange) under Otoritas Jasa Keuangan ("**OJK**" or Financial Services Authority, Indonesia) regulations governing affiliated party transactions. It is issued by an independent appraisal firm registered with the OJK that reviews the independent valuation report as a comparison with the terms of the proposed transaction. Where the terms of the proposed transaction are in line with or better than the valuation report and/or will not result in the Buyer or Bayan Resources being put in worse off position, then that independent appraisal firm will issue a fairness opinion confirming the same.

(b) **Sale Consideration**

The consideration for the Proposed Disposal is IDR 271,274,000,000 (which is approximately S\$25,733,000) which is equivalent to IDR 1,000,000 per square metre (the "**Sale Consideration**").

The Down Payment was decided by the Buyer and PT KP on a willing-buyer-willing-seller basis and constitutes 50% of the Sale Consideration.

The balance of the Sale Consideration (after deducting the Down Payment) of IDR 135,637,000,000 (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, the Land Valuation and the rationale for the Proposed Disposal as disclosed in Section 4.4.

As at the Latest Practicable Date, the Company expects to incur the following fees in relation to the Proposed Disposal:

- (i) applicable tax of approximately IDR 6,781,850,000 (which is approximately S\$650,000); and
- (ii) approximately S\$150,000 payable to the professionals (including the lawyers, the Independent Valuer and the IFA).

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4.4 Rationale for the Proposed Disposal and Use of Proceeds

- (a) The Board is of the view that the Proposed Disposal is in the best interests of the Company and its Shareholders as:
- (i) 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;
 - (ii) the Proposed Disposal is in line with the Company's intention to diversify into the Renewal Energy Business; and
 - (iii) the Sale Consideration will also provide another source of capital expenditure, development cost, and working capital for the Renewal Energy Business.

(b) **Use of Proceeds**

It is intended that the proceeds from the Proposed Disposal will be deployed as capital expenditure, development cost, and working capital for the Renewable Energy Business.

4.5 Application of Chapter 10 of the Listing Manual to the Proposed Disposal

The relative figures for the Proposed Disposal, computed on the bases set out in Rule 1006 of the Listing Manual 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 (%) ⁽¹⁾
(a)	Net asset value of the assets to be disposed of, compared with the Group's net asset value.	27.53% ⁽²⁾
(b)	Net profit attributable to the assets disposed of, compared with the Group's net profits	0% ⁽³⁾
(c)	Aggregate value of the consideration ⁽⁴⁾ given compared with the Company's market capitalisation ⁽⁵⁾ of approximately S\$179,190,219 based on the total number of issued shares in the Company, excluding treasury shares	14.36% ⁽⁴⁾⁽⁵⁾
(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 ⁽⁶⁾
(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 ⁽⁷⁾

Notes:

- (1) Percentage figures are rounded to the nearest two (2) decimal places.

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- (2) Derived from the Sale Consideration of Land of approximately S\$25,733,000⁽⁴⁾, compared with the Group's net asset value as at 30 June 2021 of approximately S\$93,489,000.
- (3) 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 PT KP's acquisition of the Land, and as a result, no revenue has been generated from the Land.
- (4) 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.
- (5) "market capitalisation" is calculated by the number of ordinary shares in the capital of the Company (excluding treasury shares) (2,986,503,650 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.
- (6) Not applicable, as the Company is not issuing any equity securities as consideration.
- (7) Not applicable, as the Company is not a mineral, oil and gas company.

As the relative figure 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 is required in respect of the Proposed Disposal.

4.6 Financial effects of the Proposed Disposal

(a) Illustrative Nature of Financial Effects

The financial effects of the Proposed Disposal on the NTA per share and EPS of the Company have been prepared based on the Group's audited financial statements for 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.

(b) 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

(c) 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:

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	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

(d) 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.

4.7 The Proposed Disposal as an Interested Person Transaction

(a) Details of the Interested Persons

As stated in Section 4.2(b) of this Circular, as at the Latest Practicable Date, the Buyer is 87.40% owned by Bayan Resources. As at the Latest Practicable Date,

- (i) each of Dato Low and LYN (who is the Chief Executive Officer, Managing Director and a shareholder of the Company and the son of Dato Low) holds 55.13% and 0.17% of the issued share capital of Bayan Resources respectively. Dato Low and LYN are therefore deemed to be interested in the share capital of the Buyer;
- (ii) EL (who is a non-executive and non-independent Director of the Company and the daughter of Dato Low) is a Commissioner of the Buyer;
- (iii) Dato Low 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
- (iv) as a result of Dato Low’s and LYN’s deemed interest in the Buyer, the Buyer is considered an associate of each of Dato Low, LYN and EL and consequently, an “interested person” under Chapter 9 of the Listing Manual.

(b) Interested Person Transaction

Accordingly, the Proposed Disposal, which is a transaction between the Buyer (an Interested Person) and PT KP (being a subsidiary of the Company and thus an Entity at Risk), constitutes an Interested Person Transaction under Chapter 9 of the Listing Manual.

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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. The total aggregate value of all Interested Person Transactions entered into between the Company and all Interested Persons during the period for the (i) 12 months ended 31 December 2021; and (ii) from 1 January 2022 to the Latest Practicable Date are as follows:

Name of Interested Person	Aggregate value (S\$'000) of all IPTs during the period ended 31 December 2021 ⁽¹⁾	Aggregate value (S\$'000) of all IPTs under Shareholders' mandate pursuant to Rule 920 of the Listing Manual ⁽²⁾ during the period ended 31 December 2021	Aggregate value (S\$'000) of all IPTs during the period from 1 January 2022 to the Latest Practicable Date ⁽¹⁾	Aggregate value (S\$'000) of all IPTs under Shareholders' mandate pursuant to Rule 920 of the Listing Manual ⁽²⁾ during the period from 1 January 2022 to the Latest Practicable Date
KaiYi Investment Pte. Ltd.				
– Lease of office premises	–	(135)	–	(25)
– Interest expense	–	– ⁽⁴⁾	–	(53) ⁽⁵⁾
PT Dermaga Perkasapratama⁽³⁾				
– Sale of electricity	5,005	–	425	–

Notes:

- (1) Excluding transactions less than S\$100,000 and transactions conducted under Shareholders' mandate pursuant to Rule 920 of the Listing Manual.
- (2) Excluding transactions less than S\$100,000.
- (3) On 29 June 2016, Shareholders approved the agreements (including a power purchase agreement) entered into by PT KP, a subsidiary company, for the sale of electricity to PT Dermaga Perkasapratama. The terms of the power purchase agreement have been complied with for the period ended 31 December 2021. For clarity, PT Dermaga Perkasapratama is also the Buyer in relation to the Proposed Disposal.
- (4) The interest expense relates to the shareholder's loan extended by KaiYi for the purpose of the acquisition of Athena Group. The loan was extended to the Company in October 2021 and its aggregate value of the interest expense for FY2021 is less than S\$100,000.
- (5) While the value of the interest expense for the foregoing shareholder's loan up to the Latest Practicable Date is below S\$100,000, the full year interest expense is expected to be more than S\$100,000.

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 minority Shareholders being obtained at the EGM.

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(c) **Appointment of Independent Valuer and Independent Financial Adviser**

As mentioned in Section 4.2(c) of this Circular, PT KP has appointed KJPR as the Independent Valuer to conduct the Land Valuation in accordance with the property valuation standards as stipulated under the Listing Manual and to issue the summary of the Independent Land Valuation Report and the Independent Land Valuation Report, of which is reproduced and appended as **Appendix A** and **Appendix B** to this Circular, respectively.

The Company has appointed W Capital Markets Pte. Ltd. as the IFA to advise the Independent Directors and the Audit Committee on the Proposed Disposal as an Interested Person Transaction. Having regard to the considerations set out in the IFA Letter as set out in **Appendix C** to this Circular and the information available to the IFA as at the Latest Practicable Date, the IFA is of the opinion that the Proposed Disposal is on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.

(d) **Audit Committee Statement**

The Audit Committee has considered, amongst others, the terms, rationale and benefits of the SPA and the opinion of the IFA Letter as set out in **Appendix C** to this Circular, and is of the view that the Proposed Disposal is on normal commercial terms and is not prejudicial to the interests of the Company and its minority Shareholders.

(e) **Independent Valuer's Consent**

The Independent Valuer has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of its name and all references thereto and the summary of the Independent Land Valuation Report and the Independent Land Valuation Report reproduced in **Appendix A** and **Appendix B** to this Circular, respectively, in the form and context in which they appear in this Circular and to act in such capacity in relation to this Circular.

(f) **IFA's Consent**

The IFA has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of its name and all references thereto and the IFA Letter reproduced in **Appendix C**, in the form and context in which it appears in this Circular and to act in such capacity in relation to this Circular.

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5. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, the interests of the Directors and Substantial Shareholders in issued voting Shares are as follows:

	Direct Interest		Deemed Interest		Total
	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽¹⁾	% ⁽¹⁾
Directors					
Low Yi Ngo or LYN ⁽²⁾	5,980,200	0.20	1,849,521,700	61.64	61.84
Tang Kin Fei	–	–	–	–	–
Elaine Low or EL ⁽³⁾	–	–	1,849,521,700	61.64	61.64
Tung Zhihong, Paul	–	–	–	–	–
Lee Fook Choon	300,900	0.01	–	–	0.01
Henry Wong Chuen Yuen	–	–	–	–	–
Ajaib Hari Dass	–	–	–	–	–
Substantial Shareholders (other than Directors)					
Dato' Dr. Low Tuck Kwong or Dato Low ⁽⁴⁾	373,637	0.01	2,425,639,590	80.84	80.85
Wang Kai Lai	–	–	831,736,700	27.72	27.72
Energy Resource Investment Pte. Ltd. or ERI	830,046,700	27.66	–	–	27.66
Kaiyi Investment Pte Ltd or KaiYi	1,019,475,000	33.97	–	–	33.97

Notes:

- (1) The shareholding interest is calculated based on the total issued and paid-up share capital of the Company comprising 3,000,701,100 Shares (excluding treasury Shares) as at the Latest Practicable Date.
- (2) Mr. Low Yi Ngo is deemed interested in 1,849,521,700 shares, of which 830,046,700 shares are held by ERI through his 33.3% shareholding interest in ERI and 1,019,475,000 shares are held by KaiYi through his 34.22% shareholding interest in KaiYi.
- (3) Ms Elaine Low is deemed interested in (i) the 830,046,700 shares held by ERI through her 33.3% shareholding interest in ERI; and (ii) the 1,019,475,000 shares held by KaiYi through her 34.22% shareholding interest in KaiYi.
- (4) Dato' Dr. Low Tuck Kwong is deemed interested in 2,425,639,590 shares, of which (i) 574,427,890 shares are registered in the name of Raffles Nominees (Pte) Limited, (ii) 1,690,000 shares are held by his spouse, registered in the name of Citibank Nominees Singapore Pte Ltd, (iii) 830,046,700 shares which are held by ERI through the 33.3% shareholding interest in ERI held by his spouse, and (iv) 1,019,475,000 shares held by Kaiyi through his 10.46% shareholding interest in Kaiyi and 16.16% shareholding interest in KaiYi held by his spouse.
- (5) Madam Wong Kai Lai is deemed interested in 831,736,700 shares of which (i) 1,690,000 shares are registered in the name of Citibank Nominees Singapore Pte Ltd and (ii) 830,046,700 shares which are held by ERI through her 33.3% shareholding interest in ERI.

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6. EXTRAORDINARY GENERAL MEETING

The EGM, notice of which is set out in this Circular, will be held by way of electronic means on Wednesday, 9 March 2022 at 9:30 a.m. for the purpose of considering and, if thought fit, passing the Ordinary Resolutions set out in the Notice of EGM.

In line with the provisions of the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020, no printed copies of this Circular (including the Notice of EGM and the Proxy Form) will be despatched to Shareholders. A copy of this Circular (including the Notice of EGM and the Proxy Form) have been uploaded on SGXNet and may also be accessed at the Company's website at the URL www.manhattan.sg.

7. ACTIONS TO BE TAKEN BY SHAREHOLDERS

7.1 No attendance at EGM

To minimise physical interactions and COVID-19 transmission risks, Shareholders will not be able to attend the EGM in person.

7.2 Alternative Arrangements

Shareholders will be able to observe and/or listen to the EGM proceedings through a "live" audio-video webcast or "live" audio-only stream via their mobile phones, tablets or computers, submit questions "live" or in advance of the EGM and vote "live" or by appointing the Chairman of the EGM as proxy to attend, speak and vote on their behalf at the EGM.

To do so, Shareholders will need to complete the following steps:

(a) Pre-registration

All Shareholders must pre-register at the pre-registration website at <https://globalmeeting.bigbangdesign.co/manhattanresources2022egm/> from now till 9:30 a.m. on 7 March 2022 (the "Pre-Registration Deadline") to enable the Company to verify their status as Shareholders. Investors holding shares through relevant intermediaries (as defined in Section 181 of the Companies Act (other than CPFIS Investors and/or SRS Investors)) will not be able to pre-register at the above website, for the "live" audio-video webcast or "live" audio-only stream of the EGM. An investor (other than CPFIS Investors and/or SRS Investors) who wishes to participate in the "live" audio-video webcast or "live" audio-only stream of the EGM should instead approach his/her/its relevant intermediary as soon as possible in order for the relevant intermediary to make the necessary arrangements to pre-register. The relevant intermediary is required to submit a consolidated list of participants (setting out in respect of each participant, his/her/its name, email address and NRIC/Passport/UEN number) to the Share Registrar, B.A.C.S. Private Limited, via email to main@zicoholdings.com no later than 9:30 a.m. on 7 March 2022.

Following the verification, authenticated Shareholders will receive an email by **9:30 a.m. on 8 March 2022** containing login credentials and the link to access the "live" audio-video webcast or "live" audio-only stream of the EGM (the "**Confirmation Email**"). As this is a private meeting, Shareholders must not disclose such details to others. Shareholders who have pre-registered by the Pre-Registration Deadline but

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have not received the Confirmation Email by **9:30 a.m. on 8 March 2022**, should contact the Company's webcast vendor, Big Bang Design Pte Ltd, by email at webcast@bigbangdesign.co for assistance. The Company advises all Shareholders to pre-register as early as possible.

Shareholders who would have been able to be appointed as proxies by relevant intermediaries under Section 181(1C) of the Companies Act, such as CPFIS Investors and SRS Investors, should approach their CPF Agent Banks or SRS Agent Banks, to participate in the "live" audio-video webcast or "live" audio-only stream of the EGM.

(b) Submission of Questions

Submission of questions. Shareholders, including CPFIS Investors and SRS Investors, can submit substantial and relevant questions related to the resolutions to be tabled for approval at the EGM to the Chairman of the EGM, "live" at the EGM, or in advance of the EGM in the following manner:

- (i) **Via the pre-registration website.** Shareholders who pre-register to observe and/or listen to the EGM proceedings may submit their questions via the pre-registration website at <https://globalmeeting.bigbangdesign.co/manhattanresources2022egm/>.
- (ii) **Via email.** Shareholders may submit their questions via email to agm@manhattan.sg.
- (iii) **By post.** Shareholders may also submit their questions by post to the Company's registered office at 133 New Bridge Road, #18-09 Chinatown Point, Singapore 059413. When sending in your questions by post, Shareholders should provide the Company with the following details:
 - (A) their full name;
 - (B) their address; and
 - (C) the manner in which they hold Shares in the Company (e.g., via CDP, CPFIS or SRS).

Deadline to submit questions. All questions must be submitted by the **Pre-Registration Deadline**. Shareholders must pre-register to ask substantial and relevant questions "live" at the EGM. Verified Shareholders (including CPFIS Investors and SRS Investors) can also ask substantial and relevant questions related to the resolutions to be tabled for approval at the EGM, "live" at the EGM, by typing in and submitting their questions via electronic means at the live-streaming platform.

Addressing questions. The Company will endeavour to address all substantial and relevant questions received from Shareholders prior to the EGM via SGXNet and on the Company's website or during the EGM through "live" audio-visual webcast and "live" audio-only stream.

Minutes of EGM. The Company will publish the minutes of the EGM on its corporate website and on SGXNet, and the minutes will include the responses to substantial and relevant questions from shareholders which are addressed during the EGM within one month from the meeting.

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(c) Live Voting

Shareholders (except a relevant intermediary (as defined in Section 181 of the Companies Act)) may cast their votes for each resolution “live” at the EGM. Unique access details for “live” voting will be provided to Shareholders who have pre-registered at <https://globalmeeting.bigbangdesign.co/manhattanresources2022egm/> and who have been verified to attend the EGM.

(d) Voting via the appointment of the Chairman of the EGM

As an alternative to “live” voting, a Shareholder (whether individual or corporate and including a relevant intermediary as defined in Section 181 of the Companies Act, which includes CPFIS Investors and/or SRS Investors) may appoint the Chairman of the EGM as his/her/its proxy to attend, speak and vote on his/her/its behalf at the EGM if such Shareholder wishes to exercise his/her/its voting rights at the EGM.

In appointing the Chairman of the EGM as proxy, a Shareholder (whether individual or corporate and including a relevant intermediary as defined in Section 181 of the Companies Act, which includes CPFIS Investors and/or the SRS Investors) must submit his/her/its instrument appointing the Chairman of the EGM (i.e. the Proxy Form) together with the power of attorney or other authority under which it is signed (if applicable) or a duly certified copy thereof, to vote on his/her/its behalf. A Shareholder must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the proxy form, failing which the appointment of the Chairman of the EGM as proxy for that resolution will be treated as invalid.

Submission of Proxy Forms. Proxy Forms must be submitted in the following manner:

- (i) if submitted in hard copy and sent by post, the Proxy Form must be lodged at the Company’s registered office at 133 New Bridge Road, #18-09 Chinatown Point, Singapore 059413; or
- (ii) if submitted electronically, the Proxy Forms must be submitted via email to the Company at agm@manhattan.sg,

in either case, at least 48 hours before the time for holding the EGM, by no later than **9:30 a.m. on 7 March 2022 (the “Proxy Deadline”)**.

Shareholders who wish to submit an instrument of proxy must first download, **complete and sign the** Proxy Forms, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.

Investors who hold their Shares through relevant intermediaries as defined in Section 181 of the Companies Act (including CPFIS Investors and SRS Investors) and who wish to exercise their votes by appointing the Chairman of the EGM as proxy should approach their respective relevant intermediaries (including their respective CPF Agent Banks or SRS Agent Banks) to submit their voting instructions by **9:30 a.m. on 28 February 2022** in order to allow sufficient time for their respective relevant intermediaries to in turn submit a Proxy Form to appoint the Chairman of the EGM to vote on their behalf **no later than the Proxy Deadline**.

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In view of the current COVID-19 situation and the related safe distancing measures which may make it difficult for Shareholders to submit completed Proxy Forms by post, shareholders are strongly encouraged to submit completed Proxy Forms electronically via email.

The Company shall be entitled to, and will, treat any valid instrument appointing the Chairman of the EGM as proxy which was delivered before 9:30 a.m. on 7 March 2022 as a valid instrument appointing the Chairman of the EGM as the Shareholder's proxy to vote at the EGM if:

- (i) the Shareholder had indicated how he/she/it wished to vote for or against or abstain from voting on each resolution; and
- (ii) the Shareholder has not withdrawn the appointment. A Shareholder may withdraw an instrument appointing the Chairman of the EGM as proxy by sending an email to the Company at agm@manhattan.sg to notify the Company of the withdrawal, **no later than the Proxy Deadline.**

8. ABSTENTION FROM VOTING

Pursuant to Rule 919 of the Listing Manual, to the extent that they are Shareholders, KaiYi, ERI, Dato Low, LYN and EL will abstain, and will procure that their respective Associates will abstain, from voting at the EGM on Ordinary Resolution 3 relating to the Proposed Disposal.

9. DIRECTORS' RECOMMENDATIONS

9.1 The Proposed Diversification

The Directors, having carefully considered, *inter alia*, the benefits and rationale of the Proposed Diversification, are of the opinion that the Proposed Diversification is in the best interests of the Company and accordingly recommend that Shareholders vote in respect of Ordinary Resolution 1 as set out in the Notice of EGM.

9.2 The Proposed Huafu EPC

The Directors, having carefully considered, *inter alia*, the benefits and rationale of the Proposed Huafu EPC, are of the opinion that the Proposed Huafu EPC is in the best interests of the Company and accordingly recommend that Shareholders vote in respect of Ordinary Resolution 2 as set out in the Notice of EGM.

9.3 The Proposed Disposal

The Directors (except for LYN and EL, who are interested in the Proposed Disposal, and shall abstain from making any recommendations), having carefully considered, *inter alia*, the rationale and the terms of the SPA, as well as the opinion and advice of the IFA, are of the opinion that the Proposed Disposal is in the best interests of the Company and accordingly recommend that minority Shareholders vote in respect of Ordinary Resolution 3 as set out in the Notice of EGM.

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10. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

Save as disclosed in this Circular, none of the Directors or the Controlling Shareholders of the Company has any interest, direct or indirect, in the subject matter of any of the Proposals, otherwise than through their respective shareholdings (if any) in the Company.

11. DIRECTORS' SERVICE CONTRACTS

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

12. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Circular and confirm after making all reasonable enquiries, that to the best of their knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the Proposals, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Circular misleading. Where information in the Circular has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in the Circular in its proper form and context.

13. DOCUMENTS FOR INSPECTION

Copies of the following documents may be inspected at the Company's registered office at 133 New Bridge Road, #18-09 Chinatown Point, Singapore 059413, during normal business hours from the date hereof up to and including the date of the EGM:

- (a) the annual report of the Company for FY2020;
- (b) the SPA;
- (c) the summary of the Independent Land Valuation Report as set out in **Appendix A** of this Circular;
- (d) the Independent Land Valuation Report as set out in **Appendix B** of this Circular;
- (e) the IFA Letter as set out in **Appendix C** of this Circular; and
- (f) the letters of consent referred to in Sections 4.7(e) and 4.7(f) of this Circular.

LETTER TO SHAREHOLDERS

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 documents.

Yours faithfully

For and on behalf of
the Board of Directors of
Manhattan Resources Limited

Tung Zhihong, Paul
Independent Director

APPENDIX A – SUMMARY OF THE INDEPENDENT LAND VALUATION REPORT



JIMMY PRASETYO & REKAN

Jakarta, 09 December 2021

To: Board of Directors

PT KARIANGAU POWER

Jalan MT Haryono No. 09/10

Blok D4, Balikpapan Baru

Balikpapan – East Kalimantan

Land Valuation Report

Dear Sir/Madam,

1) Introduction

KJPP Jimmy Prasetyo & Rekan has been appointed by the Board of Directors of PT Kariangau Power to conduct valuation and provide opinion regarding property Market Value of PT KARIANGAU POWER, in which the appraisal is conducted based on considerations for the purpose of a proposed sale and purchase transaction.

We have conducted examination and valuation of the property which is *a vacant land with an approximate area of 271, 274 meter square* located in RT 008, Kelurahan Kariangau, Kecamatan Balikpapan Barat, Kota Balikpapan – East Kalimantan. The land data is as follows:

- Hak Guna Bangunan (HGB) No. 476, Measurement Letter/*Surat Ukur*, No. 00016/Kariangau/2011, dated 22 August 2011, which covered land with an area of145.156 m²
- Hak Guna Bangunan (HGB) No. 477, Measurement Letter/*Surat Ukur*, No. 00017/Kariangau/2011, dated 22 August 2011 which covered land with an area of126.118 m²

Total Land Area271.274 m²

This letter is a summary containing information of our Independent Valuation Report dated 9 December 2021 (the “**Valuation Report**”). Accordingly, this letter and its contents should be read in conjunction with the full text of the Valuation Report.

2) Use of our Valuation Report and summary valuation letter

Our work will be carried out solely for the purpose of assisting you in connection with the proposed sale and purchase transaction. This letter and the Valuation Report resulting from our work may not be used for any other purpose or by any other person, referred to in any document or made available to any party (other than your professional advisers acting in that capacity) without our prior written consent (such consent not to be unreasonably withheld) (including without limitation, the shareholders of the Company, and the prospective investors) except for the purpose of any matter relating to the proposed sale and purchase transaction (including making references to and reproduction in the Circular and being made

APPENDIX A – SUMMARY OF THE INDEPENDENT LAND VALUATION REPORT

available for inspection). Any recommendation made by the Directors to the shareholders of the Company shall remain the responsibility of such Directors.

3) Valuation Methodology

The valuation is prepared in accordance with Indonesian Valuation Standard/*Standar Penilaian Indonesia (SPI) Edition VII- 2018*, where the appropriate valuation basis for the purpose of this appraisal is Market Value. *Standar Penilaian Indonesia* defines Market Value as follows:

Market Value is the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in arm's length transaction after proper marketing where the parties have each acted knowledgeably, prudently and without any compulsion. (SPI 101-3.1)

According to the appendix of SPI 103 in column 3, the valuation of this property is a vacant land for the purpose of sale and purchase transaction. Therefore, the value basis is the Market Value and its definition source. (SPI 101-3.1)

We affirm that in this valuation we do not take into account costs and taxes arise from the sale and purchase transaction in line with *Standar Penilaian Indonesia*.

We have adopted the Market Approach considering that the appraised property is a vacant land and we have obtained several comparison data to attain the value indication by comparing asset with another identical or comparable asset where price information exists. (SPI 106-6.1.a).

We have used the Market Data Comparison Method under the Market Approach, which is also known as Guideline Transaction Method in the business valuation and Direct Comparison Method in the property valuation. This method uses the information from transaction or offer which involve the same or similar asset towards the asset being valued to achieve the value indication. (SPI 106-6.2.a)

Such valuation depends on the following matters:

- (a) The value mentioned in this report and each of their value in the report only applies for the purpose and objective of valuation. The value used in this valuation report may not be used for the purpose of other valuation which may cause mistake.
- (b) Valuation object is equipped with valid legal document on land ownership right/title which is transferable by law and free from any encumbrance, suit or any kind of hindrance, other than which expressed herein.

APPENDIX A – SUMMARY OF THE INDEPENDENT LAND VALUATION REPORT

4) Conclusion

Based on the applied valuation method, namely **Market Approach**, as well as observing the fundamental considerations and factors associated with this valuation, therefore in our opinion, the amount of:

Rp 246, 859, 340,000

(Two hundred forty-six billion eight hundred fifty-nine million
three hundred forty thousand Rupiah)

is the Market Value of the aforementioned land, as of 3 December 2021.

In the valuation of this property, we assume that the land certificate or the documents associated to this property are in good condition, can be traded, and free from any dispute or other bond.

We did not conduct any investigation and it is not within our responsibility, should there be any issues which related to the ownership or debt on such appraised property.

5) Valuer's Credentials

KJPP Jimmy Prasetyo & Rekan is an independent valuer registered as a member of the Indonesian Society of Appraisers (MAPPI). KJPP Jimmy Prasetyo & Rekan has a business license (No. 2.09.0031) for Kantor Jasa Penilai Publik (Public Appraisal Service Firm) and Rekan, a partner of KJPP Jimmy Prasetyo & Rekan carries a License Appraisal Certificate (No. P-1.09.00087) granted by the Finance Minister of the Republic Indonesia.

6) Compliance with the Listing Manual

We confirm that the Valuation Report was prepared in accordance with the relevant local standards for real property prescribed by a recognised professional body or relevant authority in Indonesia, the country where the property the subject of the Valuation Report is located.

Sincerely,

KJPP JIMMY PRASETYO & REKAN

No. MAPPI	:	87-S-00047
No. Public Appraiser License	:	P-1.09.00087
No. Register	:	RMK-2017.00082

APPENDIX B – THE INDEPENDENT LAND VALUATION REPORT



Jakarta, 09 December 2021

No. File : 03875/2/0031-00/PI/02/0087/I/XII/2021

Subject : Property Appraisal

To: Board of Directors
PT KARIANGAU POWER
Jalan MT Haryono No. 09/10
Blok D4, Balikpapan Baru
Balikpapan – East Kalimantan

Dear Sir/Ma'am,

In accordance with the accepted assignment by Letter of Offer which was approved Number. 21.11.779.P.663-D/JTP, dated 30 November 2021, to conduct appraisal and to provide opinion regarding the Market Value of property of PT KARIANGAU POWER, in which the appraisal is done based on considerations for the purpose of sell and purchase transaction.

We have conducted inspection and appraisal to such property which is *an empty land area with an approximate area of 271, 274 meter square* located in RT 008, Kelurahan Kariangau, Kecamatan Balikpapan Barat, Kota Balikpapan – East Kalimantan.

Market Value is an estimate amount of money which may be obtained or paid for the exchange of an asset or liability upon the appraisal date, between a purchaser who is interested to buy with a seller who intend to sell, where both parties respectively act on the basis of understanding, prudence and without coercion (SPI 1011-3.1).

Based on the applied valuation method as well as observing the basic considerations and factors associated with this valuation, in our opinion, the amount of:

Rp 246, 859, 340,000

(Two hundred forty-six billion eight hundred fifty-nine million three hundred forty thousand Rupiah)

is the Market Value of the aforementioned land, as of 3 December 2021.

In the property appraisal, we assume that the land certificate or the documents which related to the property, are in good condition, can be traded, and free from any dispute or other bond.

Complete explanation concerning the property, applicable Valuation Approaches, market data and other explanation which related to the appraisal may be seen in the section which titled "VALUATION REPORT".

APPENDIX B – THE INDEPENDENT LAND VALUATION REPORT

We do not conduct any investigation and it is not within our responsibility, should there be any issues which related to the ownership or debt on such appraised property.

We reiterate that we are not making any gain, either currently or in the future, from the appraised property or of the value which obtained.

Sincerely,
KJPP JIMMY PRASETYO & REKAN
Chief Partner

No. MAPPI	:	87-S-00047
No. Public Appraiser License	:	P-1.09.00087
No. Register	:	RMK-2017.00082
Classification	:	Property Appraiser

APPENDIX B – THE INDEPENDENT LAND VALUATION REPORT

APPRAISAL STATEMENT

Within the limits of our capabilities and conviction as the Appraiser, as well as we act independently, we hereby declare that:

1. The factual statement which presented in the Valuation Report is true and accurate to the best of our knowledge.
2. The analysis, opinion and conclusion are limited to the assumption and condition that are reported, impartial and has no conflict of interest.
3. The Appraiser has no interest towards the appraised property, either in the present or in the future, whether personal interest or taking side to any party who have interest towards the appraised property.
4. The Appraiser's service fee does not relate to the reported valuation result.
5. The appointment in the assignment has been previously agreed with the Assignor.
6. The appraisal is done in compliance with the provisions of KEPI and SPI.
7. The Appraiser has fulfilled the requirement of professional education which determined and/or held by the Appraiser Association as acknowledged by the Government.
8. The Appraiser has done the following scope of work:
 - Identification of problem (limitation of purpose, object, definition and date of Valuation)
 - Data collection and interviews
 - Data analysis
 - Value estimation
 - Report writing
9. The Appraiser has the understanding regarding the location and type of appraised property.
10. The Appraiser has done inspection of the appraised property.
11. No other party, except which expressed in the Valuation Report, has made any conclusion and opinion in this Valuation Report.

APPENDIX B – THE INDEPENDENT LAND VALUATION REPORT

ASSUMPTION AND CONSTRAINT

1. IN THE SCOPE OF APPRAISAL, THE ASSET STATUS IS ASSUMED UNDER VALID OWNERSHIP CONDITION AND IS FREE FROM ANY DISPUTE, SPECIFIC AGREEMENT AND IS CLEAR FROM ANY ENCUMBRANCE AND MORTGAGE.
2. THE VALUATION REPORT IS VALID ONLY FOR THE PURPOSE OF VALUATION, AS SET FORTH.
3. ALL APPRAISED PROPERTIES ARE ASSUMED FREE AND CLEAR AND PROTECTED WITH LEGAL OWNERSHIP RIGHT, AND WE ASSUME THAT THE DOCUMENTS RELATED TO SUCH PROPERTY ARE IN GOOD CONDITION AND MARKETABLE.
4. WE DO NOT CONDUCT ANY INVESTIGATION WHETHER THE DOCUMENTS ARE FREE FROM ANY DISPUTE.
5. THE VALUATION SERVICE FEE DOES NOT DEPEND ON THE AMOUNT OF PROPERTY VALUE MENTIONED IN THE VALUATION REPORT.
6. THE VALUATION IS MADE BASED ON INSPECTION ON DATA AMN FACTS FROM THE APPRIASED PROPERTY FOLLOWING THE PREVAILING VALUATION METHOD.
7. THE AMOUNT AND LOCATION OF APPRIASED PROPERTY IS BASED ON THE DATA AND GUIDANCE PROVIDED BY THE ASSIGNOR.
8. WE DO NOT HAVE ANY INTEREST ON THE APPRAISED PROPERTY, WHETHER IN THE PRESENT OR FUTURE, AND WE ARE WILLING TO PRESENT THE REPORT TO SERVICE PROVIDER UNIT IF REQUIRED, TO BE FULLY RESPONSIBLE FOR THIS VALUATION REPORT AND TO PROVIDE INFORMATION TO BANK OR ANY PARTY WITH INTEREST.
9. THE VALUE IN THE VALUATION REPORT IS STATED IN INDONESIAN RUPIAH.
10. IN CONNECTION WITH THE RECENT CHANGE IN GLOBAL ECONOMIC AND FINANCE, SUCH AS THE OCCURRENCE OF COVID-19 WHICH IMPACTING THE CONDITION OF INDONESIA'S ECONOMY AND CAUSING VOLATILE (UNSTABLE) MARKET CONDITION, IT IS NECESSARY FOR US TO INFORM THAT THE VALUE WHICH WE PRESENTED IN THIS REPORT SHALL BE SUBJECT TO CHANGE.
11. WE DO NOT CONDUCT ANY INVESTIGATION ON ENVIRONMENTAL ISSUE RELATED TO POLLUTION. IF IT IS NOT OTHWERWISE INFORMED, OUR APPRAISAL IS BASED ON THE ASSUMPTION OF NO POLLUTION WHICH MAY IMPACT THE VALUE.
12. IN CONDUCTING THIS ASSET VALUATION, WE DO NOT VERIFY THE COMPLETION/ REQUIREMENTS WHICH MUST BE FULFILLED DULY AS FOR SALE AND PURCHASE TRANSACTION, AND THEREFORE IF THIS REPORT IS PURPOSED FOR SALE AND PURCHASE TRANSACTION, THEN THE PERTINENT PARTY SHALL VERIFY AND ENSURE THE FULFILLMENT OF SUCH REQUIREMENTS INCLUDING THE LEGALITY ASPECT IN IT.
13. IF THERE ARE ANY OTHER MATTERS IN CONNECTION WITH THIS VALUATION, THE COSTS INCURRED SHALL BE BORNE BY THE ASSIGNOR.
14. NEITHER PARTY SHALL HAVE THE RIGHT TO ANNOUNCE OR USE THE VALUATION REPORT FOR ANY PURPOSE WITHOUT ANY APPROVAL FROM THE REPORT OWNER.
15. THIS REPORT IS CONSIDERED NOT VALID WITHOUT ANY SIGNATURE OF CHIEF PARTNER OR PARTNER, AND THE STAMP OF KJPP JIMMY PRASETYO & REKAN.

APPENDIX B – THE INDEPENDENT LAND VALUATION REPORT

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Appendices

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APPENDIX B – THE INDEPENDENT LAND VALUATION REPORT

VALUATION REPORT

1. INTRODUCTION

1.1 Background

Based on agreed Letter of Offer No. 21.11.779.P.663-D/JTP, dated 30 November 2021, from KJPP JIMMY PRASETYO & REKAN, we have conducted the inspection and valuation of property owned by **PT KARIANGAU POWER**.

1.2 Status of Appraiser

The valuation is conducted by KJPP JIMMY PRASETYO & REKAN, an independent appraiser who is registered in the Professional Society of Indonesian Appraiser (MAPPI). KJPP JIMMY PRASETYO & REKAN has obtained business license as Kantor Jasa Penilai Publik (Public Appraisal Service Firm) from Ministry of Finance No. 2.09.0031, Partners (Rekan) of KJPP JIMMY PRASETYO & REKAN has obtained license as Public Appraiser from Minister of Finance.

KJPP JIMMY PRASETYO & REKAN is a Public Appraisal Service Firm which has the competency to conduct valuation on such asset, has no conflict of interest with the Assignor and valuation object, and is objective and impartial in conducting the appraisal.

1.3 Identity of Assignor and Report User

Assignor and Report User	: PT KARIANGAU POWER
Business Field	: Coal Power Plant
Address	: Jalan MT. Haryono No. 09/10, Blok D4, Balikpapan Baru, <i>Balikpapan – East Kalimantan</i>

1.4 Purpose and Objective

The valuation is made to provide an opinion regarding the *Market Value* of an vacant land for the purpose of sale and purchase transaction.

1.5 Object of Valuation

We carry out the valuation for a vacant land with an approximate area of *271,274 meter square* which located at *RT 008, Kelurahan Kariangau, Kecamatan Balikpapan Barat, Kota Balikpapan – Kalimantan Timur*.

1.6 Ownership Form

The ownership form of the valuation object is sole ownership.

APPENDIX B – THE INDEPENDENT LAND VALUATION REPORT

1.7 Value Basis

The valuation is prepared in accordance with Indonesian Valuation Standard/*Standar Penilaian Indonesia (SPI) Edition VII- 2018*, where the appropriate valuation basis for the purpose of this appraisal is Market Value. *Standar Penilaian Indonesia* defines Market Value as follows:

Market value is the estimate amount of money which gained or paid for the exchange of an asset or a liability on the valuation date, between the purchaser who intend to buy and the seller who intend to sell, in a transaction free from any ties, which duly marketed, where both parties respectively act upon their understanding, prudence and without any coercion. (SPI 101-3.1)

According to the appendix of SPI 103 in column 3, the valuation of this property is a vacant land for the purpose of sale and purchase transaction. Therefore the value basis is the Market Value and its definition source (SPI 101-3.1)

We affirm that in this valuation we do not take into account costs and taxes arise from the sale and purchase transaction in line with *Standar Penilaian Indonesia*.

1.8 Date of Inspection and Date of Valuation

The inspection of property was conducted on 03 December 2021 and such date is set as Date of Valuation.

1.9 Currency

We appraise the property by using Rupiah currency. We hereby remind that the use of other exchange value other than which mentioned herein is not valid.

1.10 Depth of Investigation

The valuation is conducted with the limitation of investigation as follows:

- a. Investigation is carried out through data collection process by inspection, review, calculation and analysis.
- b. We have conducted review, calculation and analysis, and assumed that there is no hidden information or which deliberately hidden.

1.11 Nature and Source of Reliable Information

Relevant information and data that do not require verification, may be approved to be used provided that such data source is published at the national or international level, such data source among others are:

- a. Data of City/Regional Government
- b. Information from electronic mass-media
- c. Data of demand and supply which serves as comparison whether in the form of transaction or offering.

APPENDIX B – THE INDEPENDENT LAND VALUATION REPORT

1.12 Assumption

Such valuation depends on the following matters:

- a. The value mentioned in this report and each of their value in the report only applies for the purpose and objective of valuation. The value used in this valuation report may not be used for the purpose of other valuation which may cause mistake
- b. Valuation object is equipped with valid legal document on land ownership right/title which is transferable by law and free from any encumbrance, suit or any kind of hindrance, other than which expressed herein.

1.13 Valuation Approach

We have adopted the Market Approach considering that the appraised property is a vacant land and we have obtained several comparison data to attain the value indication by comparing asset with another identical or comparable asset where price information exists. (SPI 106-6.1.a).

We have used the Market Data Comparison Method under the Market Approach, which is also known as Guideline Transaction Method in the business valuation and Direct Comparison Method in the property valuation. This method uses the information from transaction or offer which involve the same or similar asset towards the asset being valued to achieve the value indication. (SPI 106-6.2.a)

1.14 Requirement on Approval for Publication

The Valuation Report and/or the reference attached to it, is only intended for the assignor and report user as referred to in the scope of assignment. Any report user beyond the provisions of the scope of assignment herein, must obtain approval from KJPP JIMMY PRASETYO & REKAN and the Assignor.

1.15 Confirmation that Valuation is based on SPI

The analysis, opinion and conclusion made by the Appraiser, as well the Valuation Report, has been prepared in compliance with the provisions of Indonesian Appraiser Ethic Code/*Kode Etik Penilai Indonesia (KEPI)*, Standar Penilaian Indonesia (SPI) Edition VII-2018 and the prevailing legislations.

2. LAND

2.1 Location and Allocation

The land is located at the at the end of the South Entrance, at West Balikpapan.
East Longitude : 116.8024°
South Latitude : -1.1980°

The land location is approximately 4 km South West of 3-way junction of Jalan Kawasan Industri Kariangau (Jalan Sukarno-Hatta) and approximately 9.5 km to the North West of Balikpapan city center (Mayor office).

APPENDIX B – THE INDEPENDENT LAND VALUATION REPORT

The entrance located in front of the land is 15 meter width, made of gravels.

Land borderline:

- North : Entrance and Vacant Land
- East : Vacant Land
- West : Vacant Land
- South : Kariangau Power Plant (SHGB No. 478)

Based on information from the City planning and Housing Office of Balikpapan city, No. 0077/DTKP/BB/KRU, dated 27 January 2012, the land which is located at Teluk Tebang Kariangau is allocated for industrial region with the following provisions:

- Building Base Coefficient/*Koefisien Dasar Bangunan (KDB)*: 60%
- Building Floor Coefficient/*Koefisien Lantai Bangunan (KLB)*: 3, 4
- Building Height/*Ketinggian Bangunan (KB)*: 1 (one) floor
- River boundary line: 50 (fifty) meter from riverside

2.2 Condition and Surrounding Facilities

The buildings that stood in this area generally consist of power plant, factory and warehouse while the surrounding residents consist of low to medium income group.

In general, the road maintenance in the area is not well maintained, with road width between 10 meter to 30 meter, made of gravel and concrete.

Important buildings located near the property and be used as sign direction, among other:

- PT. KOMATSU REMANUFACTURING ASIA
- TERMINAL PETIKEMAS KARIANGAU
- PT. KUTAI CHIP MILL (KCM)
- PT. BES

Electricity facility is available in the area, but not telephone connection. There is public transportation passing Jalan Raya Kawasan Industri Kariangau (Jalan Soekarno-Hatta) which is located approximately 4 kilometer from the location.

APPENDIX B – THE INDEPENDENT LAND VALUATION REPORT

2.3 Land Data

The land has irregular shape, consisted of 2 (two) connected land pieces which located at Kelurahan Kariangau, Kecamatan Balikpapan Barat, Kota Balikpapan – Kalimantan Timur, registered as Building Use Rights/*Hak Guna Bangunan (HGB)* listed on behalf of PT KARIANGAU POWER, issued on 22 August 2011, expire on 06 September 2040 and elaborated as follow :

- Hak Guna Bangunan (HGB) No. 476, Measurement Letter/*Surat Ukur*, No. 00016/Kariangau/2011, dated 22 August 2011, which covered land with an area of 145.156 m²
- Hak Guna Bangunan (HGB) No. 477, Measurement Letter/*Surat Ukur*, No. 00017/Kariangau/2011, dated 22 August 2011 which covered land with an area of 126.118 m²

Total Land Area **271.274 m²**

Here we describe the situational image of land and photos of property and location map, which show the location of property.

In the image, we can see that the land has an approximate width of 6,220 meter and approximate length of 5,632 meter.

The land topography in general is flat and curvy, and its approximate height is 1 to 3 meter lower than the entrance surface.

2.4 Land Development

The land is currently not used for construction and is still an empty land area.

2.5 Highest and Best Use

Highest and Best Use/*Penggunaan Tertinggi dan Terbaik (HBU)* is defined as the most possible and optimal utilization of an asset which is physically allowed, after sufficiently considered, legally permitted, financially feasible and create the highest value of such asset. (KPUP 10.1)

APPENDIX B – THE INDEPENDENT LAND VALUATION REPORT

We elaborate as follow:

Legal Aspect Check

No	Aspect	Existing	Regulation	Remarks
1	Zoning	Empty Land Area	Industrial Zone	Not constructed yet
2	KDB	–	60%	Not constructed yet
3	KLB	–	3.4	Not constructed yet
4	KB	–	1 Floor	In accord
5	Ownership evidence	HGB No. 476, HGB No. 477	Has ownership evidence	In accord

Based on Legal Aspect Check, the regulation which stipulated by the City Planning Office of Balikpapan City, the allotment for this area is for industrial zone with KDB 60%, KLB 3.4 and KB 1 floor, meanwhile the land has not been constructed yet and is still an empty land area.

The land has legal ownership evidence, which is a Building Use Right/*Hak Guna Bangunan (HGB)*.

Based on the surrounding condition which is an industrial area and there are buildings of PLTU (Coal powered Power Plant), factory, warehouse, and if the asset is to be developed, it shall have Construction Building Permit (IMB) with the license as factory, then in our opinion, the asset location is legally feasible.

Physical Aspect Check

No	Aspect	Existing	Remarks
1	Location	RT 008, Kel. Kariangau, Kec, Balikpapan Barat, Kota Balikpapan – Kalimantan Timur	In accord
2	Access Facility	Has road access	In accord
3	Road Width	15 m	In accord
4	Land Shape	Irregular	In accord
5	Topography	Flat – Wavy	In accord
6	Land Area	271.274 m ²	Land has not been developed and is still an empty land area
7	Infrastructure & Facility	Electricity: PLN Telephone: Telkom Clean Water	Available

APPENDIX B – THE INDEPENDENT LAND VALUATION REPORT

With the consideration of irregular shape, site condition, the vast land area and the topography is flat – wavy, the site may be developed as main building. The area is also supported with complete infrastructure (road network), utility (electricity, clean water and telephone network), and public and social facility surrounding the location of valuation object. Accessibility from and to the location and the circulation of vehicle to various city activity centre is available. Therefore, in our opinion, it is feasible from the physical aspect check.

Financial Aspect Check

No	Aspect	Remarks
1	Market Analysis, supply and demand	Still become an alternative of investment choice
2	Price consideration and price trend	Relatively fair, the offering price for land is between Rp 800.000,- to Rp 1.100.000- per m ²
3	Use	Upper class investor target
4	Wish	Normal demand within period between 6 to 12 months
5	Scarcity	There are several properties offered in the market
6	Effective buying power	Local buying power is relatively stable

The financial aspect determination involves economic analysis towards the empty land area property market with regard to the growth projection for property supply and demand. Therefore, the development of industrial area is a feasible utilization financially.

In this valuation, we do not conduct Highest and Best Use Analysis in detail.

APPENDIX B – THE INDEPENDENT LAND VALUATION REPORT

2.6 Land Comparison Data

The land comparison data which we obtained and use as the basis of valuation are as follow:

Data		Location	Land		Price (Rp)	Remarks
No	Date		Certificate	Area (m ²)		
1	3-12-2021	Jalan Industri Karianggau (RT 008)	HGB	125.000	187.500.000.000,-	Offering
2	3-12-2021	Jalan Desa Karang Joang Km.13 (RT 38)	HGB	26.600	15.960.000.000,-	Offering
3	3-12-2021	Jalan Desa Salok Cina (RT 16)	HGB	25.000	17.500.000.000,-	Offering

From the above data, we carry out some adjustments to the factors such as offering, location, cut and fill, land and the position of entrance access to the land area and shape of land between the comparative data and valuation object.

Land Comparison Data Sketch



2.7 Property Market Commentary (Market Overview)

The appraised property is an empty land with property development surrounding the location shown a relatively stable development, as the property is located in area designated as Industrial Area. The existing surrounding facility such as road, school, hospital, shopping center, is adequate while the public facility provided by the government in the form of electricity, telephone lines and water installations is already available.

APPENDIX B – THE INDEPENDENT LAND VALUATION REPORT

Property supply around the location is normal.

The property has irregular shape, certificate and its topography is flat and wavy with approximate height of 1 to 3 meter lower than the road surface in front of it. Therefore, according to our analysis, the appraised property has sufficient absorption in the market. The selling price of land surrounding the area of Kelurahan Kariangau, where the property is located is between Rp 800,000,- to Rp 1,100,000,- per meter square.

2.8 Conclusion

Based on the fundamental considerations and factors associated with this valuation, in our opinion, the amount of *Rp 246.859.340.000,- (Two hundred forty six billion, eight hundred fifty nine million, three hundred forty thousand Rupiah)* is the Market Value of such land property.



South View Entrance to the PLTU Kariangau Power Area

APPENDIX B – THE INDEPENDENT LAND VALUATION REPORT



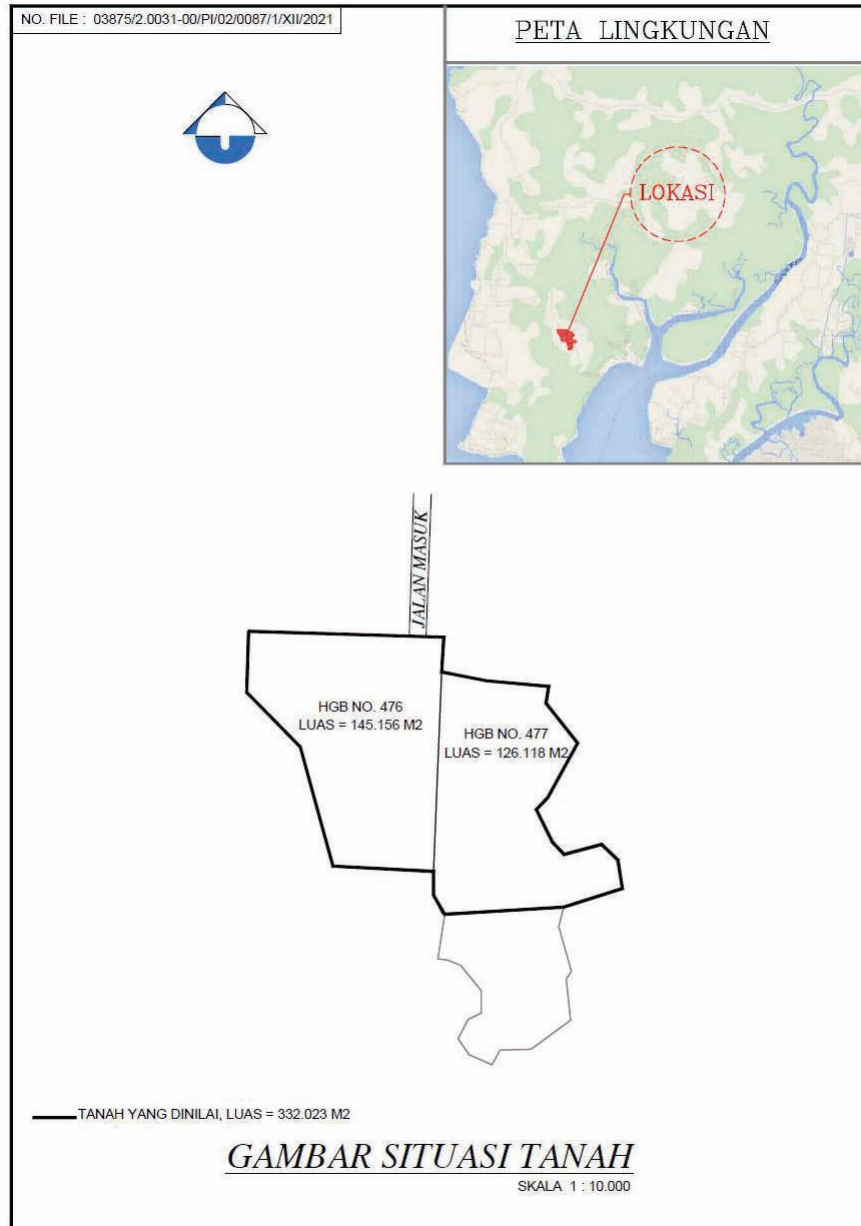
APPENDIX B – THE INDEPENDENT LAND VALUATION REPORT



APPENDIX B – THE INDEPENDENT LAND VALUATION REPORT



APPENDIX B – THE INDEPENDENT LAND VALUATION REPORT



APPENDIX C – THE IFA LETTER



W CAPITAL MARKETS PTE. LTD.

(Incorporated in the Republic of Singapore)
(Company Registration No. 201813207E)
65 Chulia Street, #43-01 OCBC Centre
Singapore 049513

22 February 2022

The Directors of Manhattan Resources Limited who are considered independent in relation to the Proposed Disposal (the “**Non-Interested Directors**”)

Tang Kin Fei	<i>(Non-Executive Non-Independent Board Chairman)</i>
Ajaib Hari Dass	<i>(Lead Independent Director)</i>
Tung Zhihong Paul	<i>(Independent Director)</i>
Lee Fook Choon	<i>(Independent Director)</i>
Henry Wong Chuen Yuen	<i>(Independent Director)</i>

Dear Sirs,

THE PROPOSED DISPOSAL OF TWO VACANT LAND PARCELS IN EAST KALIMANTAN TO PT DERMAGA PERKASAPRATAMA, AS A MAJOR TRANSACTION AND AN INTERESTED PERSON TRANSACTION

*Unless otherwise defined or the context otherwise requires, all terms used herein shall have the same meaning as defined in the circular to shareholder of the Company dated 22 February 2022 (the “**Circular**”).*

1. Introduction

On 9 December 2021 (“**Announcement Date**”), the Company announced that PT Kariangau Power (the “**Seller**” or “**PT KP**”), an indirect subsidiary of the Company, has entered into the sale and purchase agreement (“**SPA**”) with PT Dermaga Perkasapratama (the “**Buyer**”), for the sale of the following vacant land parcels (such land parcels, collectively the “**Land**”) to the Buyer: –

- (a) land based on Building Use Right Certificate No. 476 covering an area of 145,156 m², 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 m², Measurement Letter No. 00017/Kariangau/2011, at Kariangau Village, Balikpapan

(the “**Proposed Disposal**”).

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As at the Latest Practicable Date, the Buyer is 87.40% owned by PT Bayan Resources Tbk (“**Bayan Resources**”). Dato’ Dr. Low Tuck Kwong (“**LTK**”) and Mr. Low Yi Ngo (“**LYN**”) holds 55.13% and 0.17% of the issued share capital of Bayan Resources respectively and are therefore deemed to be interested in the share capital of the Buyer. LTK is also a controlling shareholder of the Company and LYN is the Chief Executive Officer, Managing Director and a shareholder of the Company and the son of LTK. Ms Elaine Low (“**EL**”), who is a Non-Executive Non-Independent Director of the Company and the daughter of LTK, is a Commissioner of the Buyer. Accordingly, the Buyer is considered an associate of each of LTK, LYN and EL and consequently, an “interested person” and the Proposed Disposal constitutes an “interested person transaction” under Chapter 9 of the Listing Manual.

As the value of the Proposed Disposal, being the Sale Consideration, exceeds 5% of the Group’s latest audited NTA as at 31 December 2020, the Proposed Disposal is subject to approval of minority shareholders (“**Minority Shareholders**”) at the EGM to be convened. In addition, based on the relative figures computed on the bases set out in Rule 1006(a) of the Listing Manual as disclosed in Section 4.5 of the Circular, the Proposed Disposal would constitute a “major transaction” and is subject to, amongst others, the approval of the Shareholders at the EGM to be convened.

Pursuant to Rule 921(4)(a) of the Listing Manual, the Company has appointed W Capital Markets Pte. Ltd. (“**W Capital**”) as the independent financial adviser (“**IFA**”) to express an opinion on whether the Proposed Disposal, being an interested person transaction (“**IPT**”), is on normal commercial terms and whether the Proposed Disposal is prejudicial to the interests of the Company and its Minority Shareholders, as well as advise the Non-Interested Directors for the purposes of making recommendations to the Minority Shareholders in respect of the Proposed Disposal. This letter (“**IFA Letter**”) sets out, *inter alia*, our evaluation and opinion on the Proposed Disposal and forms part of the Circular issued by the Company to its Shareholders in connection with the Proposed Disposal.

2. Terms of reference

W Capital has been appointed as the IFA to the Non-Interested Directors in respect of the Proposed Disposal as an IPT. We were not involved in or responsible for, in any aspect, the discussions in relation to the Proposed Disposal, nor were we involved in the deliberation leading up to the decision on the part of the directors of the Company (“**Directors**”) to enter into the Proposed Disposal. Further, we do not warrant the merits of the Proposed Disposal, other than to express an opinion on whether the Proposed Disposal as an IPT is on normal commercial terms and whether the Proposed Disposal is prejudicial to the interests of the Company and its Minority Shareholders, and our terms of reference do not require us to evaluate or comment on the legal, strategic, commercial and financial merits and/or risks (if any) of the Proposed Disposal.

In the course of our evaluation, we have held discussions with the management of the Company (“**Management**”) and have examined and relied to a considerable extent on publicly available information collated by us, as well as information provided and representations made to us, both written and verbal, by the Directors and/or the Management, including information contained in the Circular. We have not independently verified such information or representations, whether written or verbal, and accordingly cannot and do not make any representation or warranty, express or implied, in respect of, and do not accept any responsibility for the accuracy, completeness or adequacy of such information or representations. Whilst care has been exercised in reviewing the information on which we have relied on, we have not independently verified the information but

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nevertheless have made such reasonable enquiries and exercised our judgment on the reasonable use of such information and have found no reason to doubt the accuracy or reliability of the information. In this regard, we noted that the Directors have collectively and individually accepted full responsibility for the accuracy of the information given in the Circular as set out in the “Directors’ Responsibility Statement” in Section 12 of the Circular.

For the purpose of assessing the terms of the Proposed Disposal as an IPT, we have not relied upon any financial projections in respect of the Company and/or the Group and we have not conducted a comprehensive review of the business, operations and financial condition of the Group. We have not made any independent appraisal of the assets, liabilities and/or profitability of the Company and its subsidiaries (the “**Group**”) and we do not express a view on the financial position, future growth prospects and earning potential of the Company after the completion of the Proposed Disposal in accordance with the terms of the SPA. As such, we have relied on the disclosures and representations made by the Company on the value of the assets and liabilities and profitability of the Group. In this respect, we have been furnished with, *inter alia*, a valuation report dated 9 December 2021 (“**Independent Land Valuation Report**”) prepared by KJPP Jimmy Prasetyo & Rekan (the “**Independent Valuer**”), a licensed appraisal company in Indonesia to carry out an independent valuation of the market value of the Land as at a valuation date of 3 December 2021. As we are not experts in the evaluation or appraisal of the assets as set out in the Independent Land Valuation Report, we have placed sole reliance on the appraisal in relation to the market value of the Land as assessed by the Independent Valuer and as set out in the Independent Land Valuation Report.

Our opinion as set out in this Letter is based on market, economic, industry, monetary and other conditions (if applicable) prevailing as of 21 February 2022 (“**Latest Practicable Date**” or “**LPD**”) and the information and representations provided to us as of the Latest Practicable Date. We assume no responsibility to update, revise or reaffirm our opinion in light of any subsequent development after the Latest Practicable Date that may affect our opinion contained herein. Shareholders should take note of any announcement relevant to the Proposed Disposal, which may be released by the Company after the Latest Practicable Date.

In rendering our opinion and advice in relation to the Proposed Disposal, we did not have regard to the specific investment objectives, financial situation, tax position, risk profiles or unique needs and constraints of any individual Shareholder or any specific group of Shareholders. Accordingly, any individual Shareholder or group of Shareholders who may require specific advice in relation to his or their investment portfolio(s) should consult his or their legal, financial, tax or other professional adviser.

The Company has been separately advised by its own professional advisers in the preparation of the Circular (other than this Letter). We have had no role or involvement, and do not provide any advice (financial or otherwise), in the preparation, review and verification of the Circular (other than this Letter). Accordingly, we take no responsibility for and express no views, whether express or implied, on the contents of the Circular (other than this Letter).

We have prepared this Letter pursuant to the requirements under Rule 921(4)(a) of the Listing Manual as well as for the use of the Non-Interested Directors in connection with their consideration of the Proposed Disposal as an IPT and their advice to the Shareholders arising thereof. The recommendations made to Shareholders in relation to the Proposed Disposal remains the responsibility of the Non-Interested Directors.

Our opinion in relation to the Proposed Disposal should be considered in the context of the entirety of this Letter and the Circular.

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3. Information on the Seller and the Land

PT KP is an indirect subsidiary of the Company and holds the right to build 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: –

Land 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 principal business activities of PT KP relates to the operations of a coal-fired steam power plant in the Kariangau industry area, Balikpapan, East Kalimantan, Indonesia, which is located on Land No. 3. PT KP does not have any current business operations on the Land. For the avoidance of doubt, Land No.3 does not constitute part of the Proposed Disposal.

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 the Independent Valuer 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 (the “**Previous Land Valuation**”). The Land was previously reserved for the expansion of the power generation business of PT KP but has been vacant since the acquisition in 2016 and as a result, no revenue has been generated from the Land.

On 30 November 2021, PT KP has appointed the same Independent Valuer who performed the Previous Land Valuation to carry out an independent valuation of the market value of the Land as at a valuation date of 3 December 2021. The market value of the Land No.1 and Land No. 2 based on such valuation was IDR 132.1 billion (approximately S\$12.5 million) and IDR 114.8 billion (approximately S\$10.9 million) respectively, with an aggregate value of IDR 246.9 billion (approximately S\$23.4 million) (the “**Land Valuation**”).

4. Salient terms of the SPA

The summary of salient terms of the SPA can be found in Section 4.3 of the Circular and we recommend that Shareholders read those pages of the Circular carefully. We set out below the salient terms in relation to the SPA that we wish to highlight.

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4.1 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 (i.e. the Independent 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) (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 4.1(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 PT KP and the Buyer in writing). In the event that all the Conditions are not fulfilled and/or waived by PT KP or the Buyer (as the case may be) within six (6) months from the date of the SPA, the SPA shall automatically terminate, and PT KP shall be obliged to refund the Down Payment to the Buyer.

4.2 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\$25.72 million based on the exchange rate as at the Announcement Date of S\$1.00:IDR 10,547) (the “**Sale Consideration**”).

The balance of the Sale Consideration (after deducting the Down Payment which constitutes 50% of the Sale Consideration) 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, the Land Valuation and the rationale for the Proposed Disposal as disclosed in Section 4.4 of the Circular.

5. Evaluation of the Proposed Disposal

In arriving at our opinion on whether the Proposed Disposal is on normal commercial terms and whether the Proposed Disposal is prejudicial to the interests of the Company and its Minority Shareholders, we have given due consideration to, *inter alia*, the following:

- (i) Rationale for the Proposed Disposal;
- (ii) Assessment on the basis and justification of the Sale Consideration;
- (iii) Financial effects of the Proposed Disposal; and
- (iv) Other relevant considerations in relation to the Proposed Disposal.

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5.1 Rationale for the Proposed Disposal

We have considered the rationale by the Company for the Proposed Disposal which can be found in Section 4.4 of the Circular and have been extracted and set out in italics below:

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

- (i) 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;*
- (ii) the Proposed Disposal is in line with the Company’s intention to diversify into the Renewal Energy Business; and*
- (iii) the Sale Consideration will also provide another source of capital expenditure, development cost, and working capital for the pipeline C&I Projects for the Renewal Energy Business.”*

5.2 Assessment on the basis and justification of the Sale Consideration

The basis and justification of arriving at the Sale Consideration are set out in Section 4.3(b) of the Circular.

We note that the Sale Consideration of IDR 271,274,000,000 was arrived at on a willing-buyer and willing seller basis after taking into account, amongst other things, the prevailing market conditions, the Previous Land Valuation, the Land Valuation and the rationale for the Proposed Disposal as set out in Paragraph 5.1 of this IFA Letter. In this regard, it is noted that the Sale Consideration represents a premium of approximately 161.6% over the Previous Land Valuation which was conducted in 2016.

In connection with the Proposed Disposal, the Independent Valuer was appointed by the Company to assess and determine the market value of the Land as at the valuation date of 3 December 2021. The Independent Land Valuation Report is prepared in accordance to Indonesian Valuation Standard/Standar Penilaian Indonesia (SPI) Edition VII- 2018, where the basis of valuation adopted by the Independent Valuer is the “market value” of the Land, which is defined as:

“An estimate amount of money which may be obtained or paid for the exchange of an asset or liability upon the appraisal date, between a purchaser who is interested to buy with a seller who intend to sell, where both parties respectively act on the basis of understanding, prudence and without coercion.”

We note that the Independent Valuer has adopted the Market Approach as the only valuation approach in arriving at the market value of the Land given that the Land are vacant lots. Under the Market Approach, the Independent Valuer applied the Direct Comparison Method, whereby the indication of value of the Land is derived by using information from transactions or offers which involve the same or similar assets and adjusted for factors such as location, cut and fill, land and the position land area of entrance access and shape of land. The valuation of the Land is also based on assumption that the Land is equipped with valid legal document on land ownership right/title which is transferable by law and free from any encumbrance, suit or any kind of hindrance.

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Based on the Independent Valuer's investigation and analysis, the Independent Valuer is of the opinion that the market value of the Land derived from the Market Approach as at the valuation date of 3 December 2021 is IDR 246,859,340,000 (Two Hundred Forty-Six Billion Eight Hundred Fifty-Nine Million Three Hundred Forty Thousand Rupiah). In this regard, the Sale Consideration of IDR 271,274,000,000 represents a premium of IDR 24,414,660,000 (or approximately 9.9% premium) to the market value of the Land as assessed by the Independent Valuer.

It should be noted that the Land Valuation is based on various assumptions and limitations as set out in the Independent Land Valuation Report, and Shareholders are advised to read the above in conjunction with the summary of the Independent Land Valuation Report and the Independent Land Valuation Report in its entirety as set out in Appendix A and Appendix B to the Circular, respectively.

5.3 Financial effects of the Proposed Disposal

The financial effects of the Proposed Disposal on the Group's NTA per Share and earnings per Share ("EPS") of the Group are set out in Section 4.6 of the Circular and have been prepared based on the Group's audited financial statements for the financial year ended 31 December 2020 ("FY2020"). The financial effects are for illustrative purposes only and are not intended to reflect the actual future financial performance of position of the Group after the completion of the Proposed Disposal.

In summary, we note the following financial effects of the Proposed Disposal:

- (i) the Group's NTA per Share as at 31 December 2020 would increase from 2.81 Singapore cents before the Proposed Disposal to 3.37 Singapore cents after the Proposed Disposal, as a result of the recognition of the gain on disposal from the Proposed Disposal;
- (ii) notwithstanding that the net profit/loss attributable to the Land for the FY2020 is nil as the Land has been vacant, the Group's net profit for FY2020 would increase from S\$8.1 million before the Proposed Disposal to S\$24.3 million after the Proposed Disposal, as a result of the recognition of the gain on disposal from the Proposed Disposal; and
- (iii) accordingly, the Group's EPS would increase from 0.35 Singapore cents before the Proposed Disposal to 1.05 Singapore cents after the Proposed Disposal.

5.4 Other relevant considerations in relation to the Proposed Disposal

5.4.1 Gain arising from the Proposed Disposal and use of proceeds

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

The proceeds from the Proposed Disposal will be deployed as capital expenditure, development cost, and working capital with respect to the pipeline C&I Projects which were described in the Company's announcement dated 20 October 2021.

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5.4.2 No alternative offers from third parties

As at the Latest Practicable Date, the Directors have confirmed that they are not aware of any other formal offer or proposal from any third party to acquire the Land from the Company.

5.4.3 Abstention from voting

As set out in Section 8 of the Circular, LTK, LYN and EL shall abstain from, and procure that their associates abstain from, voting at the EGM, whether by representative or proxy, in respect of Ordinary Resolution 3 relating to the Proposed Disposal, and will not accept nominations as proxies in relation to such resolution unless the Minority Shareholders appointing them as proxies have given specific instructions in the relevant Proxy Forms on the manner in which their votes are to be cast for Ordinary Resolution 3.

6. OUR OPINION

In arriving at our opinion in relation to the Proposed Disposal, we have considered and evaluated factors which we deem to have significant relevance to our assessment, particularly the key factors which are described in more details in Paragraph 5 of this IFA Letter (which should be read in conjunction with, and in the full context of, the Circular and this IFA Letter), including, *inter alia*, the following:

- (i) The rationale for the Proposed Disposal, details of which are set out in Paragraph 5.1 of this IFA Letter;
- (ii) Assessment on the basis and justification of the Sale Consideration, details of which are set out in Paragraph 5.2 of this IFA Letter;
- (iii) Financial effects of the Proposed Disposal, details of which are set out in Paragraph 5.3 of this IFA Letter;
- (iv) Other relevant considerations, details of which are set out in Paragraph 5.4 of this IFA Letter.

Having regard to the foregoing considerations set out in this IFA Letter and information available to us as at the Latest Practicable Date, we are of the opinion that the Proposed Disposal, is on normal commercial terms and is not prejudicial to the interests of the Company and its Minority Shareholders.

Our opinion is prepared as required under Rule 906 of the Listing Manual as well as addressed to the Non-Interested Directors for their benefit and for the purpose of their consideration of the Proposed Disposal. The recommendation to be made by the Non-Interested Directors to the Minority Shareholders shall remain the responsibility of the Non-Interested Directors.

Whilst a copy of this Letter may be reproduced in the Circular, neither the Company, the Directors nor any other persons may reproduce, disseminate or quote this Letter (or any part thereof) for any other purpose at any time and in any manner without our prior written consent in each specific case, except for the purposes of any matter relating to the Proposed Disposal.

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This IFA Letter is governed by and construed in accordance with the laws of Singapore and is strictly limited to the matters stated herein and does not apply by implication to any other matter.

Yours Sincerely

For and on behalf of

W Capital Markets Pte. Ltd.

Foo Say Nam

Partner

Head of Advisory

Alicia Chang

Vice President

Corporate Finance

NOTICE OF EXTRAORDINARY GENERAL MEETING

MANHATTAN RESOURCES LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration Number: 199006289k)

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting (“**EGM**”) of Manhattan Resources Limited (“**Company**”) will be held by electronic means on Wednesday, 9 March 2022 at 9:30 a.m. for the purpose of considering and, if thought fit, passing the following Ordinary Resolutions set out below.

*All capitalised terms used in this Notice of EGM which are not defined herein shall have the same meanings ascribed to them in the circular to the shareholders of the Company dated 22 February 2022 (the “**Circular**”).*

ORDINARY RESOLUTION 1

THE PROPOSED DIVERSIFICATION

That:

- (a) approval be and is hereby granted for the diversification of the Existing Businesses of the Group into the Renewable Energy Business; and
- (b) the Directors and each of them be and are hereby authorised to complete, enter and do all acts and things (including without limitation, prepare and finalise, approve, sign, execute and deliver all such documents or agreements as may be required) and do all deeds and things as they may consider necessary, desirable, incidental or expedient for the purposes of or to give effect to this Ordinary Resolution 1.

ORDINARY RESOLUTION 2

THE PROPOSED HUAFU EPC

That, subject to and contingent upon the passing of Ordinary Resolution 1:

- (a) approval be and is hereby given for the proposed entry into the Huafu EPC dated 14 January 2021 between Vietrof Renewal Energy Vietnam Company Limited and PowerChina Sichuan Engineering Corporation Limited, and the entry into the Huafu EPC be and is hereby approved and ratified; and
- (b) the Directors and each of them be and are hereby authorised to complete, enter and do all acts and things (including without limitation, prepare and finalise, approve, sign, execute and deliver all such documents or agreements as may be required) and do all deeds and things as they may consider necessary, desirable, incidental or expedient for the purposes of or to give effect to the Huafu EPC and/or this Ordinary Resolution 2.

NOTICE OF EXTRAORDINARY GENERAL MEETING

ORDINARY RESOLUTION 3

THE PROPOSED DISPOSAL

That:

- (a) approval be and is hereby given, for the proposed disposal of two vacant land parcels in East Kalimantan to PT Dermaga Perkasapratama, pursuant to the terms and subject to the conditions set out in the SPA dated 9 December 2021 entered into between PT Kariangau Power and PT Dermaga Perkasapratama, being a Major Transaction and an Interested Person Transaction under Chapters 10 and 9 of the Listing Manual respectively, and the entry into the SPA be and is hereby approved and ratified; and
- (b) the Directors be and are hereby authorised to complete and do all such acts and things (including executing the SPA and such documents as may be required) and to make such amendments thereto as the Directors may consider necessary, desirable and expedient for the purposes of or to give effect to this Ordinary Resolution 3 as they think fit and in the interests of the Company.

This Notice has been made available on SGXNet and on the Company's website. A printed copy of this Notice will NOT be despatched to members.

By Order of
the Board of Directors of
Manhattan Resources Limited

Low Yi Ngo
Chief Executive Officer and Managing Director

22 February 2022

Notes:

- (1) The EGM is being convened, and will be held, by electronic means pursuant to (i) the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020; and (ii) the Additional Guidance on the Conduct of General Meetings During Elevated Safe Distancing Period jointly issued by the Accounting and Corporate Regulatory Authority, the Monetary Authority of Singapore, and Singapore Exchange Regulation on 13 April 2020 (and subsequently updated on 27 April 2020, 22 June 2020 and 1 October 2020). Printed copies of this Notice will not be sent to members. Instead, this Notice will be sent to members by electronic means via publication on the Company's website at the URL www.manhattan.sg and on SGXNet at the URL <https://www.sgx.com/securities/company-announcements>.
- (2) Alternative arrangements relating to attendance at the EGM via electronic means (including arrangements by which the meeting can be electronically accessed via "live" audio-visual webcast or "live" audio-only stream), submission of questions to the Chairman of the EGM in advance of the EGM or submitting questions "live" at the EGM, addressing of substantial and relevant questions at the EGM and voting "live" at the EGM or by appointing the Chairman of the EGM as proxy to vote at the EGM, are set out in Section 7 of the Circular. The Circular may be accessed together with this Notice of EGM at the Company's website at the URL www.manhattan.sg, and will also be made available on SGXNet at the URL <https://www.sgx.com/securities/company-announcements>.
- (3) To minimise physical interactions and COVID-19 transmission risks, Shareholders will not be able to attend the EGM in person. A member (whether individual or corporate) who wishes to attend the EGM must pre-register or appoint the Chairman of the EGM as his/her/its proxy to attend, speak and vote on his/her/its behalf at the EGM, if such member wishes to exercise his/her/its voting rights at the EGM. The accompanying Proxy Form for the EGM may be accessed at the Company's website at the URL www.manhattan.sg and will also be made available on SGXNet at the URL <https://www.sgx.com/securities/company-announcements>.

NOTICE OF EXTRAORDINARY GENERAL MEETING

- (4) **Pre-registration.** Members must pre-register at the pre-registration website at <https://globalmeeting.bigbangdesign.co/manhattanresources2022egm/> from the date of the Circular till 9:30 a.m. on 7 March 2022 (the “**Pre-Registration Deadline**”) to enable the Company to verify their status as members.

Investors holding shares through relevant intermediaries (as defined in Section 181 of the Companies Act 1967 (“**Companies Act**”) (other than investors who have purchased shares (a) using their Central Provident Fund contributions pursuant to the Central Provident Fund Investment Scheme (“**CPFIS Investors**”) and/or (b) pursuant to the Supplementary Retirement Scheme (“**SRS Investors**”)) will not be able to pre-register at the foregoing website, for the “live” audio-video webcast or “live” audio-only stream of the EGM. An investor (other than CPFIS Investors and/or SRS Investors) who wishes to participate in the “live” audio-video webcast or “live” audio-only stream of the EGM should instead approach his/her/its relevant intermediary as soon as possible in order for the relevant intermediary to make the necessary arrangements to pre-register. The relevant intermediary is required to submit a consolidated list of participants (setting out in respect of each participant, his/her/its name, email address and NRIC/Passport/UEN number) to the Share Registrar, B.A.C.S. Private Limited, via email to main@zicoholdings.com no later than 9:30 a.m. on 7 March 2022.

Following the verification, authenticated members will receive an email by 9:30 a.m. on 8 March 2022 containing login credentials and the link to access the “live” audio-video webcast or “live” audio-only stream of the EGM (the “**Confirmation Email**”). As this is a private meeting, members must not disclose such details to others. Members who have pre-registered by the Pre-Registration Deadline but have not received the Confirmation Email by 9:30 a.m. on 8 March 2022, should contact the Company’s webcast vendor, Big Bang Design Pte Ltd, by email at webcast@bigbangdesign.co for assistance. The Company advises all members to pre-register as early as possible.

Members who would have been able to be appointed as proxies by relevant intermediaries under Section 181(1C) of the Companies Act, such as CPFIS Investors and SRS Investors, should approach their CPF Agent Banks or SRS Agent Banks, to participate in the “live” audio-video webcast or “live” audio-only stream of the EGM.

- (5) **Submission of Questions.** Members, including CPFIS Investors and SRS Investors, can submit substantial and relevant questions related to the resolutions to be tabled for approval at the EGM to the Chairman of the EGM, “live” at the EGM, or in advance of the EGM in the following manner:
- (a) **Via the pre-registration website.** Members who have pre-registered to observe and/or listen to the EGM proceedings may submit their questions via the pre-registration website at the URL <https://globalmeeting.bigbangdesign.co/manhattanresources2022egm/>.
 - (b) **Via email.** Members may submit their questions via email to agm@manhattan.sg.
 - (c) **By post.** Members may also submit their questions by post to the Company’s registered office at 133 New Bridge Road, #18-09 Chinatown Point, Singapore 059413. When sending in your questions by post, members should provide the Company with the following details:
 - (i) their full name;
 - (ii) their address; and
 - (iii) the manner in which they hold Shares in the Company (e.g., via CDP, CPFIS or SRS).

Deadline to submit questions. All questions must be submitted by the Pre-Registration Deadline. Members must Pre-register to ask substantial and relevant questions “live” at the EGM. Verified members (including CPFIS Investors and SRS Investors) can also ask substantial and relevant questions related to the resolutions to be tabled for approval at the EGM, “live” at the EGM, by typing in and submitting their questions via electronic means at the live-streaming platform.

- (6) **Live voting.** Members (except a relevant intermediary (as defined in Section 181 of the Companies Act)) may cast their votes for each resolution “live” at the EGM. Unique access details for “live” voting will be provided to members who have pre-registered at <https://globalmeeting.bigbangdesign.co/manhattanresources2022egm/> and who have been verified to attend the EGM.
- (7) **Voting via the appointment of the Chairman of the EGM.** As an alternative to “live” voting, a member (whether individual or corporate and including a relevant intermediary as defined in Section 181 of the Companies Act, which includes CPFIS Investors and/or SRS Investors) may appoint the Chairman of the EGM as his/her/its proxy to attend, speak and vote on his/her/its behalf at the EGM if such Member wishes to exercise his/her/its voting rights at the EGM.
- (8) In appointing the Chairman of the EGM as proxy, a member (whether individual or corporate and including a relevant intermediary as defined in Section 181 of the Companies Act, which includes CPFIS Investors and/or the SRS Investors) must submit his/her/its instrument appointing the Chairman of the EGM (i.e. the Proxy Form) together with the power of attorney or other authority under which it is signed (if applicable) or a duly certified copy thereof, to vote

NOTICE OF EXTRAORDINARY GENERAL MEETING

on his/her/its behalf. A member must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the form of proxy, failing which the appointment of the Chairman of the EGM as proxy for that resolution will be treated as invalid.

- (9) The Chairman of the EGM, as proxy, need not be a member of the Company.
- (10) The instrument appointing the Chairman of the EGM as proxy must be submitted to the Company in the following manner:
- (a) if submitted in hard copy and sent by post, the Proxy Form must be lodged at the Company's registered office at 133 New Bridge Road, #18-09 Chinatown Point, Singapore 059413; or
 - (b) if submitted electronically, the Proxy Forms must be submitted via email to the Company at agm@manhattan.sg.

in either case, at least 48 hours before the time for holding the EGM, by no later than **9:30 a.m. on 7 March 2022** (the "**Proxy Deadline**").

Members who wish to submit an instrument of proxy must first download, complete and sign the Proxy Forms, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.

In view of the current COVID-19 situation and the related safe distancing measures which may make it difficult for members to submit completed Proxy Forms by post, members are strongly encouraged to submit completed Proxy Forms electronically via email.

- (11) Investors who hold their Shares through relevant intermediaries as defined in Section 181 of the Companies Act (including CPFIS Investors and SRS Investors) and who wish to exercise their votes by appointing the Chairman of the EGM as proxy should approach their respective relevant intermediaries (including their respective CPF Agent Banks or SRS Agent Banks) to submit their voting instructions by 9:30 a.m. on 28 February 2022 in order to allow sufficient time for their respective relevant intermediaries to in turn submit a Proxy Form to appoint the Chairman of the EGM to vote on their behalf no later than the Proxy Deadline.
- (12) The Company shall be entitled to, and will, treat any valid instrument appointing the Chairman of the EGM as proxy which was delivered before 9:30 a.m. on 7 March 2022 as a valid instrument appointing the Chairman of the EGM as the member's proxy to vote at the EGM if:
- (a) the member had indicated how he/she/it wished to vote for or vote against or abstain from voting on each resolution; and
 - (b) the member has not withdrawn the appointment. A member may withdraw an instrument appointing the Chairman of the EGM as proxy by sending an email to the Company at agm@manhattan.sg to notify the Company of the withdrawal, **no later than the Proxy Deadline**.
- (13) Submission by a member of a valid instrument appointing the Chairman of the EGM as proxy by the Proxy Deadline will supersede any previous instrument appointing a proxy(ies) submitted by that member.
- (14) The Circular has been uploaded on SGXNet on 22 February 2022 and may be accessed on SGXNet at the URL <https://www.sgx.com/securities/company-announcements> or at the Company's website at the URL www.manhattan.sg.

Personal Data Privacy

By submitting an instrument appointing the Chairman of the EGM as proxy to attend, speak and vote at the EGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the EGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the EGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

PROXY FORM

MANHATTAN RESOURCES LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration Number: 199006289K)

PROXY FORM EXTRAORDINARY GENERAL MEETING

This form of proxy has been made available on SGXNet and the Company's website and may be accessed at the URL www.manhattan.sg.

A printed copy of this form of proxy will NOT be despatched to members.

IMPORTANT

1. The Extraordinary General Meeting ("EGM") is being convened, and will be held, by electronic means pursuant to (i) the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020; and (ii) the Additional Guidance on the Conduct of General Meetings During Elevated Safe Distancing Period jointly issued by the Accounting and Corporate Regulatory Authority, the Monetary Authority of Singapore, and Singapore Exchange Regulation on 13 April 2020 (and subsequently updated on 27 April 2020, 22 June 2020 and 1 October 2020).
2. Alternative arrangements relating to amongst others, (i) pre-registration and attendance at the EGM via electronic means (including arrangements by which the meeting can be electronically accessed via "live" audio-visual webcast or "live" audio-only stream); (ii) submission of questions to the Chairman of the EGM in advance of the EGM "live" at the EGM or; (iii) addressing of substantial and relevant questions at the EGM; and (iv) voting by appointing the Chairman of the EGM as proxy to vote at the EGM, are set out in Section 7 of the circular to shareholders of the Company dated 22 February 2022 and the Notice of EGM dated 22 February 2022, which has been uploaded on SGXNet at the URL <http://www2.sgx.com/securities/company-announcements> and the Company's website at the URL www.manhattan.sg.
3. A member will not be able to attend the EGM in person. If a member (whether individual or corporate) wishes to exercise his/her/its voting rights at the EGM, he/she/it must pre-register to vote "live" at the EGM by electronic means (excluding relevant intermediaries as defined in Section 181 of the Companies Act 1967 ("Companies Act")) or submit this Proxy Form to appoint the Chairman of the EGM as his/her/its proxy to vote on his/her/its behalf at the EGM. In appointing the Chairman of the EGM as proxy, a member (whether individual or corporate) must give specific instructions as to voting, or abstentions from voting, in the form of proxy, failing which the appointment of the Chairman of the EGM as proxy for that resolution will be treated as invalid.
4. CPFIS Investors or SRS Investors who wish to appoint the Chairman of the EGM as proxy should approach their respective CPF Agent Banks or SRS Agent Banks to submit their votes by 9:30 a.m. on 28 February 2022.
5. By submitting an instrument appointing the Chairman of the EGM as proxy, the member accepts and agrees to the personal data privacy terms set out in the Notice of EGM 22 February 2022.
6. Please read the notes overleaf which contain instructions on, *inter alia*, the appointment of the Chairman of the EGM as a member's proxy to vote on his/her/its behalf at the EGM.

I/We _____ (NRIC/Passport No./Company Registration No.) _____
of _____ (Address)
being a member/members of Manhattan Resources Limited ("**Company**"), hereby appoint:

the **Chairman of the EGM**, as my/our proxy to vote for me/us on my/our behalf at the EGM to be held by way of electronic means on **Wednesday, 9 March 2022 at 9:30 a.m.** and at any adjournment thereof.

(Voting will be conducted by poll. If you wish the Chairman of the EGM as your proxy to cast all your votes for or against a resolution to be proposed at the EGM, please indicate with a "✓" in the space provided under "For" or "Against". If you wish the Chairman of the EGM as your proxy to abstain from voting on a resolution to be proposed at the EGM, please indicate with a "✓" in the space provided under "Abstain". Alternatively, please indicate the number of shares that the Chairman of the EGM as your proxy is directed to vote "For" or "Against" or to abstain from voting. **In the absence of specific directions, the appointment of the Chairman of the EGM as your proxy will be treated as invalid.**)

No.	Resolutions relating to:	For	Against	Abstain
1	Resolution 1 Ordinary Resolution: To approve the Proposed Diversification			
2	Resolution 2 Ordinary Resolution: To approve the Proposed Huafu EPC			
3	Resolution 3 Ordinary Resolution: To approve the Proposed Disposal			

Dated this _____ day of _____ 2022

Total number of Shares in:	No. of Shares
(a) CDP Register	
(b) Register of Members	

Signature of Shareholder(s)
or, Common Seal of Corporate Shareholder

PROXY FORM

Notes:

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act 2001), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.
2. **To minimise physical interactions and COVID-19 transmission risks, Shareholders will not be able to attend the EGM in person. If a member (whether individual or corporate) wishes to exercise his/her/its voting rights at the EGM, he/she/it must: (a) except in the case of a member who is a relevant intermediary as defined in Section 181 of the Companies Act), pre-register to vote "live" at the EGM by electronic means; (b) or submit this Proxy Form to appoint the Chairman of the EGM as his/her/its proxy to vote on his/her/its behalf at the EGM.** In appointing the Chairman of the EGM as proxy, a member (whether individual or corporate) must give specific instructions as to voting, or abstentions from voting, in the form of proxy, failing which the appointment of the Chairman of the EGM as proxy for that resolution will be treated as invalid.
3. The Chairman of the EGM, as a proxy, need not be a member of the Company.
4. The instrument appointing the Chairman of the EGM as proxy must be submitted to the Company in the following manner:
 - (a) if submitted in hard copy and sent by post, the Proxy Form must be lodged at the Company's registered office at 133 New Bridge Road, #18-09 Chinatown Point, Singapore 059413; or
 - (b) if submitted electronically, the Proxy Forms must be submitted via email to the Company at agm@manhattan.sg.

in either case, at least 48 hours before the time for holding the EGM, by no later than 9:30 a.m. on 7 March 2022 (the "**Proxy Deadline**").

Members who wish to submit an instrument of proxy must first download, complete and sign the Proxy Forms, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.

In view of the current COVID-19 situation and the related safe distancing measures which may make it difficult for members to submit completed Proxy Forms by post, members are strongly encouraged to submit completed Proxy Forms electronically via email.

5. The instrument appointing the Chairman of the EGM as proxy must be under the hand of the appointor or of his attorney duly authorised in writing and where such instrument is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised.

Where an instrument appointing the Chairman of the EGM as proxy is submitted by email, it must be authorised in the following manner:

- (a) by way of the affixation of an electronic signature by the appointor or his duly authorised attorney or, as the case may be, an officer or duly authorised attorney of a corporation; or
- (b) by way of the appointor or his duly authorised attorney or, as the case may be, an officer or duly authorised attorney of a corporation signing the instrument under hand and submitting a scanned copy of the signed instrument by email.

Where an instrument appointing the Chairman of the EGM as proxy is signed or, as the case may be, authorised on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument appointing the Chairman of the EGM as proxy, failing which the instrument may be treated as invalid.

6. Investors who hold their Shares through relevant intermediaries as defined in Section 181 of the Companies Act (including CPFIS Investors and SRS Investors) and who wish to exercise their votes by appointing the Chairman of the EGM as proxy should approach their respective relevant intermediaries (including their respective CPF Agent Banks or SRS Agent Banks) to submit their voting instructions by **9:30 a.m. on 28 February 2022** in order to allow sufficient time for their respective relevant intermediaries to in turn submit a Proxy Form to appoint the Chairman of the EGM to vote on their behalf **no later than the Proxy Deadline**.
7. The Company shall be entitled to, and will, treat any valid instrument appointing the Chairman of the EGM as proxy which was delivered before 9:30 a.m. on 7 March 2022 as a valid instrument appointing the Chairman of the EGM as the member's proxy to vote at the EGM if:
 - (a) the member had indicated how he/she/it wished to vote for or against or abstain from voting on each resolution; and
 - (b) the member has not withdrawn the appointment. A member may withdraw an instrument appointing the Chairman of the EGM as proxy by sending an email to the Company at agm@manhattan.sg to notify the Company of the withdrawal, no later **than the Proxy Deadline**.
8. Submission by a member of a valid instrument appointing the Chairman of the EGM as proxy at by **the Proxy Deadline** will supersede any previous instrument appointing a proxy(ies) submitted by that member.

9. The Company shall be entitled to reject the instrument appointing the Chairman of the EGM as proxy if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing the Chairman of the EGM as proxy (including any related attachment) (such as in the case where the appointor submits more than one instrument appointing the Chairman of the EGM as proxy). In addition, in the case of members whose shares are entered against their names in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if such members are not shown to have shares entered against their names in the Depository Register as at 72 hours before the time appointed for the EGM, as certified by The Central Depository (Pte) Limited to the Company.

Personal Data Privacy

By submitting an instrument appointing the Chairman of the EGM as proxy, the member accepts and agrees to the personal data privacy terms set out in the Notice of EGM dated 22 February 2022.