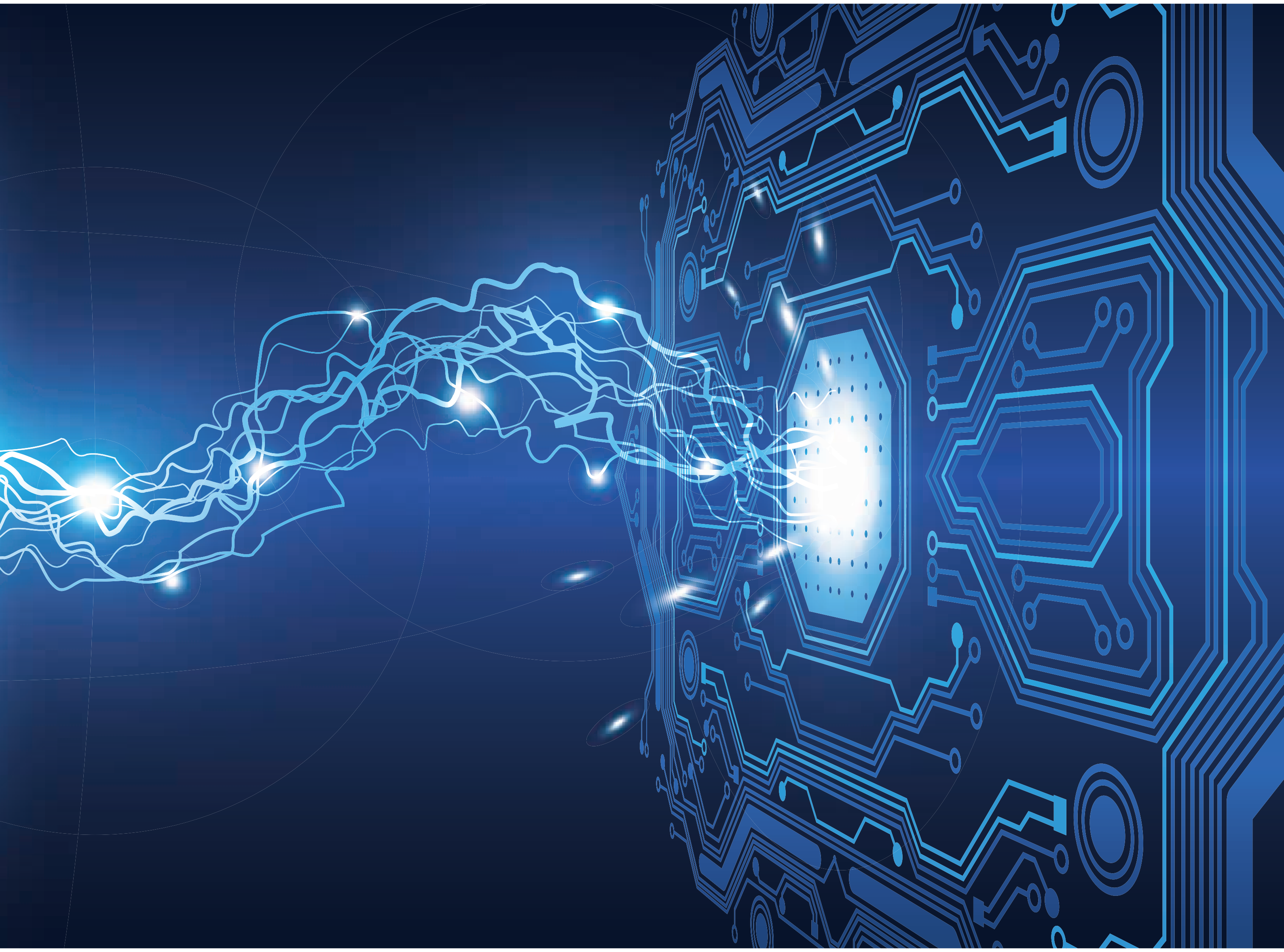
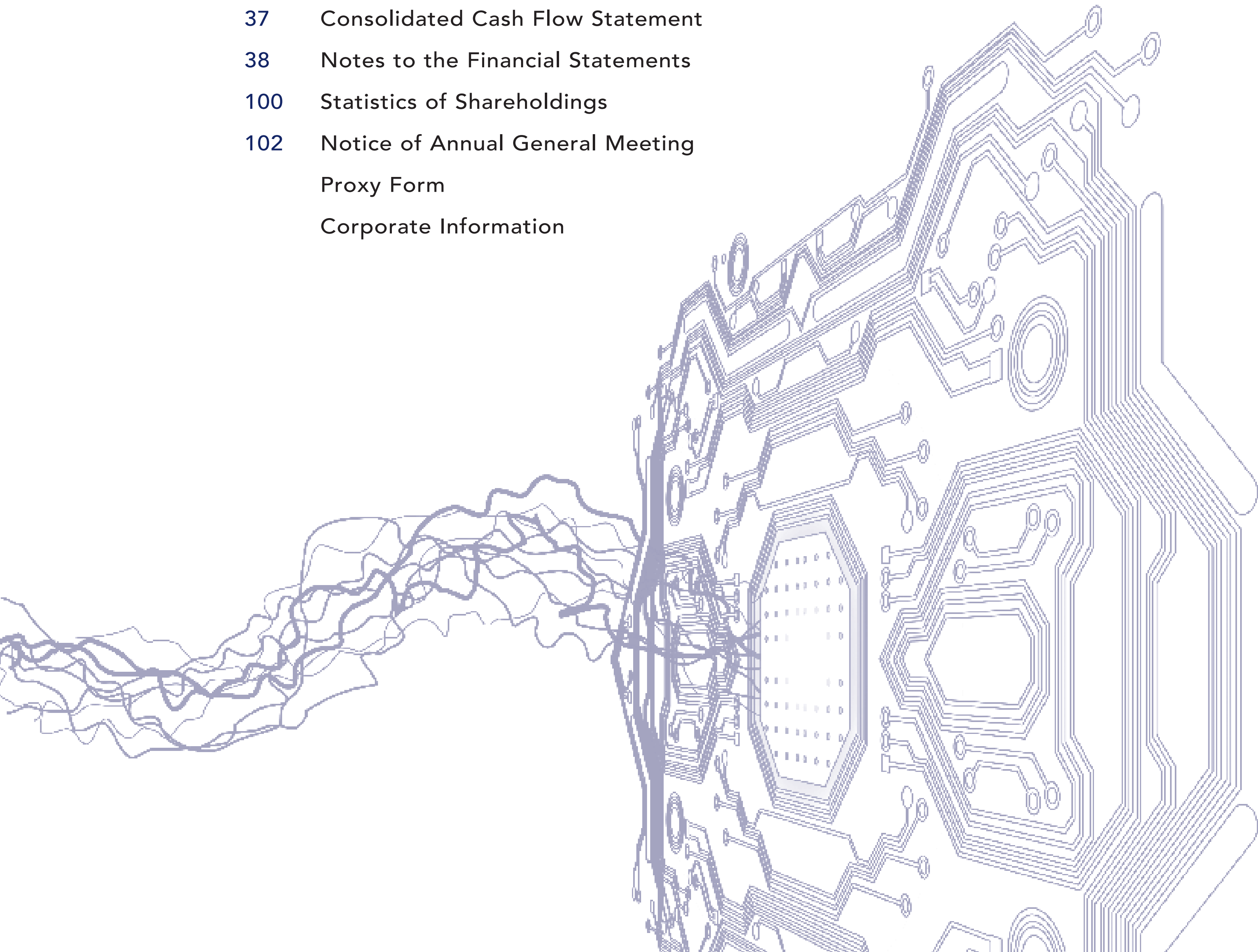
ANNUAL REPORT 2016



MANHATTAN RESOURCES LIMITED

CONTENTS



CHAIRMAN'S STATEMENT

Dear Shareholders,

The Year in Review

In 2016, we have focused our resources to develop a company of change and keen competition in a regional economic environment, despite the headwinds in several sectors that our assets are operated in. We believe that a balanced portfolio of assets in the energy and resources sector and property development sector will continue to broaden the revenue basis. We continue to position ourselves to capture the opportunities of future growth.

The acquisition of PT Kariangau Power ("PT KP"), which was completed in June, has made its maiden contribution to our financial results for the year ended 31 December 2016. It generated revenue of S$8.0 million in six months of operation, boosting topline growth for the Group by 62%. Streamlining our shipping business has also improved our overall results for the Group by 51%.

Corporate Updates

Power plants

PT KP's second power plant unit has obtained the commercial operational status and commenced sales of electricity in end April 2016, while the first power plant unit has been providing electricity since February 2015 (i.e, before the acquisition by our Group). PT KP's two power plant units in the Kariangau industry area of Balikpapan, East Kalimantan, Indonesia, are now fully operational.

To recap, PT KP has been given the right by the Indonesian government to supply electricity exclusively within the Kawasan Industri Kariangau ("KIK") zone for a period of 15 years from 1 April 2013. It also has existing power purchase agreements, providing for minimum monthly guaranteed sales. It is also supplying to the Indonesian state-owned utility company which has committed to purchase excess power that has not been sold to other customers.

Given the growing demand for electricity in Indonesia, especially in East Indonesia where demand is forecasted to grow at 11.2% per annum, and in East Kalimantan alone, production is expected to more than double to 6,702 GWh from 2014 to 2022, we are very excited about the growth potential of the power sector in Indonesia. We will continue to work on the pipeline of projects to enhance our competitiveness in the region with our experience and expertise gained by PT KP.

Mineral mining

In June 2016, we completed the share swap for 25% of the shares of Giantminer Pte. Ltd. ("Giantminer") with our 60% interest in Starsmind Capital Pte. Ltd. ("Starsmind") ("Share Swap"). Giantminer owns 100% of China-based mining company, Urumqi Jinshi Huilong Mining Co., Ltd ("UJHM"), which holds mining exploration permits in three concession areas covering a total of 26.99 sq km in Tuoli County, Tacheng Area, Xinjiang Uygur Autonomous Region, PRC.

CHAIRMAN'S STATEMENT

The Group now holds 25% shareholding interests in Giantminer and cease to hold any interest in Starsmind. We took this strategic step after evaluating our plans, and believe that this is in the best interests of the Group and our shareholders. We will make further announcements as and when there are any material developments.

Property Development in PRC

Manhattan Resources (Ningbo) Property Limited, our property development arm in China, has appointed Zhong Tian Construction Group Co., Ltd to undertake construction works for the Ningbo Yinzhou Manhattan Tower. The preparation works have been actively carried out with our supervision.

This iconic tower will be a 56-storey building, which sits on land area of approximately 24,000 sq m, will have built-up area of approximately 260,000 sq m. The approximately 260 meters tall building will be one of the tallest buildings in Ningbo City. Construction period is approximately five years.

Strategically located in the South Commercial Park in Yinzhou District in Ningbo City, Zhejiang province, this development will cater to the South Business District which is primed to be an emerging commercial hub in Ningbo City with a large proportion of mid to mid-upper office properties and retail facilities.

Designed and inspired by nature, the Ningbo Yinzhou Manhattan Tower will be an iconic building that combines the illusion of the gracefulness of a willow tree and the tall structure of a poplar tree. It will also adopt world-class sustainable design features and sky gardens. At an imposing height of approximately 260 meters, it will be the tallest building in the South Business District area.

We believe that this will be a landmark that will change the skyline of Yinzhou District, and we are very excited about its potential. Ningbo City is the second largest city in Zhejiang, and one of the most important in the Yangtze River Delta. Given its continued rapid development and growth, the demand for quality commercial space remains strong. We are confident that this project will be well-received, and upon completion, should add a new source of revenue stream to the Group.

Barging and shipping

To achieve long term sustainable growth and to reduce reliance on our core business of barging, taking into consideration the trend and outlook in the coal industry, the Group has decided to partially divest its barging assets. In October, we have entered into a sale and purchase agreement with a third-party industry player to transfer 22 tugs and 22 barges for a purchase consideration of IDR 170,580,000,000 (approximately S$18.4 million based on prevailing exchange rate) ("Proposed Disposal"). This represents a premium of approximately 76% to the book value of these vessels.

With this divestment, our balance sheet and cash position will be improved and our directors and management team will also be able to devote more time and resources towards our other businesses.

In Appreciation

These various corporate achievements would not have been possible without the commitment and hard work of our management and staff, to whom I express my deepest appreciation. To my fellow board directors, thank you for your guidance and insightful leadership. I would also like to express my gratitude to Mr Choo Hsun Yang and Mr Lim Say Tai who stepped down from the Board during the year.

Finally, I want to thank all our business partners and shareholders for their support. We will continue to strive towards delivering long term sustainable growth for the Group.

Liow Keng Teck
Chairman

27 March 2017

DIRECTORS' INFORMATION

LIOW KENG TECK

Board Chairman and Independent Director, Chairman of Nominating Committee, Audit and Remuneration Committees' Member

Mr Liow was appointed as the Group's Board Chairman in May 2013 and is a registered professional engineer.

With extensive experience in the power utilities sector, Mr Liow was previously the Managing Director of Development Resources Pte Ltd, a subsidiary of Singapore Power, providing engineering consultancy and project management for power plant and infrastructure projects in the region. He was also a consultant and advisor to a major power generating company operating in Singapore. Mr Liow also offers advisory services pertaining to the engineering business. Since 1992 Mr Liow held the role of director at Jaya Holdings Limited, before retiring in 2012. He had also sat on the board of a number of public and private companies including Jurong Engineering Ltd and International Capital Investment Ltd.

Mr Liow graduated with an Honours degree in Mechanical Engineering from the University of Singapore.

LOW YI NGO

Chief Executive Officer and Managing Director, Nominating Committee's Member

Mr Low was appointed as Chief Executive Officer and Managing Director in November 2011 and is responsible for the overall business strategy, operations and day-to-day management of the affairs of the Group.

Prior to his current appointment, Mr Low first started off with Bayan Resources as Project Coordinator for the construction of Kalimantan Floating Transfer Station in 2004. Subsequently, he became the Marketing Director of PT Bayan Resources Tbk, a company related to the controlling shareholder of the Company, with a primary responsibility to market Bayan Resources' coal. Mr Low is also a non-executive director of Kangaroo Resources Limited, a coal mining company listed on the Australian Stock Exchange.

Mr Low obtained a Bachelor's degree in Mechanical and Production Engineering from the Nanyang Technological University in 2004.

ELAINE LOW

Executive Director

Ms Low was appointed to the Board in May 2014 and currently holds several directorships in the medical, education and coal mining industries. She is also an affiliate of Association of Chartered Certified Accountants and a member of the Institute of Singapore Chartered Accountants.

Ms Low graduated with a Master's Degree in Public Policy in 2014 from the National University of Singapore, Lee Kuan Yew School of Public Policy.

DIRECTORS' INFORMATION

OLIVER KHAW KAR HENG

Non-Executive Non-Independent Director, Audit and Remuneration Committees' Member

Mr Khaw is the Group's Non-Independent Director and was appointed to the Board in March 2013.

He is currently the Head of Legal/ Senior Foreign Counsel of PT Bayan Resources Tbk (a company related to the controlling shareholder of the Company), a position held since 2008. Over the past decade, Mr Khaw has worked as Group Legal Counsel for LKT Industrial Berhad, a semiconductor equipment manufacturer listed on Bursa Malaysia and was a partner at Lee, Oliver & Gan, a law firm in Kuala Lumpur, Malaysia.

Mr Khaw graduated with a MBA in 2005 from the University of Western Sydney, Australia and with a LL.B (Hons) in 1996 from Anglia Ruskin University, United Kingdom. He was admitted to practice law as Barrister in UK in 1997 and as Advocate & Solicitor in Malaysia in 1998.

TUNG ZHIHONG, PAUL

Independent Director, Chairman of Remuneration Committee, Audit and Nominating Committees' Member

Mr Tung was appointed to the Board in May 2014 and is currently a Finance Manager with a multinational corporation. Prior to his current role, Mr Tung was an Audit Manager with PricewaterhouseCoopers.

Mr Tung holds a Bachelor of Commerce degree majoring in Financial Accounting, Corporate Finance and Investment Finance from the University of Western Australia.

INFORMATION ON KEY MANAGEMENT STAFF

CHANG SZIE HOU

Project Director

Mr Chang joined the Company in August 2009 and is responsible for the Group's project development.

Prior to joining, Mr Chang was with Manhattan Kalimantan Investment Pte Ltd in Indonesia from August 2006 to July 2009 in the capacity of Technical Advisor, responsible for the oil and gas exploration work and the development of the Tarakan Offshore Block. Mr Chang also spent a large part of his career in the construction sector and has been actively involved in project management and foundation engineering in Singapore, Malaysia, Indonesia, Thailand, China and Vietnam. Mr Chang is currently a registered professional engineer and a life member of the Institution of Engineer in Singapore.

Mr Chang graduated with a Fellowship Diploma in Civil Engineering from Royal Melbourne Institution of Technology in 1968.

SOH TIEN CHYE, STEPHEN

Deputy General Manager

Mr Soh joined the Group in September 2014 and is responsible for the operations and business affair of the Group.

Prior to joining the Group, Mr Soh worked in an international public accounting firm as an Assurance Manager.

Mr Soh obtained his Bachelor of Accountancy from the Nanyang Technological University and he is also a chartered accountant with the Institute of Singapore Chartered Accountants.

TAN SOON YUN

Deputy Chief Financial Officer

Ms Tan joined the Company in May 2012. She oversees the Group's finance teams and is responsible for the Group's financial matters.

Ms Tan was formerly an Assurance Manager of an international public accounting firm.

Ms Tan obtained her Bachelor of Business Administration degree from the National University of Singapore and is a chartered accountant with Institute of Singapore Chartered Accountants and member of Association of Chartered Certified Accountants.

HUANG HUI, LOUISE

Legal Counsel

Ms Huang joined the Group as Legal Counsel in April 2015 and her key responsibilities include overseeing and managing the Group's legal and compliance affairs.

Ms Huang has extensive experience in the legal field. Prior to joining the Group, she was a legal counsel in a China-focused investment portfolio, and she also has several years of experience working as a registered foreign lawyer in some of the top law firms in Singapore.

Ms Huang holds a LLM (Master of Law) in International Business Law from National University of Singapore and a LLB in International Economic Law from East China University of Politics and Law.

INFORMATION ON KEY MANAGEMENT STAFF

LIM KOK SHIANG, SEAN

General Manager of MR Logistics Group

Mr Lim joined the Group in January 2005 and is responsible for all operational matters relating to the coal transportation business of the Group.

Mr Lim has worked as an auditor and accountant across various industries since 1995. In May 2004, Mr Lim joined ASL Shipyard Pte Ltd as Senior Accountant and was transferred to MR Logistics Pte Ltd since January 2005. He took on the operational duties of the coal transportation business in January 2012.

Mr Lim holds a Bachelor of Business (Accounting) degree from Charles Sturt University of Australia and is a Certified Public Accountant with CPA Australia.

KARTHIK SUNDAR

Head of PT Kariangau Power

Mr Karthik Sundar had been part of the management of PT KP prior to the Group's acquisition of PT KP in June 2016. Mr Sundar has over 7 years of experience in the power plant industry. Before joining PT KP, he had worked as project engineer in various power plant companies.

Mr Sundar graduated with a Bachelor of Engineering in Mechanical Engineering from Visvesvaraya Technological University.

CHAN PUI FOH, TERRENCE

Finance Manager

Mr Chan joined the Group in January 2015 as Finance Manager and is responsible for the financial matters of the Ningbo Project.

Mr Chan was formerly an Assistant Assurance Manager of an international public accounting firm.

Mr Chan graduated from Sunway University College with a Bachelor of Science in Applied Accounting and is also a member of Association of Chartered Certified Accountants.

OPERATIONS AND FINANCIAL REVIEW

INCOME STATEMENT

The Group's operating environment in FY2016 remained challenging amidst the uncertainties in the global economy. In spite of the challenges faced, the Group reported increased revenue of S$14.1 million and lower net attributable losses to equity holders of the Company of S$12.4 million. Comparatively, revenue and net attributable losses to equity holders of the Company were S$8.7 million and S$24.4 million respectively in FY2015.

Since the acquisition in end June 2016, the new power plant segment has contributed S$8.0 million to the Group's revenue which reflected an improvement in the Group's turnover by 62% from the previous year. The Group has also streamlined its shipping segment, cutting the shipping segment's losses by 69% from S$18.3 million in FY2015 to S$5.6 million in the current year. The property development segment saw an increase in profits as well, from S$0.9 million in FY2015 to S$2.2 million in FY2016.

The completion of the Share Swap in FY2016 saw a gain on disposal of investment in associate. Impairment losses were minimal at S$93,000 in FY2016 as compared to S$13.2 million in FY2015. These were offset by an increase in non-cash expenses in FY2016. Depreciation and amortisation went up due to the consolidation of PT KP for the first time following completion of the acquisition which also included additional depreciation and amortisation arising from the purchase price allocation exercise of PT KP. Movement in foreign exchange rates also resulted in a foreign exchange loss of S$0.5 million for the Group in FY2016 as compared to a gain of S$3.5 million in prior year. Finance costs incurred in the current year was due to existing bank loan of PT KP and also borrowings for the Group's working capital.

FINANCIAL POSITION

The Group's venture into the power plant business boosted the total assets of the Group which stood at S$268.6 million as at 31 December 2016, a 31% increase from S$205.6 million in the prior year. Trade and other receivables reduced subsequent to receipts from debtors. Goodwill and intangible

OPERATIONS AND FINANCIAL REVIEW

assets arose in the current year following the completion of the purchase price allocation exercise for PT KP. Assets held for sale in the current year relate to the Proposed Disposal of the vessels. Property under development decreased marginally due to foreign exchange movement. Foreign exchange movement aside, property under development increased due to capitalisation of development expenditure in FY2016.

Cash and bank deposits remains healthy at S$64.6 million in FY2016 with a decrease from S$86.1 million in FY2015 mainly due to changes in working capital, payment for the acquisition of PT KP and repayment of principal and interest on bank loans.

The Group's total liabilities grew from the S$29.4 million in FY2015 to S$118.3 million in FY2016. This was mainly due to the consolidation of PT KP in the current year and an increase in trade and other payables which included the remaining purchase consideration payable for the acquisition of PT KP. Total equity as at 31 December 2016 for the Group was S$150.3 million and net asset value per ordinary share was 17.81 cents.

REPORT ON CORPORATE GOVERNANCE

INTRODUCTION

Manhattan Resources Limited (the "Company") recognises the importance of good governance in establishing and maintaining an operating environment which serves the interests of all stakeholders. The Company is committed to achieving a high standard of corporate governance to ensure transparency and maximisation of long-term shareholders' value. The Company and its subsidiaries (collectively, the "Group") has complied with the principles and guidelines set out in the Code of Corporate Governance 2012 where practicable.

BOARD MATTERS

The Board's Conduct of Affairs

Principle 1

The board of directors ("Board") oversees the business affairs of the Group. Each director is expected to act in good faith and objectively take decisions in the interests of the Company and the Group. The principal functions of the Board include the approval of appointment of directors and succession planning process; the setting of strategic plans; the approval of material investments, divestments and funding for the Company and the Group; overseeing the processes for evaluating the adequacy of internal controls, risk management, financial reporting, compliance and information technology controls; being responsible for corporate governance practices; dealing with matters such as conflict of interest issues relating to substantial shareholders or directors or interested person transactions or those transactions or matters which require Board's approval under the provisions of the Listing Manual of Singapore Exchange Securities Trading Limited ("SGX-ST") or any applicable regulations as well as reviewing the performance of management and the financial performance of the Company and the Group. The Company and the Group have in place internal guidelines for financial authorisation and approval limits relating to capital and operating expenditure and specified transactions.

To facilitate effective management, certain functions had been delegated to three board committees, namely the Audit Committee ("AC"), Nominating Committee ("NC") and Remuneration Committee ("RC"). Each of the various board committees has its own written terms of reference and whose actions are reported to and monitored by the Board. The Board accepts that while these Committees have the authority to examine particular issues and will report back to the Board with their decisions and/or recommendations, the ultimate responsibility on all matters lies with the Board.

The Board meets regularly and is provided with relevant updates and information. Where necessary, Board meetings are convened to deliberate on substantive matters. In addition, directors often make themselves available and accessible to management for discussion and consultation. The Board and Board committees may also make decisions by way of circulating resolutions.

REPORT ON CORPORATE GOVERNANCE

The number of Board and the Board Committees meetings held during the financial year ended 31 December 2016 and the attendances of the directors of these meetings are set out below:

	Number of meetings attended in 2016			
	Board of Directors	Audit Committee	Remuneration Committee	Nominating Committee
Meetings held in 2016	**5**	**5**	**3**	**1**
Name of Director				
Liow Keng Teck[1]	4	4	2	0
Low Yi Ngo[2]	**4**	**NA**	**NA**	**NA**
Elaine Low	3	NA	NA	NA
Choo Hsun Yang[3]	**1**	**NA**	**NA**	**NA**
Lim Say Tai[4]	2	2	1	1
Oliver Khaw Kar Heng	**5**	**5**	**3**	**NA**
Tung Zhihong, Paul	5	5	2	1

(1) Appointed as member of RC with effect from 29 July 2016.

(2) Appointed as member of NC with effect from 29 July 2016.

(3) Retired as Director on 29 April 2016.

(4) Resigned as Director on 29 April 2016.

NA Not applicable

REPORT ON CORPORATE GOVERNANCE

Board Composition and Guidance
Principle 2

As at the date of this report, the Company has five directors, namely:

Name of Director	Board	Board Committee	Date of appointment	Date of last re-election
Low Yi Ngo	Executive Director, CEO and Managing Director	Member of NC	28 November 2011 (Appointed as Non-Executive Director on 10 September 2006)	29 April 2016
Liow Keng Teck	**Board Chairman**	**Chairman of NC and Member of AC and RC**	**10 September 2006**	**29 April 2016**
Elaine Low	Executive Director	–	2 May 2014	30 April 2015
Oliver Khaw Kar Heng	**Non-Executive and Non-Independent Director**	**Member of AC and RC**	**11 March 2013**	**30 April 2015**
Tung Zhihong, Paul	Independent Director	Chairman of RC, Member of AC and NC	2 May 2014	30 April 2015

Note: The details of directors' shareholding in the Company and its related corporations are disclosed in the "Directors' Statement" section of this annual report.

Mr Oliver Khaw Kar Heng is the Head of Legal/Senior Foreign Counsel of PT Bayan Resources Tbk. Although PT Bayan Resources Tbk is related to the controlling shareholder of the Company, Dato' Dr. Low Tuck Kwong, Mr Oliver Khaw Kar Heng is not by definition 'directly associated' to the controlling shareholder as he is not under any obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of the controlling shareholder. Therefore, he may be considered independent. However, in the interest of good corporate governance, the NC has adopted the view that Mr Oliver Khaw is not to be considered independent. Mr Low Yi Ngo, the Chief Executive Officer and Managing Director and Ms Elaine Low, Executive Director of the Company, are the children of the controlling shareholder. The two independent directors on the Board are Mr Liow Keng Teck and Mr Tung Zhihong, Paul.

Except for Mr Liow Keng Teck, none of the directors have served the Company for a period exceeding nine years. Mr Liow Keng Teck has served as Independent Director of the Company for more than nine years since his initial appointment on 10 September 2006. The Board has subjected his independence to rigorous review.

Having considered factors such as conduct, experience, attendance and participation in meetings of Mr Liow Keng Teck, the Board is of the view that the length of service is not necessarily a critical factor in determining independence and Mr Liow Keng Teck's professionalism enabled him to exercise strong independent judgment in the best interests of the Company. Mr Liow Keng Teck had maintained a high standard of conduct, care and duty and had observed ethical standards and independence. The Board is of the view that Mr Liow Keng Teck remains independent in his exercise of judgment and objectivity in Board matters. During the review, Mr Liow excused himself and abstained from all deliberations and discussions.

REPORT ON CORPORATE GOVERNANCE

The Board comprises members who have extensive experience in banking, accounting, financial services, engineering and legal sectors. The composition of the Board is well-balanced. The profiles of the directors are set out on pages 3 to 4 of this Annual Report.

The Board consists of five directors of whom two are considered independent by the Board. The independent directors constitute more than one-third of the Board. The Board is able to exercise objective judgment in the interest of the Company and the Group. No individual or group of individuals dominates the Board's decision-making process.

The views and opinions of the non-executive directors provide alternative perspectives to the Group's business and they bring independent judgment to bear on business activities and transactions involving conflicts of interest and other complexities.

Chairman and Chief Executive Officer
Principle 3

There is a clear division of responsibilities and roles between the Chairman, who is independent, and the Chief Executive Officer. This ensures an appropriate balance of power and views as well as accountability.

The Chairman chairs Board meetings and ensures that the directors receive accurate, timely and clear information, guides the Board on its discussion of substantive issues and ensures adequate time is available for such discussion. The Chairman also leads the Board to ensure its effectiveness, including the facilitation of effective contribution by non-executive directors, promotes a culture of openness and debate at the Board, ensures effective communication with shareholders, and encourages constructive relations within the Board and between the Board and management. The Chairman also promotes high standards of corporate governance.

The Chief Executive Officer is responsible for the execution of the Company's and the Group's strategies and the day-to-day operations of the Company and the overall performance of the Group.

The Chairman and the Chief Executive Officer are not related to each other.

Board Membership
Principle 4

The members of the NC as at the date of this report are as follows:

Liow Keng Teck	Chairman
Tung Zhihong, Paul	Member
Low Yi Ngo	Member

A majority of the NC members are independent, including the NC Chairman and are not related to any substantial shareholders of the Company.

Under its terms of reference, the NC is responsible for reviewing the Board's composition and effectiveness and makes recommendations to the Board on all Board and Board Committee appointments. It is responsible for the nomination of directors for re-election and also reviews the independence of each director on an annual basis. The NC will also review Board succession plans for directors, in particular the Chairman and the CEO.

REPORT ON CORPORATE GOVERNANCE

In recommending new directors, if any, the NC relies mainly on the contacts and network of the entire Board. However, the NC may engage the services of external recruitment companies, if necessary. In nominating new directors, consideration is given to the integrity, skills and experience of the candidates and the overall composition of the Board.

All newly appointed directors are briefed on the business activities and strategic directions of the Company and the Group. Visits are arranged for non-executive directors to acquaint themselves with the Group's major overseas operations. All directors are provided with a Directors' Handbook, which includes coverage of directors' duties and responsibilities and the related requirements under the Singapore Companies Act, Chapter 50 (the "Act"), SGX-ST's Listing Manual and the Code of Corporate Governance 2012. On an ongoing basis, the Company updates the directors regarding developments in new laws and regulations or changes in regulatory requirements and financial reporting standards or corporate governance practices or news articles which are relevant to or may affect the businesses of the Company and the Group. In addition, the Company encourages the directors to be members of the Singapore Institute of Directors ("SID"), and for them to receive journal updates and training from SID, as well as to attend relevant courses and seminars, so that they can stay abreast and be apprised of developments in the financial, legal and regulatory requirements and the business environment.

The NC will formalise the process for the selection and appointment of directors. The NC will also consider the appropriateness of letters of appointment issued to directors, which set out their duties, obligations and terms of appointment.

In the process for selection, appointment and re-appointment of directors, the NC will also consider factors such as composition and progressive renewal of the Board and each director's competencies, commitment and performance.

The Board has prescribed that each Board member should not hold more than six board representations in public listed companies. The NC is satisfied that sufficient time and attention are being given by the Directors to the affairs of the Company. Board and Board Committee meetings are scheduled in advance to facilitate the Directors' scheduling of their commitments.

The Company's Constitution requires one-third, or the number nearest to but not less than one-third, of the Directors, including the person holding the office of Managing Director (or an equivalent appointment however described), to retire from office. The Directors to retire every year are those who have been longest in office since their last election or appointment. No Director stays in office for more than three years without being re-elected by shareholders. In addition, a newly appointed Director will hold office only until the next annual general meeting at which he/she will be eligible for re-election.

Each member of the NC abstains from voting on any resolution, making any recommendation and/or participating in respect of matters in which he/she is interested in.

Board Performance
Principle 5

The Group's main activities include the provision of coal transportation services in Indonesia, principally for a company which is related to the controlling shareholder. The Company is also constantly seeking for business expansion opportunities, such as its property development initiative in China.

The Board believes its performance would be judged based on the Group's ability to manage the operations of the coal transportation activities in an efficient manner and to seek new investment opportunities to enhance shareholders' value. Discussions on the progress are made at formal Board meetings. Regular discussions are also held between management and directors who offer their views and guidance on the matters.

REPORT ON CORPORATE GOVERNANCE

The Board, based on the recommendation of the NC, recognises the need for regular reviews and evaluations of the effectiveness of the Board as a whole and the effectiveness of individual directors.

During the financial year, all directors are requested to complete a Board Evaluation Questionnaire which are collated and presented to the NC for review before submitting to the Board to determine actions required to improve the effectiveness of the Board and Committees of the Board as a whole. Taking into account the board size and composition, the NC is of the opinion that the evaluation of the Board as a whole and its Committees would suffice to assess the effectiveness and performance of the Board, its Committees and directors.

In evaluating the contribution and performance of the Board, its Board Committees and directors, the NC takes into consideration a number of factors including attendance, preparedness and participation in decision-making.

Access to Information
Principle 6

Management, including the executive directors, keeps the Board apprised of the Group's operations and performance through updates and reports as well as through informal discussions. Prior to the meetings of the Board or Board Committees, directors are provided, where appropriate, with management information to enable them to be prepared for the meetings. On an ongoing basis, all Board members have full and free access to management, the Company Secretary and any information the Board requires. If required, the Board has access to independent professional advice to assist them fulfill their responsibilities and duties.

At Board meetings, the Group's actual results are compared with budgets, and material variances are then explained. The strategies and forecast for the following months are discussed and approved as appropriate. The Board is also provided with updates on the relevant new legislation, regulations and changing commercial risks in the Company's and the Group's operating environment through regular meetings.

REMUNERATION MATTERS

Procedures for Developing of Remuneration Policies
Principle 7

Level and Mix of Remuneration
Principle 8

The members of the RC as at the date of this report are as follows:

Tung Zhihong, Paul	Chairman
Oliver Khaw Kar Heng	Member
Liow Keng Teck	Member

A majority of the RC members, including the RC Chairman, are independent.

REPORT ON CORPORATE GOVERNANCE

The role of the RC is to review and make recommendations to the Board on the remuneration package of each executive director and key management personnel. The RC also recommends the level of fees for directors and Board Committee members which are subject to the approval of shareholders. No director is involved in the deliberation of his own remuneration or fee level. Where necessary, independent professional advice on the framework for remuneration packages may be sought by the RC.

In recommending the remuneration packages of the executive directors and key management personnel, the RC is largely guided by the financial performance of the Company and the Group. It believes that the remuneration level should be competitive and sufficient to attract, retain and motivate the executive directors. In the prior financial year, the remuneration packages of the executive directors comprised a fixed base salary and 13th-month annual wage supplement. No performance-related or incentive bonus was paid to the executive directors. Having reviewed and considered the variable components of the service contracts of the executive directors and the key management personnel, which are moderate, the RC is of the view that there is no requirement to institute contractual provisions to allow the Company to reclaim incentive components of their remuneration paid in prior years in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss. The Chief Executive Officer and Managing Director and Executive Directors have entered into employment agreements with the Company. The RC has reviewed the termination clause of the executive directors and key management personnel's contract of service and found to be fair, reasonable and are not overly generous.

The Group had introduced long-term incentive schemes. At an Extraordinary General Meeting held on 16 September 2008, the shareholders had approved the adoption of two long-term incentive schemes, namely the Manhattan Resources Share Option Scheme ("Option Scheme") and Manhattan Resources Performance Share Scheme ("Share Scheme").

The Option Scheme is a plan for eligible employees, executive directors and non-executive directors. However, the Share Scheme is a plan only for eligible executives and executive directors.

The RC has been given the responsibility to administer both the Option Scheme and Share Scheme.

In future, the Company's remuneration policy may be amended to take into account the overall performance of the Company, the meeting of key targets, shareholders' value enhancement and individual performance.

Disclosure of Remuneration
Principle 9

Taking note of the highly competitive industry conditions and pressure in talent market and the sensitivity and confidentiality of remuneration matters, the Board decided not to disclose the remuneration of each individual director and key executive officers (who are not directors) of the Group, including names of the top five key executives. The Board is of the view that disclosure of specific information would not be in the interests of the Company as such information is confidential and sensitive, and could be exploited by competitors. The Company needs to maintain stability in the management team.

REPORT ON CORPORATE GOVERNANCE

The remuneration of the directors and the top five executives (who are not directors), is set out below:

(a) The table below shows a breakdown (in percentage terms) of the average remuneration of directors, which fall within broad bands, for the financial year ended 31 December 2016:

Directors of the Company	Salary %	Bonus %	Allowance %	Director's fee %
<u>Below S$250,000:</u>				
Elaine Low	**86**	**9**	**5**	**–**
Choo Hsun Yang *(Retired on 29 April 2016)*	95	–	5	–
Liow Keng Teck	**–**	**–**	**–**	**100**
Lim Say Tai *(Resigned on 29 April 2016)*	–	–	–	100
Oliver Khaw Kar Heng	**–**	**–**	**–**	**100**
Tung Zhihong, Paul	–	–	–	100
<u>S$250,000 to S$499,999:</u>				
Low Yi Ngo	90	8	2	–

(b) The remuneration paid to the top five key executives (who are not directors) for the financial year ended 31 December 2016 is as follows:

Remuneration Band	Number
Below $250,000	5

There is no immediate family member (as defined in the Listing Manual of SGX-ST) of a director or the Chief Executive Officer in the employ of the Company whose annual remuneration exceeds S$50,000 during the financial year ended 31 December 2016.

For the financial year ended 31 December 2016, there was no termination, retirement and post-employment benefits granted to directors, the CEO and the key management personnel other than the standard contractual notice period termination payment in lieu of service.

ACCOUNTABILITY AND AUDIT

Accountability

Principle 10

There are comprehensive management reporting disciplines and structured financial approval authorities to govern the implementation of agreed Company's and Group's policies and Board's decisions, and the day-to-day management of the Group's operating units.

REPORT ON CORPORATE GOVERNANCE

For effective monitoring of the Group's business and affairs, management and financial information are provided to the Board for review at the quarterly Board meetings. This information includes disclosure documents, quarterly results, forecasts for profit and cash flow, working capital and funding levels, compared to approved budgets and the corresponding prior financial periods' results, where applicable. In addition, the Company adopts a policy which welcomes directors to request for further explanations, briefings or informal discussions on any aspect of the Group's operations or business from management.

Audit Committee
Principle 12

The members of the AC as at the date of this report are as follows:

Liow Keng Teck	Member
Oliver Khaw Kar Heng	Member
Tung Zhihong, Paul	Member

A majority of the AC members are independent. Mr Liow Keng Teck, Mr Oliver Khaw Kar Heng and Mr Tung Zhihong, Paul have the requisite expertise or experience to discharge their responsibility as members of the AC.

The duties of the AC include:

(a) reviewing the audit plans of the internal and external auditors of the Company and reviewing the internal auditor's evaluation of the adequacy of the Company's and Group's system of internal accounting controls and the assistance given by the Company's and Group's management to the internal and external auditors;

(b) reviewing the quarterly and full year financial statements before their announcements;

(c) reviewing the annual financial statements and the external auditor's report on the annual financial statements of the Company and the Group before their submission to the Board;

(d) reviewing the effectiveness of the Company's and Group's material internal controls, including financial, operational and compliance controls, information technology controls and risk management policies and systems;

(e) meeting with the internal and external auditors, other committees and management in separate executive sessions to discuss any matters that these groups believe should be discussed privately with the AC;

(f) reviewing legal and regulatory matters that may have a material impact on the financial statements, related compliance policies and programs and any reports received from regulators;

(g) reviewing the effectiveness of the internal audit function;

(h) reviewing the cost effectiveness, independence and objectivity of the external auditor and the nature and extent of non-audit services provided by the external auditor;

REPORT ON CORPORATE GOVERNANCE

(i) reviewing the significant financial reporting issues and judgments so as to ensure the integrity of the financial statements of the Company and the Group and any formal announcements relating to their financial performance;

(j) making recommendations to the Board on the appointment, re-appointment and removal of the external auditor, approving the remuneration and terms of engagement of the external auditor and reviewing the scope and results of the audit;

(k) reviewing, monitoring and advising the Board on the Company's and Group's overall risk exposures, tolerance and strategy;

(l) reviewing the Company's and Group's overall risk assessment, framework, processes and methodology;

(m) reporting actions and minutes of the AC to the Board with such recommendations as the AC considers appropriate; and

(n) reviewing interested person transactions in accordance with the requirements of SGX-ST's Listing Manual.

The AC has the power to conduct investigations in accordance with the AC's written terms of reference and has full access to and co-operation from management as well as direct access to the Company's external auditor. In discharging its duties, the AC may seek independent advice at the expense of the Company.

The AC is kept abreast by the Management and the external auditors of changes to accounting standards which have impact on the Group's consolidated financial statements.

Following discussions with management and the external auditor, significant issues that impact the financial statements for the year ended 31 December 2016 were identified and included in the Independent Auditor's Report to the Members of the Company under "Key Audit Matters". In the review of the financial statements for the year ended 31 December 2016, the AC had obtained an understanding on the work performed by external auditor and management's assessment of the various key audit matters. The AC is satisfied that these issues including the accounting for associate, business combination and proposed vessel disposal, have been properly dealt with and concurred with management's assessment and conclusion of the key audit matters.

The AC met with both the internal and external auditors without the presence of management and reviewed the overall scope of the internal and external audits and assistance given by management to both the internal and external auditors. During the financial year ended 31 December 2016, an amount of S$214,000 and S$109,000 was paid/payable to the Company's external auditor for audit fee and non-audit services for the financial year ended 31 December 2016. In the opinion of the AC, the nature and extent of these non-audit services did not prejudice the independence and objectivity of the Company's external auditor.

The AC has recommended to the Board that Ernst & Young LLP be nominated for re-appointment as auditor at the forthcoming AGM of the Company.

In appointing the auditing firms for the Company and its subsidiaries, we have complied with Rules 712 and 715 of the Listing Manual of SGX-ST.

The AC has adopted a whistle-blowing policy to encourage and to provide a channel for stakeholders to report and to raise, in good faith and in confidence, their concerns about possible improprieties in matters of financial reporting and other matters. An email address has been created to receive any whistle-blowing concerns and stakeholders are invited to write to ACchairman@manhattan.sg.

REPORT ON CORPORATE GOVERNANCE

Internal Audit
Risk Management and Internal Controls
Principle 11

The Group continues to reinforce its internal control which address financial, operational, information technology and compliance risks designed to provide reasonable assurance with regard to the keeping of proper accounting records, integrity and reliability of its financial information and safeguarding the Group's assets. The management has further strengthened its human resources to support the internal control review initiatives and to implement revised policies and procedures.

The AC annually evaluates the findings of the internal auditor on the internal controls. In addition, it also evaluates the observations and recommendations by the external auditor on any material internal control weaknesses which have come to its attention in the course of its statutory audit. On an ad-hoc basis as warranted by particular circumstances, the AC may commission professional independent reviews of the operations of the Company and its subsidiaries and evaluates the results of such professional independent reviews. The evaluation assists the Board in developing policies that enhances the controls and operating systems of the Company and the Group.

The Board, with the assistance from the AC, is responsible for reviewing the appropriateness of framework and policies for managing risks, setting the risk appetite of the Company and the Group, reviewing key risks identified at business unit levels and their related risk treatment plans.

Management has implemented a formalised risk management framework, under the guidance of AC, for the identification, treatment, monitoring and reporting of risks. The AC shall also review and discuss risk management matters at least twice a year. A risk self-assessment exercise was conducted at business unit level and a risk register with risk treatment plans was identified. Arising from these risk management activities, the Company and the Group have adopted a set of more stream-lined and comprehensive guidelines for approval limits and delegation of authorities, investment approval and documentation requirements, as well as project status reporting. The AC and the Board are not aware of any matter which suggests that key risks are not being satisfactorily managed.

The Group's financial risk management objectives and policies are discussed further in Note 30 to the financial statements.

The Board has obtained a written confirmation from the CEO and Deputy CFO that:

(a) the financial records of the Group have been properly maintained and the financial statements for the year ended 31 December 2016 give a true and fair view of the Group's operations and finances, and

(b) the system of risk management and internal controls in place within the Group is adequate and effective in addressing the material risks in the Group in its current business environment.

Based on the internal controls established and maintained by the Company and the Group, the work performed by the internal auditors and statutory audits by the external auditors, and reviews performed by management, Board Committees and the Board, it is the opinion of the Board and AC that the internal controls put in place, which addressed the financial, operational,compliance risks and information technology controls and risk management system, are adequate and effective in meeting the current scopes of the Company's and the Group's operations in the prevailing business environment in all material aspects. However, the Board acknowledges that no system can provide absolute assurance against the occurrence of material errors, poor judgment in decision-making, human errors, losses, fraud or other irregularities.

REPORT ON CORPORATE GOVERNANCE

The Board will continually review and improve the internal controls and risk management systems of the Company and the Group on an ongoing basis.

Principle 13

The primary objectives of the internal audit function are to assess if adequate systems of internal controls are in place to safeguard shareholders' investments and the Group's assets and to ensure that such control procedures are continuously complied with. The internal auditor reports to the AC. During the financial year ended 31 December 2016, the outsourced internal audit function has carried out internal audit in accordance with the internal audit plan approved by the AC. The AC has reviewed and discussed the findings from internal audit with the internal auditor.

SHAREHOLDER RIGHTS AND RESPONSIBILITIES

Shareholder Rights
Principle 14

Communication with Shareholders
Principle 15

Conduct of Shareholder Meetings
Principle 16

The Board is mindful of its obligation to provide timely and relevant information to shareholders.

Timely disclosure of material information is carried out in accordance with the requirements of the Listing Manual of the SGX-ST. The Company's results and annual reports are released on the SGXNET. A copy of the Company's Annual Report and Notice of AGM are also sent to every shareholder.

Shareholders are encouraged to attend and participate at the Company's AGMs to ensure a high level of accountability. The AGM is the principal forum for dialogue with shareholders. The Board welcomes the views of shareholders on matters affecting the Company. The minutes of AGMs are available to shareholders upon request.

As far as possible, resolutions on each distinct issue are tabled separately at general meetings. Where resolutions are "bundled" as they are inter-dependent and linked so as to form one significant proposal, adequate explanations and material implications will be provided.

The chairpersons of Board Committees are present to address questions at general meetings. The external auditor is also present to address shareholders' queries about the conduct of the audit and the preparation and content of the auditor's report.

The Group encourages shareholder participation at general meetings. A shareholder who is entitled to attend and vote may appoint not more than two proxies. For shareholders who hold shares through nominees such as CPF and custodian banks, they are now able to attend and vote at general meetings under the multiple proxy regime.

REPORT ON CORPORATE GOVERNANCE

Dealing in Securities

The Group has adopted a policy to govern conduct in the dealing of the securities of the Company for directors and officers, in accordance with the Listing Manual of SGX-ST. Under this policy, directors and officers are prohibited from dealing in the securities of the Company (i) on short-term considerations, (ii) during the period commencing one month before the announcement of the Company's full-year financial results and two weeks from the release of quarterly financial results ("blackout period"), and (iii) when they are in possession of unpublished price-sensitive information.

In addition, two weeks before the release of the Company's quarterly financial results for the first three quarters and one month before the release of the Company's full-year financial results, an email is sent to the Company's and Group's directors and employees reminding them of the blackout period; and prohibition to trade any time they are in possession of unpublished material price-sensitive information and on short-term considerations.

Interested Person Transactions ("IPTs")

Interested person transactions carried out during the financial year which fall under Chapter 9 of the Listing Manual of the SGX-ST are as follows:

Name of interested person	***Aggregate value of all IPTs during the financial year under review (excluding transactions less than S$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920 of the Listing Manual)*** **S$'000**	***Aggregate value of all IPTs under shareholders' mandate pursuant to Rule 920 of the Listing Manual (excluding transactions less than S$100,000)*** **S$'000**
KaiYi Investment Pte. Ltd.		
Lease of office premises	–	(276)
PT Muji Lines		
Coal transportation income and fuel oil costs reimbursement	–	5,861
PT Dermaga Perkasapratama(1)		
Sale of electricity	2,001	–
Bayan International Pte. Ltd.(1)		
Purchase of coal	(2,713)	–

Note:

(1) On 29 June 2016, shareholders of the Company have approved the agreements entered into by PT Kariangau Power, a 92.18% owned subsidiary company, for the sale of electricity to PT Dermaga Perkasapratama and purchase of coal from Bayan International Pte. Ltd.

CONCLUSION

The Group recognises the importance of good corporate governance practices and will continue to review and improve its corporate governance practices on an ongoing basis.

DIRECTORS' STATEMENT

The directors present their statement to the members together with the audited consolidated financial statements of Manhattan Resources Limited (the "Company") and its subsidiaries (collectively, the "Group") and the balance sheet and statement of changes in equity of the Company for the financial year ended 31 December 2016.

Opinion of the directors

In the opinion of the directors,

(a) the consolidated financial statements of the Group and the balance sheets and statement of changes in equity of the Company are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2016 and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the year ended on that date; and

(b) at the date of this statement there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

Directors

The directors of the Company in office at the date of this statement are:

Liow Keng Teck
Low Yi Ngo
Elaine Low
Oliver Khaw Kar Heng
Tung Zhihong, Paul

Arrangements to enable directors to acquire shares and debentures

Except as described in the paragraph below, neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

Directors' interests in shares and debentures

The following directors, who held office at the end of the financial year, had, according to the register of directors' shareholdings required to be kept under Section 164 of the Singapore Companies Act, Chapter 50, an interest in shares and share options of the Company, as stated below:

DIRECTORS' STATEMENT

Directors' interests in shares and debentures (cont'd)

	Direct interest		Deemed interest	
Name of directors	**At beginning of financial year**	**At end of financial year**	**At beginning of financial year**	**At end of financial year**
The Company				
Ordinary shares				
Liow Keng Teck	1,392,000	1,392,000	–	–
Low Yi Ngo	3,300,000	3,300,200	–	–
Options				
Liow Keng Teck	250,000	250,000	–	–
Subsidiaries				
Manhattan Property Development Pte. Ltd.				
Ordinary shares				
Low Yi Ngo(1)	–	–	49	49
Elaine Low(2)	–	–	49	49
Manhattan Resources (Ningbo) Property Limited				
Share equity				
Low Yi Ngo(3)	–	–	49%	49%
Elaine Low(4)	–	–	49%	49%

(1) Low Yi Ngo is deemed to have an interest in the 49 ordinary shares held by KaiYi Investment Pte. Ltd. through his 36% interest in KaiYi Investment Pte. Ltd.

(2) Elaine Low is deemed to have an interest in the 49 ordinary shares held by KaiYi Investment Pte. Ltd. through her 36% interest in KaiYi Investment Pte. Ltd.

(3) Low Yi Ngo is deemed to have an interest in 49% of the equity held by KaiYi Investment Pte. Ltd. through his 36% interest in KaiYi Investment Pte. Ltd.

(4) Elaine Low is deemed to have an interest in 49% of the equity held by KaiYi Investment Pte. Ltd. through her 36% interest in KaiYi Investment Pte. Ltd.

There was no change in any of the above-mentioned interests in the Company between the end of the financial year and 21 January 2017.

Except as disclosed in this statement, no other director who held office at the end of the financial year had interests in shares, share options, warrants or debentures of the Company, either at the beginning of the financial year or at the end of the financial year.

Option and performance share plans

At an Extraordinary General Meeting held on 16 September 2008, shareholders approved the adoption of two share based incentive plans, Manhattan Resources Share Option Scheme ("Option Scheme") and Manhattan Resources Performance Share Scheme ("Share Scheme"), for the grant of non-transferable options and the issuance of shares to eligible participants, respectively.

DIRECTORS' STATEMENT

Option and performance share plans (cont'd)

The Remuneration Committee has been given the responsibility to administer both the Option Scheme and Share Scheme.

On 24 February 2009, the Company granted 4,365,000 share options under the Option Scheme. These options expire on 23 February 2019 and are exercisable if a director or an employee remains in service for 1 year from the date of grant. No shares have been issued under the Share Scheme.

Details of all the options to subscribe for ordinary shares of the Company pursuant to the Option Scheme as at 31 December 2016 are as follows:

Expiry date	Exercise price ($)	Number of options
23 February 2019	0.48	275,000

Details of the options to subscribe for ordinary shares of the Company granted to directors of the Company pursuant to the Option Scheme are as follows:

Name of director	Options granted during the financial year	Aggregate options granted since commencement of the plan to end of financial year	Aggregate options exercised since commencement of the plan to end of financial year	Aggregate options outstanding at end of financial year
Liow Keng Teck	–	250,000	–	250,000

These options are exercisable between the period from 24 February 2010 to 23 February 2019 at the exercise price of $0.48.

Since the commencement of the Option Scheme and Share Scheme till the end of the financial year:

- No options and shares have been granted to the controlling shareholders of the Company and their associates;
- No participant has received 5% or more of the total options available under the Option Scheme;
- No options and shares have been granted to directors and employees of the subsidiaries;
- No options that entitle the holder to participate, by virtue of the options, in any share issue of any other corporation have been granted; and
- No options and shares have been granted at a discount.

DIRECTORS' STATEMENT

Audit committee

The Audit Committee carried out its functions in accordance with Section 201B(5) of the Singapore Companies Act, Chapter 50. The functions performed are detailed in the Report on Corporate Governance set out in the Annual Report of the Company.

Auditor

Ernst & Young LLP have expressed their willingness to accept reappointment as auditor.

On behalf of the board of directors,

Low Yi Ngo
Director

Elaine Low
Director

27 March 2017

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF MANHATTAN RESOURCES LIMITED

Report on the audit of the financial statements

We have audited the financial statements of Manhattan Resources Limited (the "Company") and its subsidiaries (collectively, the "Group"), which comprise the balance sheets of the Group and the Company as at 31 December 2016, the statements of changes in equity of the Group and the Company and the consolidated income statement, consolidated statement of comprehensive income and consolidated cash flow statement of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

Opinion

In our opinion, the accompanying consolidated financial statements of the Group, the balance sheet and the statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2016 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and changes in equity of the Company for the year ended on that date.

Basis for opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled our responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Accounting for associate

During the financial year ended 2016, the Company entered into a legally binding memorandum of understanding with a vendor in relation to a share swap of 375,000 ordinary shares of Starsmind Capital Pte. Ltd. ("Starsmind"), representing 60% of the issued share capital of Starsmind, for 2,500 ordinary shares of Giantminer Pte. Ltd. ("Giantminer") representing 25% of the issued share capital of Giantminer, which is accounted for as an associate.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF MANHATTAN RESOURCES LIMITED

Accounting for associate (cont'd)

We have determined this to be a key audit matter based on the quantitative materiality of the share swap and the significant estimation required to determine the fair value of the equity interest in Giantminer being acquired. Management used external valuer to determine the fair value of the equity interest acquired. The carrying value of Giantminer as at 31 December 2016 was supported by its valuation.

As part of our audit procedures for the accounting for share swap, we assessed the competence, capabilities and objectivity of the external valuer engaged by management and the appropriateness of the valuation model, related data, including assumptions such as selling prices, annual output and estimated maximum production capacity used by the external valuer. We also engaged our internal valuation specialist to support us in assessing the reasonableness of the external valuer's valuation methodology and assessing the appropriateness of key assumptions and inputs including discount rates, projection period and long term growth of mining industry used in measuring the fair value of the acquired interest in Giantminer. In addition, we also evaluated the appropriateness of the carrying amount of Giantminer as at 31 December 2016. Furthermore, we assessed the appropriateness of Note 2.4(a)(iii) and Note 8 relating to the disclosures of the share swap.

Business combination

During the financial year ended 2016, SLM Holding Pte Ltd, a wholly-owned subsidiary of the Company acquired a 92.18% equity interest in PT Kariangau Power ("PT KP"), for a total purchase consideration of approximately US$35,710,000 (equivalent to $48,177,000), and the goodwill recognised was $82,000. We have determined this to be a key audit matter based on the quantitative materiality of the acquisition, the significant management judgment involved in determining the purchase price allocations (PPAs), and the adjustments made to align accounting policies with those of the Group.

As part of our audit of the accounting of the acquisition, we reviewed the purchase agreements to obtain an understanding of the transactions and the key terms and checked the payment of the purchase price to the vendors. An important element of our audit relates to the identification and fair value measurement of the acquired assets and liabilities. We tested this identification based on our discussion with management and understanding of the business of the acquired company. Management engaged external valuer to assist them with the PPA. We assessed the competence, capabilities and objectivity of the external valuer engaged by management. We engaged our internal valuation experts to support us in reviewing the management's valuation methodology and assessing the appropriateness of key assumptions and inputs used in measuring the fair value of the acquired assets. We reviewed the work of the acquired company's predecessor auditor to assess the closing balances as at the date of acquisition. We also performed additional audit procedures to assess the adjustments made to align accounting policies with those of the Group. Furthermore, we assessed the adequacy of the related disclosures which are included in Note 2.4(a)(iv) and Note 7 to the financial statements.

Proposed vessel disposal

During the financial year ended 2016, PT Aneka Samudera Lintas ("PTASL"), a subsidiary of the Company and PT Karunia Samudera Lines ("PTKSL") entered into a conditional sale and purchase of vessel agreement ("Agreement") for the sale of 22 tugs and 22 barges (collectively the "Vessels") from PTASL to PTKSL at a total purchase consideration of IDR170,580,000,000 (equivalent to S$18,400,000). The carrying amounts of the vessels represents approximately 4% of the total assets of the Group. As at 31 December 2016, the proposed disposal has not been completed and the vessels were classified as current assets held for sale. We have determined this to be a key audit matter based on the quantitative materiality of the disposal.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF MANHATTAN RESOURCES LIMITED

Proposed vessel disposal (cont'd)

As part of our audit of the accounting for the proposed disposal, we reviewed the Agreement to obtain an understanding of the transactions and key terms. We also assessed the appropriateness of Note 3 relating to the classification of these Vessels as current assets held for sale and whether these Vessels were measured in accordance with *FRS 105 Non-current assets held for sale* at lower of carrying amount or fair value less cost of disposal. Furthermore, we assessed the adequacy of the related disclosures which are included in Note 3 to the financial statements.

Other information

Management is responsible for other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and directors for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and FRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF MANHATTAN RESOURCES LIMITED

Auditor's responsibilities for the audit of the financial statements (cont'd)

As part of an audit in accordance with SSAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF MANHATTAN RESOURCES LIMITED

Report on other legal and regulatory requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Philip Ling.

Ernst & Young LLP
Public Accountants and
Chartered Accountants
Singapore
27 March 2017

BALANCE SHEETS

AS AT 31 DECEMBER 2016

	Note	Group 2016 $'000	Group 2015 $'000	Company 2016 $'000	Company 2015 $'000
Non-current assets					
Property, plant and equipment	3	60,237	14,946	276	400
Land use rights	4	13,768	–	–	–
Intangible assets	5	24,511	–	–	–
Property under development	6	41,360	41,920	–	–
Goodwill	7	82	–	–	–
Deferred tax assets	24	8,170	–	–	–
Prepayments	11	1,694	–	–	–
Interests in subsidiaries	7	–	–	76,489	101,909
Investment in associate	8	26,163	42,267	26,163	–
Interests in joint venture company	9	1,965	1,919	–	–
Trade and other receivables	10	8,898	11,041	–	–
		186,848	112,093	102,928	102,309
Current assets					
Trade and other receivables	10	4,827	7,013	77	110
Prepayments	11	592	426	9	9
Due from subsidiaries (trade)	12	–	–	–	–
Due from subsidiaries (non-trade)	13	–	–	38,356	271
Inventories	14	1,172	–	–	–
Cash and bank deposits	15	64,645	86,077	5,545	19,552
		71,236	93,516	43,987	19,942
Assets held for sale	3	10,482	–	–	–
		81,718	93,516	43,987	19,942
Current liabilities					
Loans and borrowings	16	(13,266)	–	(10,008)	–
Trade and other payables	17	(65,660)	(28,539)	(515)	(609)
Due to subsidiaries (non-trade)	13	–	–	(20,801)	(2,346)
Advance from joint venture company	18	(750)	(750)	(750)	(750)
Income tax payable		(97)	(95)	–	–
		(79,773)	(29,384)	(32,074)	(3,705)
Net current assets		1,945	64,132	11,913	16,237
Non-current liabilities					
Deferred tax liabilities	24	(10,527)	(14)	(14)	(14)
Loans and borrowings	16	(27,974)	–	–	–
Net assets		150,292	176,211	114,827	118,532
Equity					
Share capital	19	189,004	189,004	189,004	189,004
Accumulated losses		(94,572)	(82,194)	(74,251)	(70,546)
Capital reserves		14	14	–	–
Other reserve		(320)	(320)	–	–
Foreign currency translation reserve		1,664	1,121	–	–
Acquisition revaluation reserve		5,392	5,392	–	–
Employee share option reserve		74	74	74	74
Equity attributable to owners of the Company		101,256	113,091	114,827	118,532
Non-controlling interests		49,036	63,120	–	–
Total equity		150,292	176,211	114,827	118,532

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED INCOME STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

		Group	
	Note	**2016**	**2015**
		$'000	**$'000**
Revenue	20	14,141	8,705
Other income	21	1,755	4,545
Employee benefits expenses	22	(4,708)	(5,561)
Depreciation and amortisation	3,4,5,11	(6,090)	(5,451)
Operating expenses	23	(10,200)	(9,258)
Impairment loss	23	(93)	(13,240)
Other expenses	23	(4,100)	(3,453)
Finance costs on loans and borrowings		(1,995)	–
Share of results of associate, net of tax	8	(53)	(104)
Share of results of joint venture company, net of tax	9	(1)	(79)
Loss before tax		(11,344)	(23,896)
Income tax expense	24	(337)	(54)
Loss for the financial year		(11,681)	(23,950)
Loss attributable to:			
Owners of the Company		(12,378)	(24,353)
Non-controlling interests		697	403
Loss for the financial year		(11,681)	(23,950)
Loss per share (cents) attributable to owners of the Company	25		
– Basic		(2.18)	(4.28)
– Diluted		(2.18)	(4.28)

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

	Group	
	2016	**2015**
	$'000	**$'000**
Loss net of tax	(11,681)	(23,950)
Other comprehensive income:		
Items that may be reclassified subsequently to profit or loss		
Foreign currency translation	(1,294)	4,196
Other comprehensive income for the financial year, net of tax	(1,294)	4,196
Total comprehensive income for the financial year	(12,975)	(19,754)
Total comprehensive income attributable to:		
Owners of the Company	(11,840)	(21,117)
Non-controlling interests	(1,135)	1,363
	(12,975)	(19,754)

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

Group	Total attributable to owners of the Company									
	Share capital $'000	Accumulated losses $'000	Capital reserve[1] $'000	Other reserve $'000	Foreign currency translation reserve[2] $'000	Acquisition revaluation reserve[3] $'000	Employee share option reserve[4] $'000	Total $'000	Non-controlling interests $'000	Total Equity $'000
At 1 January 2015	189,004	(57,841)	14	(320)	(2,115)	5,392	74	134,208	61,757	195,965
Loss net of tax	–	(24,353)	–	–	–	–	–	(24,353)	403	(23,950)
Other comprehensive income										
Foreign currency translation	–	–	–	–	3,236	–	–	3,236	960	4,196
Other comprehensive income for the financial year, net of tax	–	–	–	–	3,236	–	–	3,236	960	4,196
Total comprehensive income for the financial year	–	(24,353)	–	–	3,236	–	–	(21,117)	1,363	(19,754)
At 31 December 2015	189,004	(82,194)	14	(320)	1,121	5,392	74	113,091	63,120	176,211

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

	Total attributable to owners of the Company									
Group	Share capital $'000	Accumulated losses $'000	Capital reserve[1] $'000	Other reserve $'000	Foreign currency translation reserve[2] $'000	Acquisition revaluation reserve[3] $'000	Employee share option reserve[4] $'000	Total $'000	Non-controlling interests $'000	Total Equity $'000
At 1 January 2016	189,004	(82,194)	14	(320)	1,121	5,392	74	113,091	63,120	176,211
Loss net of tax	-	(12,378)	–	–	–	–	–	(12,378)	697	(11,681)
Other comprehensive income										
Foreign currency translation	–	–	–	–	538	–	–	538	(1,832)	(1,294)
Other comprehensive income for the financial year, net of tax	–	–	–	–	538	–	–	538	(1,832)	(1,294)
Total comprehensive income for the financial year	–	(12,378)	–	–	538	–	–	(11,840)	(1,135)	(12,975)
Changes in ownership interests in subsidiaries										
Disposal of subsidiary (Note 7)	–	–	–	–	5	–	–	5	(16,895)	(16,890)
Acquisition of subsidiary (Note 7)	–	–	–	–	–	–	–	–	3,946	3,946
Total change in ownership interests in subsidiaries	–	–	–	–	5	–	–	5	(12,949)	(12,944)
Total transactions with owners in their capacity as owners	–	–	–	–	5	–	–	5	(12,949)	(12,944)
At 31 December 2016	189,004	(94,572)	14	(320)	1,664	5,392	74	101,256	49,036	150,292

(1) Capital reserve represents the capital contribution in excess of the registered capital.

(2) Foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Company's functional currency. It is also used to record the effect of hedging net investments in foreign operations.

(3) Acquisition revaluation reserve represents the fair value adjustments on acquisition of subsidiary in 2009 relating to previously held interest.

(4) Employee share option reserve represents the equity-settled share options granted to directors and employees (Note 22). The reserve is made up of the cumulative value of services received from directors and employees recorded over the resulting period commencing from the grant dates of equity-settled share options, and is reduced by the expiry of exercise of the share options.

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

	Total attributable to owners of the Company			
Company	**Share capital $'000**	**Accumulated losses $'000**	**Employee share option reserve $'000**	**Total $'000**
At 1 January 2015	189,004	(63,742)	74	125,336
Loss net of tax	–	(6,804)	–	(6,804)
At 31 December 2015	189,004	(70,546)	74	118,532
At 1 January 2016	189,004	(70,546)	74	118,532
Loss net of tax	–	(3,705)	–	(3,705)
At 31 December 2016	189,004	(74,251)	74	114,827

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED CASH FLOW STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

	Note	2016 $'000	2015 $'000
Cash flows from operating activities			
Loss before tax		(11,344)	(23,896)
Adjustments:			
Gain on disposal of investment in associate	21	(858)	–
Depreciation of property, plant and equipment	3	4,609	5,451
Amortisation of land use rights	4	400	–
Amortisation of intangible assets	5	1,046	–
Amortisation of prepayments	11	35	–
Impairment loss on trade and other receivables	23	93	11,378
Impairment loss on property, plant and equipment	3	–	1,862
Loss on disposal of property, plant and equipment	23	77	–
Unrealised foreign exchange differences		1,120	4,785
Finance costs		1,995	–
Interest income	21	(349)	(836)
Share of results of associate	8	53	104
Share of results of joint venture company	9	1	79
Operating cash flows before working capital changes		(3,122)	(1,073)
Increase in inventories		(919)	–
Decrease in trade and other receivables		6,022	9,299
Decrease in prepayments		366	151
Increase in trade and other payables		4,197	1,644
Cash flows from operations		6,544	10,021
Interest received		258	928
Finance costs paid		(1,928)	–
Net cash flows from operating activities		4,874	10,949
Cash flows (used in)/from investing activities			
Purchase of property, plant and equipment	3	(111)	(71)
Proceeds from sale of property, plant and equipment		82	–
Additions to property under development	6	(1,288)	(1,825)
Net cash outflow on acquisition of a subsidiary	7	(33,442)	–
(Increase)/decrease in fixed deposits		(6,486)	24,232
Net cash flows (used in)/from investing activities		(41,245)	22,336
Cash flows from/(used in) financing activities			
Proceeds from loans and borrowings		10,008	–
Repayment of bank loans		(829)	–
Cash at banks pledged	15	(280)	–
Net cash flows from financing activities		8,899	–
Net (decrease)/increase in cash and cash equivalents		(27,472)	33,285
Effect of exchange rate changes on cash and cash equivalents		(726)	(4,170)
Cash and cash equivalents at beginning of financial year		82,168	53,053
Cash and cash equivalents at end of financial year	15	53,970	82,168

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

1. CORPORATE INFORMATION

Manhattan Resources Limited (the "Company") is a limited liability company incorporated and domiciled in Singapore. The Company is listed on the Singapore Exchange Securities Trading Limited.

The registered office and principal place of business of the Company is located at 133 New Bridge Road, #18-09 Chinatown Point, Singapore 059413.

The principal activities of the Company are those of investment holding and the provision of management services. The principal activities and principal place of business of the subsidiaries are as shown in Note 7 to the financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company have been prepared in accordance with the provisions of Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards ("FRS").

The financial statements have been prepared on a historical cost basis, except as disclosed in the accounting policies below.

The financial statements are presented in Singapore dollars ($ or SGD) and all values in the tables are rounded to the nearest thousand ($'000) except when otherwise indicated.

The Accounting Standards Council announced on 28 May 2014 that Singapore incorporated companies listed on the Singapore Exchange will apply a new financial reporting frameworks identical to the International Financial Reporting Standards. The Group will adopt the new financial reporting frameworks on 1 January 2018.

2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Group has adopted all the new and revised standards which are effective for annual financial periods beginning on or after 1 January 2016. The adoption of these standards did not have any effect on the financial performance or position of the Group and the Company.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Standards issued but not yet effective

The Group has not adopted the following standards applicable to the Group that have been issued but not yet effective:

Description	*Effective for annual periods beginning on or after*
Amendments to FRS 7 *Disclosure Initiative*	1 January 2017
Amendments to FRS 12 *Recognition of Deferred Tax Assets for Unrealised Losses*	1 January 2017
FRS 115 *Revenue from Contracts with Customers*	1 January 2018
FRS 109 *Financial Instruments*	1 January 2018
FRS 116 *Leases*	1 January 2019
Amendments to FRS 110 and FRS 28 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	Date to be determined

Except for FRS 115, FRS 109 and FRS 116, the directors expect that the adoption of the other standards above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policy on adoption of FRS 109, FRS 115 and FRS 116 are described below.

<u>FRS 115 *Revenue from Contracts with Customers*</u>

FRS 115 establishes a five-step model that will apply to revenue arising from contracts with customers. Under FRS 115, revenue is recognised at an amount that reflects the consideration which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in FRS 115 provide a more structured approach to measuring and recognising revenue when the promised goods and services are transferred to the customer i.e. when performance obligations are satisfied.

Key issues for the Group include identifying performance obligations, accounting for contract modifications, applying the constraint to variable consideration, evaluating significant financing components, measuring progress toward satisfaction of a performance obligation, recognising contract cost assets and addressing disclosure requirements.

Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2018 with early adoption permitted. The Group is currently assessing the impact of FRS 115 and plans to adopt the new standard on the required effective date.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Standards issued but not yet effective (cont'd)

FRS 109 *Financial Instruments*

FRS 109 introduces new requirements for classification and measurement of financial assets, impairment of financial assets and hedge accounting. Financial assets are classified according to their contractual cash flow characteristics and the business model under which they are held. The impairment requirements in FRS 109 are based on an expected credit loss model and replace the FRS 39 incurred loss model. Adopting the expected credit losses requirements will require the Group to make changes to its current systems and processes.

The Group currently measures one of its investments in unquoted equity securities at cost. Under FRS 109, the Group will be required to measure the investment at fair value. Any difference between the previous carrying amount and the fair value would be recognised in the opening retained earnings when the Group applies FRS 109.

FRS 109 is effective for annual periods beginning on or after 1 January 2018 with early application permitted. Retrospective application is required, but comparative information is not compulsory. The Group is currently assessing the impact of FRS 109 and plans to adopt the standard on the required effective date.

FRS 116 *Leases*

FRS 116 requires lessees to recognise most leases on balance sheets to reflect the rights to use the leased assets and the associated obligations for lease payments as well as the corresponding interest expense and depreciation charges. The standard includes two recognition exemption for lessees – leases of 'low value' assets and short-term leases. The new standard is effective for annual periods beginning on or after 1 January 2019.

The Group is currently assessing the impact of the new standard and plans to adopt the new standard on the required effective date. The Group expects the adoption of the new standard will result in increase in total assets and total liabilities, EBITDA and gearing ratio.

2.4 Significant accounting estimates and judgments

The preparation of the Group's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

(a) ***Key sources of estimation uncertainty***

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of each reporting period are discussed below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 Significant accounting estimates and judgments (cont'd)

(a) ***Key sources of estimation uncertainty (cont'd)***

(i) ***Impairment of loans and receivables***

The Group assesses at the end of each reporting period whether there is any objective evidence that a financial asset is impaired. Factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments are objective evidence of impairment, in determining whether there is objective evidence of impairment, the Group considers whether there is observable data indicating that there have been significant changes in the debtor's payment ability or whether there have been significant changes with adverse effect in the technological, market, economic or legal environment in which the debtor operates in.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amount of the Group's loans and receivables at the balance sheet date is disclosed in Note 10 to the financial statements.

(ii) ***Depreciation of property, plant and equipment***

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives so as to write-down the cost to the estimated residual values at the end of their useful lives. These estimates regarding the useful lives and residual values of the property, plant and equipment are made by the Group based on past experience and industry trends. The useful lives and residual values are reviewed on an annual basis. A 3% difference in the depreciation rate of these assets from management's estimate would result in $2,339,000 (2015: $1,942,000) variance in the Group's loss for the financial years ended 31 December 2016 and 2015.

The carrying amount of the Group's property, plant and equipment at the balance sheet date is disclosed in Note 3 to the financial statements.

(iii) ***Accounting for associate***

In 2016, the Group completed the share swap between the Company and a vendor in respect of 2,500 ordinary shares of Giantminer Pte. Ltd. ("Giantminer"), representing 25% of the issued share capital of Giantminer held by the vendor and 375,000 ordinary shares of Starsmind Capital Pte. Ltd. ("Starsmind"), representing 60% of the issued share capital of Starsmind held by the Company ("Share Swap"). Following the completion of the Share Swap, the Group ceased consolidation of Starsmind and owned 25% interest in Giantminer.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 Significant accounting estimates and judgments (cont'd)

(a) ***Key sources of estimation uncertainty (cont'd)***

(iii) ***Accounting for associate (cont'd)***

In determining the gain arising from the disposal of Starsmind and the fair value of the equity interest in Giantminer being acquired, management had engaged an independent valuer. The determination of the fair value of Giantminer involved significant estimates. Such estimates are based on valuation techniques and require considerable judgment on key assumptions such as selling prices, annual output, estimated maximum production capacity, projection periods and long term growth of the mining industry.

The carrying amount of the Group's investment in associate at the balance sheet date is disclosed in Note 8 to the financial statements.

(iv) ***Business combination***

In 2016, the Company completed the acquisition of a 92.18% equity interest in PT KP. The Group is required to recognise separately, at the acquisition date, the identifiable assets, liabilities and contingent liabilities acquired or assumed in a business combination at their fair values, which involves estimates. Such estimates are based on valuation techniques, which require considerable judgments in forecasting future cash flows and developing other assumptions.

(b) ***Judgments made in applying accounting policies***

In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognised in the consolidated financial statements:

(i) ***Operating lease commitments***

As lessee

The Group has also entered into leasing arrangements on certain vessels. The Group has determined based on an evaluation of the terms and conditions of the lease arrangements that the lease term do not constitute a substantial portion of the economic life of the vessels, that the lease agreements do not contain a bargain purchase option and ownership is not transferred at the end of the lease term and hence accounts for these arrangements as an operating lease.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 Significant accounting estimates and judgments (cont'd)

(b) ***Judgments made in applying accounting policies (cont'd)***

(ii) ***Investment in associate***

The Group acquired Giantminer in 2016 as disclosed in Note 8 to the financial statements. At the time of acquisition, the Group considered whether the acquisition represented the acquisition of a business or the acquisition of an asset. The Group accounts for an acquisition as a business combination where an integrated set of activities is acquired. More specifically, consideration is made of the extent of which significant inputs (e.g. employees, mineral reserve and property, plant and equipment) and processes (e.g. exploration and evaluation process) have been acquired to generate the outputs.

Where the acquisition does not represent a business, it is accounted for as an acquisition of a group of assets and liabilities. The cost of the acquisition is allocated to the assets and liabilities acquired based upon their fair values, and no goodwill or deferred tax is recognised.

The Group assessed the acquisition of Giantminer as an asset acquisition as Giantminer did not have the required inputs and/or processes typically found in a business.

2.5 Subsidiaries, basis of consolidation and business combinations

(a) ***Subsidiaries***

A subsidiary is an investee that is controlled by the Group. The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses.

(b) ***Basis of consolidation***

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the end of the reporting period. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.5 Subsidiaries, basis of consolidation and business combinations (cont'd)

(b) ***Basis of consolidation (cont'd)***

Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

– De-recognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts at the date when controls is lost;

– De-recognises the carrying amount of any non-controlling interest;

– De-recognises the cumulative translation differences recorded in equity;

– Recognises the fair value of the consideration received;

– Recognises the fair value of any investment retained;

– Recognises any surplus or deficit in profit or loss;

– Re-classifies the Group's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

(c) ***Business combinations and goodwill***

Business combinations are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in profit or loss.

The Group elects for each individual business combination, whether non-controlling interest in the acquiree (if any), that are present ownership interests and entitle their holders to proportionate share of net assets in the event of liquidation, is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree identifiable net assets. Other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by another FRS.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.5 Subsidiaries, basis of consolidation and business combinations (cont'd)

(c) ***Business combinations and goodwill (cont'd)***

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill. In instances where the latter amount exceeds the former, the excess is recognised as gain on bargain purchase in profit or loss on the acquisition date.

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to the Group's cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

The cash-generating units to which goodwill have been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates.

2.6 Transactions with non-controlling interests

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

2.7 Joint ventures and associates

An associate is an entity over which the Group has the power to participate in the financial and operating policy decisions of the investee but does not have control or joint control of those policies.

The Group accounts for its investments in associates and joint ventures using the equity method from the date on which it becomes an associate or joint venture.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.7 Joint ventures and associates (cont'd)

On acquisition of the investment, any excess of the cost of the investment over the Group's share of the net fair value of the investee's identifiable assets and liabilities is accounted as goodwill and is included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the investee's identifiable assets and liabilities over the cost of the investment is included as income in the determination of the entity's share of the associate or joint venture's profit or loss in the period in which the investment is acquired.

Under the equity method, the investment in associates or joint ventures are carried in the balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the associates or joint ventures. The profit or loss reflects the share of results of the operations of the associates or joint ventures. Distributions received from joint ventures or associates reduce the carrying amount of the investment. Where there has been a change recognised in other comprehensive income by the associates or joint venture, the Group recognises its share of such changes in other comprehensive income. Unrealised gains and losses resulting from transactions between the Group and associate or joint venture are eliminated to the extent of the interest in the associates or joint ventures.

When the Group's share of losses in an associate or joint venture equals or exceeds its interest in the associate or joint venture, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate or joint venture.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in associate or joint ventures. The Group determines at the end of each reporting period whether there is any objective evidence that the investment in the associate or joint venture is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value and recognises the amount in profit or loss.

The financial statements of the associates and joint ventures are prepared as the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

2.8 Foreign currency

The financial statements are presented in Singapore dollars, which is also the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

During the year, a subsidiary in Indonesia changed its functional currency from United State Dollars ("USD") to Indonesia Rupiah ("IDR") with effect from 1 January 2016 to reflect the current and prospective economic substance of the underlying transactions and circumstances of the subsidiary. The effect of the change in functional currency to IDR was applied prospectively in the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.8 Foreign currency (cont'd)

(a) ***Transactions and balances***

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss, except for foreign exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

(b) ***Consolidated financial statements***

For consolidation purpose, the assets and liabilities of foreign operations are translated into SGD at the rate of exchange ruling at the end of the reporting period and their profit or loss are translated at the exchange rates prevailing at the date of the transactions. The exchange differences arising on the translation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

2.9 Mineral exploration, evaluation and development expenditure

Pre-licence costs relate to costs incurred before the Group has obtained legal rights to explore in a specific area. Such costs may include the acquisition of exploration data and the associated costs of analysing that data. These costs are expensed in the period in which they are incurred.

Exploration and evaluation activity involves the search for mineral resources, the determination of technical feasibility and the assessment of the commercial viability of an identified resource.

Once the legal right to explore has been acquired, exploration and evaluation expenditure incurred in respect of areas of interest are capitalised in respect of each area of interest for which the rights of tenure are current and where:

(i) such costs are expected to be recouped through successful development and exploitation of the area of interest, or alternatively, by its sale; or

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.9 Mineral exploration, evaluation and development expenditure (cont'd)

(ii) exploration and/or evaluation activities in the area of interest have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves and while active and significant operations in, or in relation to, the area are continuing.

Exploration and evaluation expenditure incurred that does not satisfy the policy stated above is expensed in the period in which it is incurred. Exploration and evaluation expenditure that has been capitalised which no longer satisfies the policy stated above is written off in the period in which that decision is made.

No amortisation is provided in respect of mineral exploration, evaluation and development expenditure until they are reclassified as mining properties following a decision to develop the mine. Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable and where a decision is made to proceed with development, the deferred exploration, evaluation and development expenditure is reclassified to mining properties and then amortised in accordance with the accounting policy for mining properties as detailed in Note 2.10 below.

The net carrying value of each area of interest is reviewed regularly and, to the extent to which this value exceeds its recoverable value, that excess is provided for or written off in the year in which this is determined.

2.10 Property, plant and equipment and depreciation

All items of property, plant and equipment are initially recorded at cost.

Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

Expenditure for additions, improvements and renewals is capitalised. Expenditure for repair and maintenance, including overhaul and dry-docking for vessels, is charged to profit or loss unless such expenditure is separately identified and assessed by management to have increased the future economic benefits derived from the vessels.

The capitalised assets of overhaul and dry-docking are recorded as an additional cost of tug boats and barges and the costs are depreciated over the period up to the next scheduled overhaul and dry-docking. Any remaining carrying amount of the cost of the previous overhaul and dry-docking is derecognised and charged to current year's profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.10 Property, plant and equipment and depreciation (cont'd)

Depreciation of an asset begins when it is available for use and is computed on a straight-line basis over the estimated useful life of the asset as follows:

Power plant	–	25 – 26 years
Infrastructure	–	25 – 26 years
Vessels	–	15 years
Leasehold improvements	–	shorter of 5 years or lease terms
Machinery and equipment	–	4 – 26 years
Furniture, fittings and office equipment	–	3 – 5 years
Motor vehicles	–	4 – 8 years
Computers	–	1 – 3 years

Construction-in-progress for qualifying assets, includes borrowing costs capitalised in accordance with the Group's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Mining property is classified as an asset under property, plant and equipment. Mining property includes mining rights and costs transferred from mineral exploration, evaluation and development expenditure once technical feasibility and commercial viability of an area of interest are demonstrable and subsequent costs to develop the mine to be in production phase. The economic benefits from the assets are consumed in a pattern which is linked to the production level. These assets are depreciated on a unit-of-production basis. Depreciation starts from the date when commercial production commences.

The estimated useful lives, mining reserves, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimates accounted for on a prospective basis.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual values, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in profit or loss in the year the asset is derecognised.

2.11 Land use rights

Land use rights are initially measured at cost. Following initial recognition, land use rights are measured at cost less accumulated amortisation. The land use rights are amortised on a straight-line basis over the lease term disclosed in Note 4.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.12 Intangible assets

Following initial acquisition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite useful lives are amortised over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

Intangible assets with indefinite useful lives or not yet available for use are tested for impairment annually, or more frequently if the events and circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the useful life assessment continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

Business licence

The business licence was acquired in business combination. Customer contracts and customers relationships have also been included in the value of the business licence as these contracts are not separable from the business licence. The business licence together with the customer contracts are amortised on a straight line basis over its finite useful life based on the validity of the business licence as disclosed in Note 5.

2.13 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.13 Impairment of non-financial assets (cont'd)

Impairment losses of continuing operations are recognised in profit or loss.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss.

2.14 Financial assets

Financial assets are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial assets at initial recognition.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that has been recognised in other comprehensive income is recognised in profit or loss.

Other than loans and receivables, the Group does not have other category of financial assets.

Loans and receivables

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

2.15 Impairment of financial assets

The Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses individually whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be recognised are not included in a collective assessment of impairment.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.15 Impairment of financial assets (cont'd)

Financial assets carried at amortised cost (cont'd)

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in profit or loss.

When the asset becomes uncollectible, the carrying amount of impaired financial asset is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written off against the carrying value of the financial asset.

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

Financial assets carried at cost

If there is objective evidence (such as significant adverse changes in the business environment where the issuer operates, probability of insolvency or significant financial difficulties of the issuer) that an impairment loss on financial assets carried at cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

2.16 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, and fixed deposits, less cash at bank and fixed deposits pledged to secure banking facilities, and which are subject to an insignificant risk of changes in values.

Cash at bank and on hand and fixed deposits are classified and accounted for as loans and receivables under FRS 39. The accounting policy for this category of financial assets is stated in Note 2.14.

2.17 Development properties

Development properties are properties acquired or being constructed for sale in the ordinary course of business, rather than to be held for the Group's own use, rental or capital appreciation.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.17 Development properties (cont'd)

Development properties are held as inventories and are measured at the lower of cost and net realisable value.

The costs of development properties include:

– Freehold and leasehold rights for land;

– Amounts paid to contractors for construction; and

– Borrowing costs, planning and design costs, costs of site preparation, professional fees for legal services, property transfer taxes, construction overheads and other related costs.

Non-refundable commissions paid to sales or marketing agents on the sale of real estate units are expensed when paid.

Net realisable value of development properties is the estimated selling price in the ordinary course of the business, based on market prices at the end of the reporting period and discounted for the time value of money if material, less the estimated costs of completion and the estimated costs necessary to make the sale.

The costs of development properties recognised in profit or loss on disposal are determined with reference to the specific costs incurred on the property sold and an allocation of any non-specific costs based on the relative size of the property sold.

2.18 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs incurred in bringing the inventories to their present location and condition are accounted for at purchase costs on a first-in first-out basis.

Where necessary, allowance is provided for damaged, obsolete and slow moving items to adjust the carrying value of inventories to the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

2.19 Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.20 Financial liabilities

Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus directly attributable transaction costs.

The Group has not designated any financial liabilities upon initial recognition at fair value through profit or loss.

After initial recognition, financial liabilities are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

Financial assets and financial liabilities are offset and the net amount is presented in the balance sheets, when and only when, there is a currently enforceable legal right to set off the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

2.21 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.22 Employee benefits

(a) ***Defined contribution plans***

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. In particular, the Singapore companies in the Group make contributions to the Central Provident Fund ("CPF") scheme in Singapore, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.22 Employee benefits (cont'd)

(b) ***Employee leave entitlement***

Employee entitlements to annual leave are recognised as a liability when they accrue to employees. The estimated liability for leave is recognised for services rendered by employees up to the end of the reporting period.

(c) ***Share option plans***

Directors and employees of the Group receive remuneration in the form of share options as consideration for services rendered. The cost of these equity-settled share based payment transactions with directors and employees is measured by reference to the fair value of the options at the date on which the options are granted. This cost is recognised in profit or loss, with a corresponding increase in the share option reserve, over the vesting period. The cumulative expense recognised at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of options that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

The employee share option reserve is transferred to retained earnings upon expiry of the share options.

(d) ***Termination benefits***

Termination benefits are payable when employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either terminate the employment of current employees according to a detailed plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy. In the case of an offer made to encourage voluntary redundancy, the measurement of termination benefits is based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after end of the reporting period are discounted to present value.

2.23 Leases

(a) ***As lessee***

Finance leases, which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.23 Leases (cont'd)

(a) ***As lessee (cont'd)***

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

(b) ***As lessor***

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. The accounting policy for rental income is set out in Note 2.25(c). Contingent rents are recognised as revenue in the period in which they are earned.

2.24 Non-current assets held for sale

Non-current assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Non-current assets are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use.

Property, plant and equipment once classified as held for sale are not depreciated.

2.25 Revenue

Revenue is recognised to the extent that is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is made. Revenue is measured at the fair value of consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.

(a) ***Sale of electricity***

Revenue from the sale of electricity is measured at fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Revenue is recognised when electricity is delivered based on contractual terms stipulated in respective agreements with customers.

(b) ***Service income***

Income is recognised as and when services are rendered.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.25 Revenue (cont'd)

(c) ***Rental income***

Rental income is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

(d) ***Interest income***

Interest income is recognised using the effective interest method.

(e) ***Dividend income***

Dividend income is recognised when the Group's right to receive payment is established.

2.26 Taxes

(a) ***Current income tax***

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the end of the reporting period, in the countries where the Group operates and generates taxable income.

Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(b) ***Deferred tax***

Deferred tax is provided using the liability method on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

– Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

– In respect of temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.26 Taxes (cont'd)

(b) ***Deferred tax (cont'd)***

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax asset is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of each reporting period.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

(c) ***Sales tax***

Revenues, expenses and assets are recognised net of the amount of sales tax except:

- Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables that are stated with the amount of sales tax included.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.27 Share capital and share issue expenses

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

2.28 Contingencies

A contingent liability is:

(a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or

(b) a present obligation that arises from past events but is not recognised because:

 (i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

 (ii) The amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

Contingent liabilities and assets are not recognised on the balance sheet of the Group, except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined.

2.29 Related parties

A related party is defined as follows:

(a) A person or a close member of that person's family is related to the Group and Company if that person:

 (i) Has control or joint control over the Company;

 (ii) Has significant influence over the Company; or

 (iii) Is a member of the key management personnel of the Group or Company or of a parent of the Company.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.29 Related parties (cont'd)

(b) An entity is related to the Group and the Company if any of the following conditions applies:

(i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);

(iii) Both entities are joint ventures of the same third party;

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company;

(vi) The entity is controlled or jointly controlled by a person identified in (a);

(vii) A person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

2.30 Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 28, including the factors used to identify the reportable segments and the measurement basis of segment information.

2.31 Government grant

Government grants are recognised when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Where the grant relates to an asset, the fair value is recognised as deferred capital grant on the balance sheet by deducting the grant in arriving at the carrying amount of the asset.

Where the grant relates to compensation for expenditure, it is deferred and is set-off on a systematic basis over the periods in which the entity incurs the related costs.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

3. PROPERTY, PLANT AND EQUIPMENT

Group	Power plant	Infrastructure	Vessels	Leasehold improvements	Machinery and equipment	Furniture, fittings and office equipment	Motor vehicles	Computers	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Cost									
At 1 January 2015	–	–	47,195	941	272	262	232	208	49,110
Additions	–	–	45	3	–	19	–	4	71
Disposals	–	–	–	–	–	(5)	–	(1)	(6)
Exchange differences	–	–	3,308	11	19	9	7	4	3,358
At 31 December 2015 and 1 January 2016	–	–	50,548	955	291	285	239	215	52,533
Additions	–	–	110	–	–	1	–	–	111
Disposals	–	–	–	–	(232)	–	–	–	(232)
Transfer to assets held for sale	–	–	(42,883)	–	–	–	–	(69)	(42,952)
Acquisition of a subsidiary (Note 7)	47,905	3,709	–	–	5,253	55	13	2	56,937
Written off	–	–	–	–	–	–	(58)	–	(58)
Exchange differences	2,678	216	2,533	(23)	332	6	(4)	4	5,742
At 31 December 2016	50,583	3,925	10,308	932	5,644	347	190	152	72,081
Accumulated depreciation and impairment									
At 1 January 2015	–	–	27,168	529	28	156	134	102	28,117
Depreciation charge for the financial year	–	–	5,200	87	35	49	23	57	5,451
Impairment loss (Note 23)	–	–	1,862	–	–	–	–	–	1,862
Disposals	–	–	–	–	–	(5)	–	(1)	(6)
Exchange differences	–	–	2,116	11	3	12	19	2	2,163
At 31 December 2015 and 1 January 2016	–	–	36,346	627	66	212	176	160	37,587
Depreciation charge for the financial year	1,001	77	3,181	86	151	50	26	37	4,609
Disposal	–	–	–	–	(73)	–	–	–	(73)
Transfer to assets held for sale	–	–	(32,412)	–	–	–	–	(58)	(32,470)
Written off	–	–	–	–	–	–	(58)	–	(58)
Exchange differences	257	29	1,899	(23)	59	11	12	5	2,249
At 31 December 2016	1,258	106	9,014	690	203	273	156	144	11,844
Net book value									
At 31 December 2016	49,325	3,819	1,294	242	5,441	74	34	8	60,237
At 31 December 2015	–	–	14,202	328	225	73	63	55	14,946

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

3. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Company	Leasehold improvements $'000	Furniture, fittings and office equipment $'000	Computers $'000	Total $'000
Cost				
At 1 January 2015	425	58	147	630
Additions	3	3	3	9
Disposals	–	(5)	(1)	(6)
At 31 December 2015, 1 January 2016 and 31 December 2016	428	56	149	633
Accumulated depreciation				
At 1 January 2015	14	14	78	106
Depreciation charge for the financial year	86	11	36	133
Disposals	–	(5)	(1)	(6)
At 31 December 2015 and 1 January 2016	100	20	113	233
Depreciation charge for the financial year	85	10	29	124
At 31 December 2016	185	30	142	357
Net book value				
At 31 December 2016	243	26	7	276
At 31 December 2015	328	36	36	400

Assets held for sale

On 10 October 2016, PT Aneka Samudera Lintas entered into a conditional sale and purchase of vessels agreement with PT Karunia Samudera Lines for the sale of 22 tugs and 22 barges (collectively, the "Vessels") for a total consideration of IDR170,580,000,000 (equivalent to $18,400,000). As the proposed disposal has not been completed as at 31 December 2016, the Vessels with an aggregate carrying value of $10,482,000 have been reclassified from property, plant and equipment to assets held for sale.

Assets pledged as security

The property, plant and equipment of PT KP with a carrying amount of $55,719,000 are mortgaged to secure PT KP's bank loans (Note 16).

Impairment of assets

In 2015, the Group carried out a review of the recoverable amount of its vessels in view of the unusually low water level conditions resulting in lower coal carrying activities. An impairment of $1,862,000, representing the write down of these vessels to the recoverable amount was recognised in "Impairment loss" (Note 23) line item of profit or loss for the financial year ended 31 December 2015. The recoverable amount of these vessels was based on fair value less costs of disposal ("FVLCOD"). The FVLCOD was determined by an independent valuer.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

4. LAND USE RIGHTS

	Group	
	2016	2015
	$'000	$'000
Cost:		
At 1 January	–	–
Acquisition of a subsidiary (Note 7)	13,491	–
Exchange differences	693	–
At 31 December	14,184	–
Accumulated amortisation:		
At 1 January	–	–
Amortisation for the year	400	–
Exchange differences	16	–
At 31 December	416	–
Net carrying amount	13,768	–
Amount to be amortised:		
Not later than one year	585	–
Later than one year but not later than five years	2,340	–
Later than five years	10,843	–
	13,768	–

Arising from the acquisition of PT KP as disclosed in Note 7, the Group has land use rights over three plots of land in Indonesia where the Group's power plant resides. The land use rights have a lease term of 29 years with a remaining tenure of 24 years. Land use rights with a net carrying amount of $2,004,000 has been pledged to secure PT KP's bank loans (Note 16).

5. INTANGIBLE ASSETS

	Business licence $'000
Group	
Cost:	
At 1 January 2016	–
Acquisition of a subsidiary (Note 7)	24,349
Exchange differences	1,251
At 31 December 2016	25,600
Accumulated amortisation:	
At 1 January 2016	–
Amortisation	1,046
Exchange differences	43
At 31 December 2016	1,089
Net carrying amount:	
At 31 December 2016	24,511

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

5. INTANGIBLE ASSETS (CONT'D)

Business licence relates to the business licence for the rights to supply electricity exclusively within the Kawasan Industri Kariangau ("KIK") zone, which arose from the acquisition of PT KP as disclosed in Note 7. Customer contracts and customer relationships have also been included in the value of the business licence as these contracts are not separable from the business licence. The useful life of the business licence together with the contracts is estimated to be 12 years.

The amortisation expense is included in the "Depreciation and amortisation" line item in profit or loss.

6. PROPERTY UNDER DEVELOPMENT

	Group	
	2016	**2015**
	$'000	**$'000**
At 1 January	41,920	39,248
Additions during the year	1,288	1,825
Exchange differences	(1,848)	847
At 31 December	41,360	41,920
During the financial year, the amounts capitalised were as follows:		
Development costs	1,288	1,825

In 2011, the Group had acquired the right to use and develop a piece of land measuring 19,467 square metres, situated at South Commercial Park in Yinzhou District in Ningbo City, Zhejiang Province in the People's Republic of China ("PRC") for the development of a property.

In 2013, the Group further acquired the right to use and develop the two additional pieces of land measuring a total area of 3,914 square metres and this is adjacent to the first piece mentioned above.

The tenure of the land use term for the above lands are 40 years commencing from August 2011.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

7. INTERESTS IN SUBSIDIARIES

	Company 2016 $'000	Company 2015 $'000
Shares:		
Unquoted equity shares, at cost	83,325	108,745
Less: Impairment loss	(6,836)	(6,836)
Investments in subsidiaries	76,489	101,909

(a) ***Composition of the Group***

The Company has the following subsidiaries as at 31 December 2016:

Name of subsidiary	Principal activities	Country of incorporation and place of business	Proportion of ownership interest 2016 %	Proportion of ownership interest 2015 %	Cost of investment by the Company 2016 $'000	Cost of investment by the Company 2015 $'000
SLM Holding Pte Ltd *	Investment holding	Singapore	100	100	2,195	2,195
DLM Marine Pte Ltd *	Dormant	Singapore	100	100	100	100
MR Logistics Pte. Ltd. *	Investment holding	Singapore	100	100	33,879	33,879
Lian Beng Energy Pte. Ltd. *	Investment holding	Singapore	100	100	4,541	4,541
Manhattan Resources (Ningbo) Property Limited **	Property development	China	51	51	42,610	42,610
Manhattan Property Development Pte. Ltd. *	Investment holding	Singapore	51	51	– (1)	– (1)
Starsmind Capital Pte. Ltd. (Note 8)	Investment holding	Singapore	–	60	–	25,420
					83,325	108,745

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

7. INTERESTS IN SUBSIDIARIES (CONT'D)

(a) ***Composition of the Group (cont'd)***

Name of subsidiary	Principal activities	Country of incorporation and place of business	Proportion of ownership interest	
			2016	2015
			%	%
Held through SLM Holding Pte Ltd				
PT Kariangau Power ***	Power plant	Indonesia	92.18	–
Held through MR Logistics Pte. Ltd.				
Kaltim Alpha Shipping Pte. Ltd. *	Investment holding	Singapore	100	100
Epsilon Shipping Pte. Ltd. *	Dormant	Singapore	100	100
PT. Jaya Pesona Abadi	Investment holding	Indonesia	100	100
Held through PT. Jaya Pesona Abadi				
PT. Aneka Samudera Lintas ***	Shipping activities	Indonesia	100	100
Held through DLM Marine Pte Ltd				
PT. MR Resources	Dormant	Indonesia	100	100
PT. MR EMAS	Dormant	Indonesia	100	100
PT. MR Engineering	Dormant	Indonesia	100	100
Held through Lian Beng Energy Pte. Ltd.				
PT Lian Beng Energy	Dormant	Indonesia	100	100

* Audited by Ernst & Young LLP, Singapore.

** Audited by member firm of Ernst & Young Global for purposes of Group consolidation.

*** Audited by member firm of Ernst & Young Global.

(1) The amount is below S$1,000.

(b) ***Acquisition of subsidiary***

On 29 June 2016 (the "acquisition date"), SLM Holding Pte Ltd, a wholly-owned subsidiary of the Company completed the acquisition of 92.18% equity interest in PT KP, from a related company, Energy Resource Investment Pte. Ltd. PT KP is an Indonesia company, engaged in the operation of power plants.

The acquisition serves as a natural extension of the Group's on-going ventures into the energy-related business. It is the Group's intention to include new revenue streams to broaden its earning base in order to achieve long term sustainable growth.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

7. INTERESTS IN SUBSIDIARIES (CONT'D)

(b) ***Acquisition of subsidiary (cont'd)***

The Group has elected to measure the non-controlling interest at the non-controlling interest's proportionate share of PT KP's net identifiable assets.

The fair values of the identifiable assets and liabilities of PT KP as at the acquisition date were:

	Fair value recognised on acquisition $'000
Property, plant and equipment	56,937
Land use rights	13,491
Intangible assets	24,349
Deferred tax assets	7,814
Inventories	241
Trade and other receivables	1,470
Prepayments	2,142
Cash and bank deposits	520
	106,964
Trade and other payables	14,130
Loans and borrowings	30,447
Deferred tax liabilities	10,346
	54,923
Total identifiable net assets at fair value	52,041
Non-controlling interest measured at the non-controlling interest's proportionate share of PT KP's net identifiable assets	(3,946)
Goodwill arising from acquisition	82
	48,177
Effect of the acquisition of PT KP on cash flows	
Total consideration for 92.18% equity interest acquired	48,177
Less: Cash and cash equivalents of subsidiary acquired	(520)
Less: Amount payable in future periods	(14,215)
Net cash outflow on acquisition	33,442

Transaction costs

Transaction costs related to the acquisition of approximately $329,000 have been recognised in the "Other expenses" line item in the Group's profit or loss for the year ended 31 December 2016.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

7. INTERESTS IN SUBSIDIARIES (CONT'D)

(b) ***Acquisition of subsidiary (cont'd)***

Trade and other receivables acquired

Trade and other receivables acquired comprise trade receivables and other receivables with fair values of $1,319,000 and $151,000, respectively. Their gross amounts are $1,319,000 and $618,000, respectively. At the acquisition date, $467,000 of the contractual cash flows pertaining to other receivables are not expected to be collected.

Goodwill arising from acquisition

The Group had engaged an independent valuer to determine the fair value of the net identifiable assets of PT KP. As at 31 December 2016, the valuation had been completed and the resulting goodwill and intangible assets (Note 5) arising from the acquisition have been recognised accordingly.

None of the goodwill recognised is expected to be deductible for income tax purposes.

Impact of the acquisition on profit or loss

From the acquisition date, PT KP has contributed $8,025,000 of revenue and $1,142,000 to the Group's loss for the year. If the business combination had taken place at the beginning of the year, the Group's revenue would have been $19,632,000 and the Group's losses, net of the tax would have been $14,414,000.

(c) ***Disposal of subsidiary***

As further disclosed in Note 8, on completion of the share swap, the Company disposed its entire shareholding interest in Starsmind Capital Pte. Ltd.

(d) ***Interest in subsidiaries with material non-controlling interest (NCI)***

The Group has the following subsidiaries that have NCI that are material to the Group:

Name of subsidiary	**Principal place of business**	**Proportion of ownership interest held by non-controlling interest**		**Profit/(loss) allocated to NCI during the reporting period**		**Accumulated NCI at the end of reporting period**	
		2016	**2015**	**2016**	**2015**	**2016**	**2015**
		%	**%**	**$'000**	**$'000**	**$'000**	**$'000**
Manhattan Resources (Ningbo) Property Limited	People's Republic of China	49.0	49.0	867	944	45,575	46,748
PT Kariangau Power	Indonesia	7.8	–	(89)	–	4,056	–

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

7. INTERESTS IN SUBSIDIARIES (CONT'D)

(e) **Summarised financial information about subsidiaries with material NCI**

Summarised financial information including goodwill on acquisition and consolidation adjustments but before intercompany eliminations of subsidiaries with material non-controlling interests are as follows:

Summarised balance sheets

	Manhattan Resources (Ningbo) Property Limited		PT Kariangau Power	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Current:				
Assets	57,743	58,019	4,029	–
Liabilities	(10,802)	(9,474)	(20,419)	–
Net current assets/(liabilities)	46,941	48,545	(16,390)	–
Non-current:				
Assets	45,030	45,821	106,819	–
Liabilities	–	–	(38,487)	–
Net non-current assets	45,030	45,821	68,332	–
Net assets	91,971	94,366	51,942	–

Summarised statement of comprehensive income

	Manhattan Resources (Ningbo) Property Limited		PT Kariangau Power	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Revenue	–	–	8,025	–
Profit/(loss) before income tax	2,331	1,931	(1,449)	–
Income tax (credit)/expenses	(561)	(5)	307	–
Profit/(loss) after tax	1,770	1,926	(1,142)	–
Other comprehensive income	(4,165)	993	2,546	–
Total comprehensive income	(2,395)	2,919	1,404	–

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

8. INVESTMENT IN ASSOCIATE

The investment in associate is summarised below:

	Group		Company	
	2016	2015	2016	2015
	$'000	$'000	$'000	$'000
Investment, at cost	26,179	42,366	26,179	–
Share of post-acquisition results, net of tax	(16)	(114)	(16)	–
Share of foreign currency translation reserve	–	15	–	–
At the end of year	26,163	42,267	26,163	–

Name	Principal activities	Country of incorporation and place of business	Proportion of ownership interest	
			2016	2015
			%	%
Giantminer Pte. Ltd.	Other mining and quarrying	Singapore	25.0	–
Held through Starsmind Capital Pte. Ltd.				
Mineriver Pte. Ltd.	Investment holding and other mining and quarrying	Singapore	–	39.4

On 14 June 2016, the Group completed the share swap between the Company and Xu Yuan Xing ("Vendor") in respect of 2,500 ordinary shares of Giantminer, representing 25% of the issued share capital of Giantminer held by the Vendor and 375,000 ordinary shares of Starsmind Capital Pte. Ltd. ("Starsmind"), representing 60% of the issued share capital of Starsmind held by the Company ("Share Swap"). Following the completion of the Share Swap, the Group ceased consolidation of Starsmind and owned 25% equity interest in Giantminer (Note 7).

Arising from the completion of the share swap, a gain on disposal of investment in associate of $858,000 has been recognised in the "Other income" (Note 21) line item of profit or loss for the financial year ended 31 December 2016.

Giantminer wholly owns Urumqi Jinshi Huilong Mining Co., Ltd ("JSHL"), a company incorporated in the People's Republic of China ("PRC"), which is engaged in the business of mining mineral resources. The Group had assessed the acquisition of Giantminer as an asset acquisition as Giantminer did not have the required inputs and processes typically found in a business combination. As this was determined to be an asset acquisition, no goodwill or deferred tax was recognised.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

8. INVESTMENT IN ASSOCIATE (CONT'D)

The summarised financial information in respect of Giantminer and its subsidiary and Mineriver and its subsidiary, based on its FRS financial statements and a reconciliation with the carrying amount of the investment in the consolidated financial statements are as follows:

	Giantminer and its subsidiary		Mineriver and its subsidiary	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Current assets	25,337	–	–	232
Non-current assets	1,127	–	–	3,977
Total assets	26,464	–	–	4,209
Current liabilities	597	–	–	2,986
Total liabilities	597	–	–	2,986
Net assets	25,867	–	–	1,223
Net assets excluding goodwill	25,867	–	–	1,223
Proportion of the Group's ownership	25.0%	–	–	39.4%
Group's share of net assets	6,467	–	–	482
Other adjustments	19,696(1)	–	–	41,785(2)
	26,163(1)	–	–	42,267(2)

(1) The acquisition of Giantminer was deemed to be an asset acquisition. The Company had accounted for its proportion of interest in Giantminer amounting to $26,163,000.

(2) The acquisition of Starsmind and Starmind's acquisition of Mineriver Pte. Ltd. ("Mineriver") was deemed to be an asset acquisition. The Company had consolidated its investment in Starsmind and recognised the non-controlling interests for the proportion of their interest in Starsmind and Mineriver amounting to $42,267,000 as at 31 December 2015.

The summarised financial information of the associates, adjusted for the proportion of ownership interest held by the Group, is as follows:

Summarised statement of comprehensive income

	Giantminer Pte. Ltd.		Mineriver Pte. Ltd.	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Revenue	–	–	–	–
Loss after tax	(16)	–	(37)	(104)
Other comprehensive income	–	–	–	3
Total comprehensive income	(16)	–	(37)	(101)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

9. INTERESTS IN JOINT VENTURE COMPANY

The Group has 50% (2015: 50%) equity interest in a joint arrangement, Tat Hong Energy Pte. Ltd. ("THE")[#]. This joint venture company is incorporated in Singapore and its principal activities are those relating to the supply of heavy machinery and equipment and investment holding.

	Group	
	2016	**2015**
	$'000	**$'000**
Share of post-acquisition reserves:		
At 1 January	1,919	1,874
Share of post-acquisition results (net of tax)	(1)	(79)
Share of foreign currency translation reserve	47	124
At 31 December	1,965	1,919
Carrying amount of investment	1,965	1,919

\# Audited by KPMG LLP, Singapore.

The summarised financial information of the joint venture, adjusted for the proportion of ownership interest held by the Group, is as follows:

Summarised statement of comprehensive income

	Tat Hong Energy Pte. Ltd.	
	2016	**2015**
	$'000	**$'000**
Revenue	–	–
Loss after tax	(1)	(79)
Other comprehensive income	47	124
Total comprehensive income	46	45

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

10. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Trade receivables (current):				
Third parties	5,397	4,306	38	39
Related parties	3,973	6,751	–	–
	9,370	11,057	38	39
Less: Allowance for impairment	(6,266)	(5,953)	(34)	(34)
	3,104	5,104	4	5
Other receivables (current):				
GST receivable	11	12	11	12
Deposits	3,241	3,238	3,044	3,052
Due from related parties	745	757	5	36
Other receivables	3,973	4,003	35	22
Interest receivable from banks	130	40	–	5
	8,100	8,050	3,095	3,127
Less: Allowance for impairment	(6,377)	(6,141)	(3,022)	(3,022)
	1,723	1,909	73	105
Trade and other receivables (current):	4,827	7,013	77	110
Trade and other receivables (non-current):				
Other receivables	16,427	18,401	–	–
Less: Allowance for impairment	(7,529)	(7,360)	–	–
	8,898	11,041	–	–
Total trade and other receivables	13,725	18,054	77	110
Add:				
Cash and bank deposits (Note 15)	64,645	86,077	5,545	19,552
Due from subsidiaries (Note 13)	–	–	38,356	271
Total loans and receivables	78,370	104,131	43,978	19,933

(i) Trade receivables are non-interest bearing and are to be settled in cash. Trade receivables are generally on 30 to 90 days' terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

(ii) Amounts due from related parties are unsecured, repayable upon demand and are to be settled in cash.

(iii) In 2012, the Group entered into a ship sale and purchase agreement ("SPA") with a shipbuilder for the purchase of vessels. The Group subsequently sold the vessels to a third party buyer in 2013. The Group retains an unpaid seller's lien on the vessels until the consideration has been fully paid.

Included in the current and non-current other receivables is the outstanding consideration arising from the sale of the vessels of US$10,584,000 (approximately $14,965,000), which is to be paid in equal monthly instalments over a period of 120 months. Any outstanding consideration bears interest at 1 month SIBOR + 3.4% per annum. Due to the barge incidents in prior years, the Group and third party buyer entered into a Second Amendment to the SPA, whereby the monthly instalments were deferred and interest waived commencing from 1 January 2014.

Management had performed an impairment review and has made an allowance of $7,319,000 on the other receivables due from the third party buyer in 2015.

(iv) Included in other receivables (non-current) is an amount of $3,642,000 (2015: $3,810,000) placed with local government authorities in Ningbo for the development of a property. These deposits are refundable to the Group based on milestones achieved.

(v) In 2015, an allowance of $3,000,000 had been recognised in "Impairment loss" line item of profit or loss for the refundable advance deposits made by the Company under the conditional sale and purchase agreement in respect of Singxin Water Pte. Ltd.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

10. TRADE AND OTHER RECEIVABLES (CONT'D)

Trade receivables pledged as security

Trade receivables amounting to $1,544,000 (2015: $Nil) have been pledged as security for the Group's loans and borrowings as disclosed in Note 16.

Receivables that are past due but not impaired

The Group has trade receivables amounting to $641,000 (2015: $4,029,000) that are past due at the balance sheet date but not impaired. These receivables are unsecured and the analysis of their aging at the balance sheet date is as follows:

	Group	
	2016	**2015**
	$'000	**$'000**
Lesser than 3 months	–	2,220
3 to 6 months	–	195
6 to 12 months	–	732
Above 12 months	641	882
	641	4,029

Receivables that are impaired

The Group's and the Company's trade and other receivables that are impaired at the end of the reporting period and the movement of the allowance accounts used to record the impairment are as follows:

	Group Individually impaired		Company Individually impaired	
	2016	**2015**	**2016**	**2015**
	$'000	**$'000**	**$'000**	**$'000**
Current				
Trade receivables – nominal amounts	6,270	5,957	38	38
Less: Allowance for impairment	(6,266)	(5,953)	(34)	(34)
	4	4	4	4

Movement in trade receivables allowance accounts:

	Group		Company	
	2016	**2015**	**2016**	**2015**
	$'000	**$'000**	**$'000**	**$'000**
At 1 January	(5,953)	(4,790)	(34)	(34)
Charge for the financial year	(93)	(1,059)	–	–
Exchange differences	(220)	(104)	–	–
At 31 December	(6,266)	(5,953)	(34)	(34)

Trade receivables that are individually determined to be impaired at the end of the reporting period relate to debtors that are in significant financial difficulties, have defaulted on payments and/or for which collectability is uncertain. These receivables are not secured by any collateral or credit enhancements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

10. TRADE AND OTHER RECEIVABLES (CONT'D)

Receivables that are impaired (cont'd)

Movement in other receivables allowance accounts:

	Group		Company	
	2016	2015	2016	2015
	$'000	$'000	$'000	$'000
At 1 January	(13,501)	(2,761)	(3,022)	(22)
Charge for the financial year	–	(10,319)	–	(3,000)
Write back of allowance	310	–	–	–
Acquisition of a subsidiary	(491)	–	–	–
Exchange differences	(224)	(421)	–	–
At 31 December	(13,906)	(13,501)	(3,022)	(3,022)

The write back of allowance was made on receipt of outstanding amounts.

11. PREPAYMENTS

Non-current prepayments relate to advanced payments made for the construction of haul roads to facilitate the transportation of coal to the power plant. These prepayments are amortised over the remaining tenure of 25 years.

Amortisation expenses of $35,000 has been recognised in the "Depreciation and amortisation" line item of profit or loss for the financial year ended 31 December 2016.

12. DUE FROM SUBSIDIARIES (TRADE)

Amounts due from subsidiaries (trade) are stated after deducting allowance for doubtful debts of $125,000 (2015: $125,000).

These amounts are interest-free and are generally on normal trade terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

13. DUE FROM/(TO) SUBSIDIARIES (NON-TRADE)

	Company	
	2016	2015
	$'000	$'000
Amounts due from subsidiaries	42,215	4,026
Less: Allowance for impairment	(3,859)	(3,755)
	38,356	271

Amounts due from/(to) subsidiaries (non-trade) are unsecured, interest-free, repayable on demand and to be settled in cash. Included in amounts due from subsidiaries in 2016 are advances to a subsidiary amounting to $33,718,000 for the acquisition of PT KP as disclosed in Note 7. Amounts due from subsidiaries denominated in US Dollars amount to $31,121,000 (2015: $7,000) as at 31 December 2016.

Movement in allowance accounts:

	Company	
	2016	2015
	$'000	$'000
At 1 January	(3,755)	(3,202)
Charge for the financial year	(114)	(568)
Write back of allowance	–	15
Exchange differences	10	–
At 31 December	(3,859)	(3,755)

	Company	
	2016	2015
	$'000	$'000
Amounts due to subsidiaries	(20,801)	(2,346)

14. INVENTORIES

	Group	
	2016	2015
	$'000	$'000
Balance sheets:		
Raw materials (at cost)	1,172	–
Income statement:		
Inventories recognised as an expense in cost of sales	1,766	–

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

15. CASH AND BANK DEPOSITS

	Group		Company	
	2016	2015	2016	2015
	$'000	$'000	$'000	$'000
Cash at banks and on hand	54,250	10,102	5,545	1,105
Short-term deposits	–	72,066	–	14,987
Fixed deposits	10,395	3,909	–	3,460
Cash and bank deposits	64,645	86,077	5,545	19,552

As at 31 December 2016, included in fixed deposits and cash at banks are a total amount of $10,675,000 (2015: $1,460,097) pledged to banks for the Group's banking facilities.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Fixed deposits are made for varying periods of between three and twelve months while short term deposits are made for varying periods between one day and three months, depending on the immediate cash requirements of the Group, and earn interest at the respective fixed deposit rates. The effective interest rates as at 31 December 2016 for the Group and the Company were 0.46% (2015: 0.97%) and 0.42% (2015: 0.41%), respectively.

For the purpose of the consolidated cash flow statement, cash and cash equivalents comprise the following at the end of the reporting periods:

	Group	
	2016	2015
	$'000	$'000
Cash at banks and on hand	54,250	10,102
Short-term deposits	–	72,066
Less: Cash at banks pledged	(280)	–
Cash and cash equivalents	53,970	82,168

16. LOANS AND BORROWINGS

	Group		Company	
	2016	2015	2016	2015
	$'000	$'000	$'000	$'000
Non revolving loans:				
Current	(13,266)	–	(10,008)	–
Non-current	(27,974)	–	–	–
Total loans and borrowings	(41,240)	–	(10,008)	–

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

16. LOANS AND BORROWINGS (CONT'D)

Non revolving loans ("NRL") bear effective interests ranging from 2.63% to 12.13% (2015: Nil%) per annum and are repayable over a period of 5 years. The NRL is secured by (i) the mortgage on the land and certain property, plant and equipment; (ii) fiduciary security over receivables arising out of operational transaction, claims of performance guarantee from certain suppliers and insurance claims; (iii) security over certain receivables and bank accounts. The NRL agreements require a subsidiary to comply with certain financial covenants. As at 31 December 2016, included in the non revolving loans of the Group and the Company is an amount of $10,008,000 (2015: $Nil) denominated in US Dollars.

17. TRADE AND OTHER PAYABLES

	Group		Company	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Trade payables:				
Third parties	(13,214)	(9,621)	(205)	(218)
Related parties	(9,296)	–	–	–
	(22,510)	(9,621)	(205)	(218)
Accrued expenses	(3,872)	(2,846)	(309)	(390)
Other payables	(16,870)	(12,498)	(1)	(1)
Amounts due to related parties	(22,246)	(3,574)	–	–
Amounts due to directors	(162)	–	–	–
Total trade and other payables	(65,660)	(28,539)	(515)	(609)
Add:				
Loans and borrowings (Note 16)	(41,240)	–	(10,008)	–
Due to subsidiaries (non-trade) (Note 13)	–	–	(20,801)	(2,346)
Advance from joint ventures company (Note 18)	(750)	(750)	(750)	(750)
Total financial liabilities carried at amortised cost	(107,650)	(29,289)	(32,074)	(3,705)

Trade and other payables are non-interest bearing. Trade payables are normally settled on an average term of 30 (2015: 30) days, while other payables have an average term of 6 (2015: 6) months.

Included in other payables are government grants received in advance amounting to $8,851,000 (2015: $9,259,000) for the construction of infrastructure in connection with the land use rights acquired by Manhattan Resources (Ningbo) Property Limited in 2011. These payments may be applied to offset the construction costs of the relevant infrastructure, subject to the applicable development regulations and conditions.

Amounts due to related parties and directors are non-trade in nature, unsecured, interest-free, repayable on demand and are to be settled in cash. Included in these amounts are $21,679,000 (2015: $3,297,000) denominated in US Dollars.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

18. ADVANCE FROM JOINT VENTURE COMPANY

The amount is unsecured, interest-free, repayable on demand and is to be settled in cash.

19. SHARE CAPITAL

	Group and Company			
	2016		2015	
	No. of shares	$'000	No. of shares	$'000
Issued and fully paid ordinary shares				
At 1 January and 31 December	568,490,975	189,004	568,490,975	189,004

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions. The ordinary shares have no par value.

20. REVENUE

	Group	
	2016	2015
	$'000	$'000
Sale of electricity	8,025	–
Coal transportation income	6,116	8,705
	14,141	8,705

21. OTHER INCOME

	Group	
	2016	2015
	$'000	$'000
Interest income on cash and bank deposits	349	836
Write back of allowance for impairment of trade and other receivables (Note 10)	310	–
Gain on disposal of investment in associate (Note 8)	858	–
Miscellaneous income	238	174
Foreign exchange gain	–	3,535
	1,755	4,545

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

22. EMPLOYEE BENEFITS EXPENSES (INCLUDING DIRECTORS' AND EXECUTIVE OFFICERS' REMUNERATION)

	Group	
	2016	2015
	$'000	$'000
Salaries and bonuses	(3,890)	(4,887)
CPF contributions	(217)	(213)
Others	(601)	(461)
	(4,708)	(5,561)

Directors' and executive officers' remuneration are disclosed in Note 26(a).

Share option plans (Manhattan Resources Share Option Scheme) ("Option Scheme")

Under the Option Scheme, non-transferable options are granted to eligible participants. The exercise price of the options may be determined at the absolute discretion of the committee comprising directors duly authorised and appointed by the Board to administer the Option Scheme. Options with subscription prices which are equal to the average of the last-dealt prices for the shares of the Company on the Singapore Exchange Securities Trading Limited ("Market Price"), may be exercised at any time after one year from the date of grant. Subscription prices which represent a discount to the Market Price, may be exercised at any time after two years from the date of grant. The contractual life of the options is 10 years. There are no cash settlement alternatives. The Group does not have a past practice of cash settlement for these share options.

There has been no cancellation or modification to the Option Scheme during both 2016 and 2015.

Movement of share options during the financial year

The following table shows the number and exercise price, and movements in, share options during the financial year:

	Group and Company			
	2016		2015	
	No. of options	Exercise price ($)	No. of options	Exercise price ($)
Outstanding at 1 January and 31 December	275,000	0.48	275,000	0.48
Exercisable at 31 December	275,000	0.48	275,000	0.48
Expiry date	23 February 2019		23 February 2019	

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

22. EMPLOYEE BENEFITS EXPENSES (INCLUDING DIRECTORS' AND EXECUTIVE OFFICERS' REMUNERATION) (CONT'D)

Fair value of share options granted

The fair value of the share options granted under the Option Scheme was estimated at the grant date using a binomial option pricing model, taking into account the terms and conditions upon which the instruments were granted.

The following table lists the inputs to the option pricing model as of date of grant:

	Option Scheme
Dividend yield	–
Expected volatility	87.5%
Risk-free interest rate (% p.a.)	2.09%
Life of option	10 years
Weighted average share price	$0.33

The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may not necessarily be the actual outcome.

23. OPERATING EXPENSES, IMPAIRMENT LOSS AND OTHER EXPENSES

	Group	
	2016	**2015**
	$'000	**$'000**
Operating expenses:		
Coal and fuel	(4,301)	(3,975)
Operations and maintenance	(2,279)	(1,343)
Agent fees and port handling charges	(1,002)	(917)
Certificate, licence and other compliance expenses	(547)	(667)
Chartering expenses	(87)	–
Other expenses	(1,984)	(2,356)
	(10,200)	(9,258)
Impairment loss:		
Impairment loss on trade and other receivables (Note 10)	(93)	(11,378)
Impairment loss on property, plant and equipment (Note 3)	–	(1,862)
	(93)	(13,240)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

23. OPERATING EXPENSES, IMPAIRMENT LOSS AND OTHER EXPENSES (CONT'D)

	Group	
	2016	**2015**
	$'000	**$'000**
Other expenses included the following:		
Office and other rental expenses	(492)	(541)
Foreign exchange loss	(512)	–
Loss on disposal of property, plant and equipment	(77)	–
Legal and professional fees	(1,834)	(1,777)
Included in legal and professional fees are the following:		
– Audit fees:		
Auditors of the Company	(214)	(181)
Other auditors	(9)	(5)
– Non-audit fees:		
Auditors of the Company	(109)	(20)

24. INCOME TAX

Major components of income tax expense

Major components of income tax expense for the financial years ended 31 December 2016 and 2015 are:

	Group	
	2016	**2015**
	$'000	**$'000**
Income statement:		
Current income tax:		
Current income taxation	(687)	(54)
Deferred income tax:		
Fair value adjustments on acquisition of subsidiary (Note 7)	350	–
Income tax recognised in profit or loss	(337)	(54)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

24. INCOME TAX (CONT'D)

Relationship between tax expense and accounting loss

The reconciliation of the tax and the product of loss before tax multiplied by the applicable tax rate is as follows:

	Group	
	2016	**2015**
	$'000	**$'000**
Loss before tax	(11,344)	(23,896)
Tax benefit at domestic rates applicable to loss in the countries where the Group operates	800	2,526
Adjustments:		
Income not subject to taxation	307	337
Non-deductible expenses	(1,382)	(3,369)
Utilisation of previously unrecognised deferred tax assets	–	483
Share of results of associate	(9)	(18)
Share of results of joint venture company	–	(13)
Deferred tax assets not recognised	(53)	–
Income tax expense recognised in profit or loss	(337)	(54)

The corporate income tax rate applicable to Singapore companies of the Group was 17% for the year of assessment ("YA") 2017 and YA2016. The corporate income tax rate applicable to Indonesian companies of the Group was 25% for YA2017 and YA2016, except for a subsidiary's vessel charter income which is subjected to a final tax at a rate of 1.20% of revenue in YA2017 and YA2016 under the Taxation Laws of Indonesia.

The above reconciliation is prepared by aggregating separate reconciliation for each national jurisdiction.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

24. INCOME TAX (CONT'D)

Deferred tax

Deferred tax as at 31 December relates to the following:

	Group				Company	
	Consolidated balance sheet		Consolidated income statement		Balance sheet	
	2016	2015	2016	2015	2016	2015
	$'000	$'000	$'000	$'000	$'000	$'000
Deferred tax liability:						
Differences in depreciation	(14)	(14)	–	–	(14)	(14)
Fair value adjustments on acquisition of subsidiary	(10,513)	–	(350)	–	–	–
	(10,527)	(14)			(14)	(14)
Deferred tax assets:						
Unutilised tax losses	8,170	–	–	–	–	–
	8,170	–			–	–
Deferred tax credit			(350)	–		

Deferred tax assets not recognised as at 31 December 2016 and 2015 relate to the following:

	Group		Company	
	2016	2015	2016	2015
	$'000	$'000	$'000	$'000
Deferred tax assets:				
Unabsorbed tax losses	5,989	5,935	723	669

Unabsorbed tax losses

As at 31 December 2016, the Group and the Company have unabsorbed tax losses of approximately $26,562,000 (2015: $26,248,000) and $4,252,000 (2015: $3,938,000), respectively, that are available for offset against future taxable profits of the companies in which the losses arose, for which no deferred tax asset is recognised due to uncertainty of its recoverability. The use of these tax losses is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the companies operate.

The unabsorbed tax losses brought forward are restated to comply with the tax returns filed in the current financial year with the Comptroller of Income Tax.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

25. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing profit from continuing operations, net of tax, attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year.

Diluted earnings per share from continuing operations are calculated by dividing profit, net of tax, attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

The following tables reflect the profit and share data used in the computation of basic and diluted earnings per share for the financial years ended 31 December:

	Group	
	2016	**2015**
	$'000	**$'000**
Loss for the financial year, net of tax, attributable to equity holders of the Company used in the computation of basic earnings per share	(12,378)	(24,353)
	No. of shares	No. of shares
Weighted average number of ordinary shares for basic and diluted earnings per share computation	568,490,975	568,490,975

The outstanding share options as disclosed in Note 22 have not been included in the calculation of diluted earnings per share in the current financial year because these are anti-dilutive.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

26. RELATED PARTY DISCLOSURES

(a) ***Remuneration of directors and executive officers***

	Group	
	2016	**2015**
	$'000	**$'000**
Directors' remuneration (including directors' fees):		
Salaries and bonus	(521)	(684)
Directors' fees	(121)	(148)
CPF contributions	(35)	(40)
Other benefits	(30)	(49)
	(707)	(921)
Executive officers' remuneration:		
Salaries and bonus	(617)	(516)
CPF contributions	(45)	(31)
Other benefits	(20)	(25)
	(682)	(572)
	(1,389)	(1,493)

Directors' interest in share option plan

During the financial years ended 31 December 2016 and 31 December 2015, no share options were granted to the Company's directors.

(b) ***Sale and purchase of services and lease***

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group and related parties during the financial year took place at terms agreed between the parties, which were made at terms equivalent to those prevailing in arm's length transactions with third parties:

	Group	
	2016	**2015**
	$'000	**$'000**
Related parties		
– Coal transportation income	5,861	8,327
– Fuel oil costs reimbursement	–	531
– Sale of electricity	2,001	–
– Purchase of coal	(2,713)	–
– Commercial property lease expense	(276)	(300)

Related parties comprise companies which are related to a substantial shareholder and his close family members.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

27. CONTINGENT LIABILITIES

Financial support

The Company has committed to provide continuing financial support to certain of its subsidiaries to enable them to operate as going concerns.

28. SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services, and has five reportable operating segments as follows:

(a) The Power Plant segment relates to the construction, acquisition, operations and maintenance of power plants and the production and sale of electric power in Indonesia;

(b) The Shipping segment relates to shipchartering and provision of freight services in Indonesia, mainly for coal carrying activities;

(c) The Property Development segment relates to property development activities in the PRC;

(d) The Mineral Resources segment relates to the mineral resources and mining activities in the PRC; and

(e) The Corporate and Others segment which is involved in Group-level corporate services, treasury functions, investments in properties and others, including overburden removal services and equipment leasing services.

Except as indicated above, no other operating segments have been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which in certain respects, as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

28. SEGMENT INFORMATION (CONT'D)

	Power Plant		Shipping		Property Development	
	2016	2015	2016	2015	2016	2015
	$'000	$'000	$'000	$'000	$'000	$'000
Revenue						
External customers	8,025	–	6,116	8,705	–	–
Inter-segment	–	–	–	–	–	–
Total revenue	8,025	–	6,116	8,705	–	–
Results						
Interest income	4	–	20	89	273	666
Depreciation and amortisation	(2,699)	–	(3,228)	(5,274)	(39)	(45)
Share of results of associate	–	–	–	–	–	–
Share of results of joint venture company	–	–	–	–	–	–
Impairment loss on trade and other receivables	–	–	(93)	(8,378)	–	–
Impairment loss on property, plant and equipment	–	–	–	(1,862)	–	–
Gain on disposal of investment in associate (Note 8)	–	–	–	–	–	–
Write back of allowance for impairment of trade and other receivables	–	–	–	–	–	–
Segment (loss)/profit	(1,449)	–	(5,604)	(18,290)	2,193	921
Assets						
Investment in associate	–	–	–	–	–	–
Investment in joint venture company	–	–	–	–	–	–
Additions to property, plant and equipment	–	–	111	47	–	14
Segment assets	110,848	–	20,830[(1)]	37,321	102,813	103,869
Segment liabilities	(56,903)	–	(16,057)	(13,385)	(11,390)	(9,762)

(1) Included in the Shipping segment assets are assets held for sale with a carrying amount of $10,482,000 (Note 3).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

Mineral Resources		Corporate and Others		Eliminations		Per consolidated financial statements	
2016	2015	2016	2015	2016	2015	2016	2015
$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
–	–	–	–	–	–	14,141	8,705
–	–	24	24	(24)	(24)	–	–
–	–	24	24	(24)	(24)	14,141	8,705
–	–	52	81	–	–	349	836
–	–	(124)	(132)	–	–	(6,090)	(5,451)
(53)	(104)	–	–	–	–	(53)	(104)
–	–	(1)	(79)	–	–	(1)	(79)
–	–	–	(3,000)	–	–	(93)	(11,378)
–	–	–	–	–	–	–	(1,862)
858	–	–	–	–	–	858	–
–	–	310	–	–	–	310	–
809	(113)	(7,293)	(6,414)	–	–	(11,344)	(23,896)
26,163	42,267	–	–	–	–	26,163	42,267
–	–	1,965	1,919	–	–	1,965	1,919
–	–	–	10	–	–	111	71
26,163	42,267	7,912	22,152	–	–	268,566	205,609
–	(19)	(33,924)	(6,232)	–	–	(118,274)	(29,398)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

28. SEGMENT INFORMATION (CONT'D)

Geographical information

Revenue and non-current assets information based on the geographical location of customers and assets respectively are as follows:

	Revenue		Non-current assets	
	2016	**2015**	**2016**	**2015**
	$'000	**$'000**	**$'000**	**$'000**
Singapore	–	–	2,241	2,319
Indonesia	14,141	8,705	113,412	21,686
China	–	–	71,195	88,088
	14,141	8,705	186,848	112,093

Information about major customers

	Power plant		Shipping	
	2016	**2015**	**2016**	**2015**
	$'000	**$'000**	**$'000**	**$'000**
Revenue from a major customer	6,024	–	5,861	8,327

29. COMMITMENTS

(a) ***Rental commitments***

The Group has entered into commercial property leases on its office premises and for staff accommodation. The non-cancellable leases for the Group have remaining lease terms ranging from 1 to 4 years (2015: 1 to 5 years) with no renewal options or contingent rent provisions included in the contracts. The Group is restricted from subleasing the office premises and staff accommodation to third parties.

Lease payments under operating leases recognised as an expense in profit or loss for the financial year ended 31 December 2016 is approximately $453,000 (2015: $500,000).

Future minimum rental payable under the non-cancellable operating leases as at 31 December are as follows:

	Group	
	2016	**2015**
	$'000	**$'000**
Not later than one year	371	287
Later than one year but not later than five years	157	121
	528	408

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

29. COMMITMENTS (CONT'D)

(b) ***Operating lease commitments – as lessee***

In connection with the sale of vessels to a third party buyer as disclosed in Note 10(iii), the Group had subsequently entered into operating lease agreements for the charter hire of these vessels. The charter hire of vessels from the third party was temporarily suspended as agreed by the parties. The non-cancellable leases for the Group have remaining lease terms of 10 years (2015: 10 years).

Future minimum charter hire of vessels under the non-cancellable operating leases as at 31 December are as follows:

	Group	
	2016	**2015**
	$'000	**$'000**
Not later than one year	892	443
Later than one year but not later than five years	7,134	7,083
Later than five years	9,809	10,183
	17,835	17,709

(c) ***Power purchase agreements***

A subsidiary of the Group has signed power purchase agreement to supply electricity to various customers on an actual or take or pay basis at a pre-determined minimum amount per month and at pre-determined rates. These agreements are valid for a period of between 3 to 7 years and can be extended upon the written approvals of the parties.

Future minimum sale of electricity as at 31 December are as follows:

	Group	
	2016	**2015**
	$'000	**$'000**
Not later than one year	10,913	–
Later than one year but not later than five years	40,237	–
Later than five years	625	–
	51,775	–

These amounts exclude a power purchase agreement with a major customer as the agreement is on an excess power purchase basis.

PT KP has an on-going power purchase agreement with a related party to supply electricity on a take or pay basis, subject to any amendments as may be agreed by the parties. The rate may be adjusted every month based on a pre-determined formula. PT KP expects the potential sales volume to be approximately $7,000,000 annually. This agreement has a remaining period of 6 years.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

29. COMMITMENTS (CONT'D)

(d) ***Coal Sales and Purchase Agreement***

PT KP has an on-going Coal Sales and Purchase Agreement ("Agreement") with a related party to purchase coal at a price which shall be calculated in accordance with a certain pre-determined formula based on certain publicly available independent coal indices. This Agreement will expire on 30 April 2017, subject to any extensions that may be agreed to by the parties.

30. FINANCIAL INSTRUMENTS

(a) ***Financial risk management objectives and policies***

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include foreign currency risk, interest rate risk, liquidity risk and credit risk. The Board of directors reviews and agrees policies and procedures for the management of these risks, which are executed by the Deputy Chief Financial Officer. The Audit Committee provides independent oversight to the effectiveness of the risk management process. It is, and has been throughout the current and previous financial years, the Group's policy that no derivatives shall be undertaken except for the use as hedging instruments where appropriate and cost efficient. The Group and the Company do not apply hedge accounting.

The following sections provide details regarding the Group's and Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

Foreign currency risk

Following the change in functional currency of a subsidiary in Indonesia (Note 2.8), the Group's subsidiaries in Indonesia have transactional currency exposures arising mainly from purchases that are denominated in a currency other than its functional currency, Indonesian Rupiah ("IDR"). The foreign currencies in which these transactions are denominated are US Dollars ("USD"). Approximately 23% (2015: 39%) of the Group's costs and expenses, excluding impairment losses, are denominated in USD (2015: IDR). The Group's trade payable balances as at the balance sheet date have similar exposures.

The Group and Company also hold cash and cash equivalents denominated in foreign currencies for working capital purposes. At the balance sheet date, such foreign currency balances, mainly in IDR, USD and RMB, in aggregate amounted to $62,834,000 (2015: $82,901,000) and $4,072,000 (2015: $16,580,000) for the Group and Company respectively.

Where necessary, the Group uses forward currency contracts to manage its foreign exchange risk resulting from cash flows from transactions and financing arrangements denominated in foreign currencies, primarily the USD.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

30. FINANCIAL INSTRUMENTS (CONT'D)

(a) ***Financial risk management objectives and policies (cont'd)***

Foreign currency risk (cont'd)

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's loss net of tax to a reasonably possible change in the SGD, USD, IDR and RMB exchange rates against the respective functional currencies of the Group entities, with all other variables held constant.

		Group	
		Loss net of tax (increase)/ decrease 2016 $'000	**Loss net of tax (increase)/ decrease 2015 $'000**
IDR/USD	– strengthened 3% (2015: 3%)	(5)	(127)
	– weakened 3% (2015: 3%)	5	127
USD/SGD	– strengthened 3% (2015: 3%)	(707)	498
	– weakened 3% (2015: 3%)	707	(498)
SGD/RMB	– strengthened 3% (2015: 3%)	4	4
	– weakened 3% (2015: 3%)	(4)	(4)
USD/RMB	– strengthened 3% (2015: 3%)	1,203	1,174
	– weakened 3% (2015: 3%)	(1,203)	(1,174)
USD/IDR	– strengthened 3% (2015: 3%)	(449)	–
	– weakened 3% (2015: 3%)	449	–

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates. The Group's and the Company's exposure to interest rate risk arises primarily from the Group entities' bank loans.

Sensitivity analysis for interest rate risk

As at the end of the reporting period, if IDR interest rates had been 50 basis points lower/higher with all other variables held constant, the Group's loss before tax would have been $78,000 lower/higher, arising mainly as a result of lower/higher interest expenses on the interest rates of the non revolving loans. A 50 basis point increase or decrease represents management's assessment of the reasonably possible change in interest rates.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

30. FINANCIAL INSTRUMENTS (CONT'D)

(a) ***Financial risk management objectives and policies (cont'd)***

Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

At the balance sheet date, the Group's and the Company's financial liabilities and financial assets are based on the carrying amounts reflected in the financial statements. The table in 30(b) summarises the maturity profile of the Group's and the Company's financial assets used for managing liquidity risk and financial liabilities at the end of the reporting period based on contractual undiscounted repayment obligations.

Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables and amounts due from subsidiaries. For cash and cash equivalents, the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis.

Exposure to credit risk

At the balance sheet date, the Group's and the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the balance sheets.

Credit risk, or the risk of counterparties defaulting, is managed through the application of credit approval and monitoring procedures.

No other financial assets carry a significant exposure to credit risk.

Credit risk concentration profile

The Group's trade receivables at balance sheet date are mainly due from customers in the coal mining industry in the Indonesian market.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

30. FINANCIAL INSTRUMENTS (CONT'D)

(a) ***Financial risk management objectives and policies (cont'd)***

Credit risk (cont'd)

The credit risk concentration profile of the Group's trade receivables at the end of the reporting period is as follows:

	Group			
	2016		2015	
	$'000	% of total	$'000	% of total
By country:				
Indonesia	3,100	99%	5,099	99%
Singapore	4	1%	5	1%
	3,104	100%	5,104	100%

At the end of the reporting period, approximately 64% (2015: 94%) of the Group's trade receivables were due from related parties.

Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are creditworthy debtors with good payment record with the Group. Cash and cash equivalents are placed with reputable financial institutions or companies with high credit ratings and no history of default.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 10.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

30. FINANCIAL INSTRUMENTS (CONT'D)

(b) **Classification and maturity profile of financial instruments**

The table below summarises the maturity profile of the Group's and the Company's financial assets and liabilities at the end of the reporting period based on contractual undiscounted repayment obligations:

	2016 $'000				2015 $'000			
	One year or less	One to five years	Over five years	Total	One year or less	One to five years	Over five years	Total
Group								
Financial assets:								
Trade and other receivables	4,845	6,648	3,216	14,709	7,092	7,774	4,791	19,657
Cash and bank deposits	64,775	–	–	64,775	86,148	–	–	86,148
Assets held for sale	10,482	–	–	10,482	–	–	–	–
Total undiscounted financial assets	80,102	6,648	3,216	89,966	93,240	7,774	4,791	105,805
Financial liabilities:								
Trade and other payables	(65,660)	–	–	(65,660)	(28,539)	–	–	(28,539)
Loans and borrowings	(17,033)	(35,118)	–	(52,151)	–	–	–	–
Advance from joint venture company	(750)	–	–	(750)	(750)	–	–	(750)
Total undiscounted financial liabilities	(83,443)	(35,118)	–	(118,561)	(29,289)	–	–	(29,289)
Total net undiscounted financial (liabilities)/ assets	(3,341)	(28,470)	3,216	(28,595)	63,951	7,774	4,791	76,516

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

30. FINANCIAL INSTRUMENTS (CONT'D)

(b) ***Classification and maturity profile of financial instruments (cont'd)***

	2016 $'000 One year or less	2016 $'000 Total	2015 $'000 One year or less	2015 $'000 Total
Company				
Financial assets:				
Trade and other receivables	77	77	110	110
Due from subsidiaries (non-trade)	38,356	38,356	271	271
Cash and bank deposits	5,545	5,545	19,581	19,581
Total undiscounted financial assets	43,978	43,978	19,962	19,962
Financial liabilities:				
Trade and other payables	(515)	(515)	(609)	(609)
Loans and borrowings	(10,140)	(10,140)	–	–
Due to subsidiaries (non-trade)	(20,801)	(20,801)	(2,346)	(2,346)
Advance from joint venture company	(750)	(750)	(750)	(750)
Total undiscounted financial liabilities	(32,206)	(32,206)	(3,705)	(3,705)
Total net undiscounted financial assets	11,772	11,772	16,257	16,257

31. FAIR VALUE OF ASSETS AND LIABILITIES

(a) ***Fair value hierarchy***

The Group categorises fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

– Level 1 – Quoted prices (unadjusted) in active market for identical assets or liabilities that the Group can access at the measurement date,

– Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, and

– Level 3 – Unobservable inputs for the asset or liability.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

31. FAIR VALUE OF ASSETS AND LIABILITIES (CONT'D)

(a) ***Fair value hierarchy (cont'd)***

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

During the financial year 2016, there have been no transfers between Level 1 and Level 2 and no transfers into or out of Level 3.

Level 3 fair value measurements

Property, plant and equipment classified as held for sale with a carrying amount of $10,482,000 (2015: $Nil) has been stated at the lower of its carrying amount and fair value less costs to sell. The fair value was determined based on a conditional sale and purchase of vessel agreement.

Valuation policies and procedures

The Group's Deputy Chief Financial Officer who is assisted by the team (collectively referred to as the "Finance Team"), oversees the Group's financial reporting valuation process and is responsible for setting and documenting the Group's valuation policies and procedures. In this regard, the Finance Team reports to the Group's audit committee.

For all significant financial reporting valuations using valuation models and significant unobservable inputs, it is the Group's policy to engage external valuation experts who possess the relevant credentials and knowledge on the subject of valuation, valuation methodologies and FRS 113 fair value measurement guidance to perform the valuation.

For valuations performed by external valuation experts, the appropriateness of the valuation methodologies and assumptions adopted are reviewed along with the appropriateness and reliability of inputs (including those developed internally by the Group) used in the valuations.

(b) ***Financial instruments whose carrying amounts approximate fair values***

Management has determined that the carrying amounts of cash and cash equivalents, trade and other receivables, amounts due from/to subsidiaries, trade and other payables, loans and borrowings and advance from joint venture company based on their notional amounts, reasonably approximate their fair values because these are mostly short-term in nature or are repriced frequently.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

32. CAPITAL MANAGEMENT

The Group's capital management is dependent on capital requirements of projects or investments. Management would evaluate various options taking into consideration market conditions, nature of investment and the Group's structure. The Group seeks to maintain healthy capital ratios to support its business and maximise shareholder value. The Group would consider dividend payment to shareholders, return of capital to shareholders, issuance of new shares or borrowings whenever it is in the best interest of the shareholders to do so.

The Group has complied with externally imposed capital requirements for the financial year ended 31 December 2016.

33. AUTHORISATION OF FINANCIAL STATEMENTS

The financial statements for the financial year ended 31 December 2016 were authorised for issue in accordance with a resolution of the directors on 27 March 2017.

STATISTICS OF SHAREHOLDINGS

AS AT 20 MARCH 2017

PURSUANT TO RULE 1207(9)

ISSUED AND FULLY PAID-UP CAPITAL	:	S$203,478,802.40
NUMBER OF ORDINARY SHARES IN ISSUE	:	568,490,975
CLASS OF SHARES	:	ORDINARY SHARES
VOTING RIGHTS	:	ONE VOTE PER SHARE
NUMBER OF TREASURY SHARES	:	NIL
NUMBER OF SUBSIDIARY HOLDINGS	:	NIL
PERCENTAGE OF THE AGGREGATE NUMBER OF TREASURY SHARES AND SUBSIDIARY HOLDINGS HELD AGAINST THE TOTAL NUMBER OF ORDINARY SHARES IN ISSUE	:	NIL

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 – 99	4	0.30	122	0.00
100 – 1,000	118	8.91	105,058	0.02
1,001 – 10,000	505	38.14	2,827,698	0.50
10,001 – 1,000,000	657	49.63	58,574,639	10.30
1,000,001 & ABOVE	40	3.02	506,983,458	89.18
TOTAL	1,324	100.00	568,490,975	100.00

TWENTY LARGEST SHAREHOLDERS AS AT 20 MARCH 2017

		NO. OF SHARES	%
1	RAFFLES NOMINEES (PTE) LTD	132,196,800	23.25
2	MANHATTAN INVESTMENTS PTE LTD	88,701,764	15.60
3	CITIBANK NOMINEES SINGAPORE PTE LTD	81,843,391	14.40
4	PHILLIP SECURITIES PTE LTD	26,171,395	4.60
5	BNP PARIBAS NOMINEES SINGAPORE PTE LTD	24,237,000	4.26
6	TSAO YUE HWA JOHNNY @ SHU YUE MING	22,590,400	3.98
7	DBS NOMINEES PTE LTD	16,717,100	2.94
8	YUAN RUIDUO	13,676,600	2.41
9	MAYBANK KIM ENG SECURITIES PTE LTD	10,985,800	1.93
10	HONG LEONG FINANCE NOMINEES PTE LTD	9,000,000	1.58
11	UOB KAY HIAN PTE LTD	8,565,600	1.51
12	CHENG YIN MUI OR HO SING MING	8,147,208	1.43
13	OCBC SECURITIES PRIVATE LTD	7,601,800	1.34
14	LEE DEBORAH CHEUNG	5,970,000	1.05
15	ONG SEE BENG	3,840,000	0.68
16	LOW YI NGO	3,300,200	0.58
17	LOW CHENG LUM	2,965,500	0.52
18	ONGOING AGENCIES PTE LTD	2,863,100	0.50
19	STAR ASIA COMPANY PTE LTD	2,841,100	0.50
20	CHAU WUN	2,830,300	0.50
		475,045,058	83.56

STATISTICS OF SHAREHOLDINGS

AS AT 20 MARCH 2017

PURSUANT TO RULE 1207(9)

SUBSTANTIAL SHAREHOLDERS

(As recorded in the Register of Substantial Shareholders as at 20 March 2017)

		DIRECT INTEREST	%	DEEMED INTEREST	%
1	DATO' DR. LOW TUCK KWONG(1)	373,637	0.07%	207,735,764	36.54%
2	MANHATTAN INVESTMENTS PTE LTD	88,701,764	15.60%	–	–
3	MORE TIME INVESTMENTS LIMITED(2)	–	–	88,701,764	15.60%
4	XU YUAN XING(3)	–	–	75,852,792	13.34%
5	MOHAMED ABDUL JALEEL S/O MUTHUMARICAR SHAIK MOHAMED(4)	1,722,000	0.30%	40,328,000	7.09%

(1) Dato' Dr. Low Tuck Kwong is deemed interested in 207,735,764 Shares, of which 117,344,000 Shares are registered in the name of Raffles Nominees (Pte) Limited, 88,701,764 Shares which are held by Manhattan Investments Pte Ltd through his 100% interest in More Time Investments Limited and 1,690,000 Shares held by his spouse, registered in the name of ABN AMRO Nominees Singapore Pte Ltd.

(2) More Time Investments Limited is deemed interested in 88,701,764 Shares which are held by Manhattan Investments Pte Ltd through its 59.5% interest in Manhattan Investments Pte Ltd.

(3) Xu Yuan Xing is deemed interested in 75,852,792 Shares which are registered in the name of Citibank Nominees Singapore Pte Ltd.

(4) Mohamed Abdul Jaleel s/o Muthumaricar Shaik Mohamed is deemed interested in 40,328,000 Shares, of which 17,834,000 Shares are registered in the name of BNP Paribas Nominees Singapore Pte. Ltd., 13,494,000 Shares are registered in the name of Phillip Securities Pte Ltd and 9,000,000 Shares are registered in the name of Hong Leong Finance Ltd.

PERCENTAGE OF SHAREHOLDINGS IN HANDS OF THE PUBLIC

Approximately, 41.31% of the Company's shares are held in the hands of the public. Accordingly, the Company has complied with Rule 723 of the Listing Manual of the SGX-ST.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Manhattan Resources Limited (***Company***) will be held at MND Auditorium, 9 Maxwell Road, Annexe A, MND Complex, Singapore 069112 on Monday, 24 April 2017 at 3.00 p.m. for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the directors' statement and the audited financial statements for the financial year ended 31 December 2016, together with the independent auditors' report thereon. **(Resolution 1)**

2. To re-elect Mr Oliver Khaw Kar Heng, a Director retiring under regulation 101 of the Company's Constitution. **(Resolution 2)**

3. To re-elect Mr Tung Zhihong, Paul, a Director retiring under regulation 101 of the Company's Constitution. **(Resolution 3)**

4. To approve directors' fees of S$200,000 for the financial year ending 31 December 2017 payable half-yearly in arrears (2016: S$200,000). **(Resolution 4)**

5. To re-appoint Ernst & Young LLP as auditors of the Company for the financial year ending 31 December 2017, and to authorise the directors to fix their remuneration. **(Resolution 5)**

6. To transact any other ordinary business that may properly be transacted at an annual general meeting.

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass, with or without modifications, the following resolutions as ordinary resolutions:

7. Share Issue Mandate **(Resolution 6)**

That, under section 161 of the Companies Act, Chapter 50 (***Act***) and the Listing Manual of the Singapore Exchange Securities Trading Limited (***SGX-ST***), authority be given to the directors of the Company to:

(a) (i) issue shares in the Company (***Shares***) whether by way of rights, bonus or otherwise; and/or

(ii) make or grant offers, agreements, or options (collectively, ***Instruments***) that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible or exchangeable into Shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the directors may in their absolute discretion deem fit; and

(b) (notwithstanding that the authority conferred by this Resolution may have ceased to be in force) issue Shares in pursuance of any Instrument made or granted by the directors while this Resolution was in force,

NOTICE OF ANNUAL GENERAL MEETING

provided that:

(1) the aggregate number of Shares to be issued under this Resolution (including Shares to be issued in pursuance of the Instruments, made or granted under this Resolution) does not exceed 50 per cent of the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of Shares to be issued other than on a *pro rata* basis to shareholders of the Company (including Shares to be issued in pursuance of Instruments made or granted under this Resolution) does not exceed 20 per cent of the Company's total number of issued Shares (excluding treasury shares and subsidiary holdings) (as calculated in accordance with sub-paragraph (2) below);

(2) (subject to such manner of calculation and adjustments as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (1) above, the total number of issued Shares shall be calculated based on the total number of issued Shares excluding treasury shares and subsidiary holdings, if any, at the time of the passing of this Resolution, after adjusting for:

(a) new Shares arising from the conversion or exercise of convertible securities;

(b) new Shares arising from the exercise of share options or vesting of share awards which are outstanding or subsisting at the time this Resolution is passed; and

(c) any subsequent bonus issue, consolidation or subdivision of Shares.

(3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Act, the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution for the time being of the Company; and

(4) (unless revoked or varied by the Company in general meeting) the authority conferred by this Resolution shall continue in force until the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required by law to be held, whichever is the earlier.

8. Authority to grant options, awards and issue shares under the Manhattan Resources Share Option Scheme and Manhattan Resources Performance Share Scheme **(Resolution 7)**

That approval be given to the directors:

(i) to offer and grant options and/or awards from time to time in accordance with the provisions of the Manhattan Resources Share Option Scheme and Manhattan Resources Performance Share Scheme (collectively, the ***Schemes***); and

(ii) under section 161 of the Act, to allot and issue from time to time such number of shares in the capital of the Company as may be required to be issued under the exercise of options and/or the vesting of awards under the Schemes, provided that the aggregate number of new shares to be issued under the Schemes shall not exceed 15 per cent of the total number of issued shares (excluding treasury shares and subsidiary holdings) from time to time.

NOTICE OF ANNUAL GENERAL MEETING

9. Renewal of Shareholders' mandate for Interested Person Transactions **(Resolution 8)**

That:

(a) for purpose of Chapter 9 of the Listing Manual of the Singapore Exchange Securities Trading Limited, approval be given for the Company, its subsidiaries and associated companies or any of them, to enter into, amend and/or renew any of the transactions falling within the types of interested person transactions described in the appendix to the Annual Report 2016 (***Appendix***) with any party who is of the class of interested persons described in the Appendix, provided that such transactions are on normal commercial terms, are not prejudicial to the interests of the Company and its minority shareholders, and are in accordance with the review procedures for such interested person transactions as set out in the Appendix (***IPT Mandate***);

(b) the IPT Mandate shall, unless revoked or varied by the Company in a general meeting, continue in force until conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required by law to be held, whichever is the earlier; and

(c) the Directors of the Company and each of them be authorised to complete and to do all acts and things (including without limitation to making such arrangements, entering into all such transactions, arrangements and agreements and executing all such documents as may be required or as they (or he/she) may from time to time consider necessary, desirable or expedient, or in the interests of the Company), to give effect to the IPT Mandate and/or this Resolution as they (or he/she) may deem fit (including without limitation to the foregoing, to affix the Common Seal of the Company to any such documents, if required.)

By Order of the Board

Madelyn Kwang
Company Secretary
6 April 2017
Singapore

NOTICE OF ANNUAL GENERAL MEETING

Notes:

(1) A member of the Company entitled to attend and vote at the Annual General Meeting (other than a member who is a relevant intermediary) is entitled to appoint not more than two proxies to attend and vote on his/her stead. A proxy need not be a member of the Company.

(2) Pursuant to section 181 of the Act, a member who is a relevant intermediary is entitled to appoint more than two proxies to attend and vote at the Annual General Meeting instead of such member. Where such member appoints more than two proxies, the appointments shall be invalid unless the member specifies the number of Shares in relation to which each proxy has been appointed.

"relevant intermediary" means:

(a) a banking corporation licenced under the Banking Act, Cap. 19 of Singapore, or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;

(b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act (Cap. 289) and who holds shares in that capacity; or

(c) the Central Provident Fund Board established by the Central Provident Fund Act (Cap. 36), in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with the subsidiary legislation.

(3) The instrument appointing a proxy or proxies in the case of an individual shall be signed by the appointor or his/her attorney, and in the case of a corporation, either under its common seal or under the hand of an officer or attorney duly authorised.

(4) The instrument appointing a proxy or proxies, duly executed, must be deposited at the registered office of the Company at 133 New Bridge Road, #18-09 Chinatown Point, Singapore 059413 not less than 48 hours before the time appointed for the Annual General Meeting in order for the proxy to be entitled to attend and vote at the Annual General Meeting.

(5) A Depositor shall not be regarded as a member of the Company entitled to attend and vote at the Annual General Meeting unless his name appears on the Depository Register maintained by The Central Depository (Pte) Limited 72 hours before the time appointed for the Annual General Meeting.

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes

Resolution 2
If re-elected, Mr Oliver Khaw Kar Heng, a non-executive non-independent director of the Company, will remain as a member of each of the Audit and Remuneration Committee.

Resolution 3
If re-elected, Mr Tung Zhihong, Paul, an independent director of the Company, will remain as the Chairman of the Remuneration Committee and a member of each of the Audit and Nominating Committee.

Resolution 6
The proposed Resolution 6, if passed, will empower the directors, from the date of the Annual General Meeting until the next annual general meeting of the Company, to issue Shares and/or Instruments up to an aggregate number not exceeding 50 per cent of the total number of issued Shares excluding treasury shares and subsidiary holdings, with a sub-limit of 20 per cent for Shares issued other than on a *pro rata* basis to Shareholders.

Resolution 7
The proposed Resolution 7, if passed, will empower the directors to offer and grant options and/or awards under the Schemes (which were approved at the Extraordinary General Meeting of the Company held on 16 September 2008) and to allot and issue shares in the capital of the Company, under the exercise of options and/or the vesting of awards under the Schemes, provided that the aggregate number of shares to be issued under the Schemes does not exceed 15 per cent of the total number of issued shares excluding treasury shares and subsidiary holdings of the Company for the time being.

Resolution 8
The proposed Resolution 8, if passed, will renew the IPT Mandate (which was renewed at the annual general meeting held on 29 April 2016) and empower the Company, its subsidiaries and associated companies, to enter into, amend and/or renew any of the Interested Persons Transactions as described in the Appendix to this Notice of Annual General Meeting and to do all acts necessary to give effect to the IPT Mandate. The authority under the renewed IPT Mandate will, unless revoked or varied by the Company in general meeting, expire at the conclusion of the next annual general meeting of the Company, or the date by which the next annual general meeting is required by law to be held, whichever is earlier. In accordance with the requirements of Chapter 9 of the Listing Manual, Dato' Dr. Low Tuck Kwong, Mr Low Yi Ngo, Ms Elaine Low and Manhattan Investments Pte Ltd will abstain, and will ensure that their associates will abstain from voting on this Ordinary Resolution 8 in relation to the renewal of the IPT Mandate.

Personal Data Privacy

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting 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 Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (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.

MANHATTAN RESOURCES LIMITED
Registration No. 199006289K
(Incorporated in the Republic of Singapore)

IMPORTANT
1. **A relevant intermediary may appoint more than two proxies to attend the Annual General Meeting and vote (please see Note No. 4 for the definition of "relevant intermediary").**
2. **This Proxy Form is not valid for use by CPF Investors and shall be ineffective for all intents and purposes if used or is purported to be used by them.**
3. **PLEASE READ THE NOTES TO THE PROXY FORM.**

PROXY FORM

I/We ______________________________ (NRIC/Passport No.) ______________________

of ____ (Address)
being a member/members of Manhattan Resources Limited (***Company***), hereby appoint:

Name	Address	NRIC/Passport Number	Proportion of Shareholdings to be represented	
			Number of shares	%
And/or (delete as appropriate)				

as my/our proxy/proxies to attend and vote for me/us on my/our behalf at the AGM to be held at MND Auditorium, 9 Maxwell Road, Annexe A, MND Complex, Singapore 069112 on Monday, 24 April 2017 at 3.00 p.m. and at any adjournment thereof.

I/We direct my/our proxy/proxies to vote for or against the resolutions to be proposed at the AGM as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting at his/their discretion, as he/they will on any matter arising at the AGM and at any adjournment thereof.

No.	Resolutions	*No. of votes For	*No. of votes Against
	Ordinary Business		
1.	To adopt Directors' Statement and Audited Financial Statements for the year ended 31 December 2016, together with the Independent Auditor's Report.		
2.	To re-elect Mr Oliver Khaw Kar Heng as a director.		
3.	To re-elect Mr Tung Zhihong, Paul as a director.		
4.	To approve directors' fees for the financial year ending 31 December 2017.		
5.	To re-appoint Ernst & Young LLP as auditors and to authorise directors to fix their remuneration.		
	Special Business		
6.	To authorise directors to issue Shares and/or Instruments under Section 161 of the Companies Act, Chapter 50.		
7.	To authorise directors to offer and grant options and/or awards and to issue shares under the Schemes.		
8.	To approve renewal of the IPT Mandate.		

* If you wish to exercise all your votes "For" or "Against", please indicate with an "X" within the box provided. Alternatively, please indicate the number of votes as appropriate.

Dated this __________ day of April 2017

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

Signature(s) of member(s)/Common Seal of corporate member

IMPORTANT
PLEASE READ NOTES OVERLEAF

Notes:–

1. A member should insert the total number of ordinary shares in the capital of the Company ("**Shares**") held. If the member has Shares entered against his name in the Depository Register, he should insert that number of Shares. If the member has Shares registered in his name in the Register of Members, he should insert that number of Shares. If a member has Shares entered against his name in the Depository Register and Shares registered in his name in the Register of Members, he should insert the aggregate number of Shares entered against his name in the Depository Register and registered in his name in the Register of Members. If no number is inserted, this instrument appointing a proxy or proxies will be deemed to relate to all Shares held by the member.

2. A member of the Company entitled to attend and vote at a meeting of the Company (other than a member who is a relevant intermediary) is entitled to appoint not more than two proxies to attend and vote in his/her stead. A proxy need not be a member of the Company.

3. Where a member of the Company (other than a member who is a relevant intermediary) appoints more than one proxy, he shall specify the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy. If no such percentage is specified, the first named proxy shall be treated as representing 100% of the shareholding and the second named proxy shall be deemed to be an alternate to the first named.

4. Pursuant to section 181 of the Companies Act, Chapter 50, a member of the Company who is a relevant intermediary is entitled to appoint more than two proxies to attend and vote at the Annual General Meeting instead of such member. Where such member appoints more than two proxies, the appointments shall be invalid unless the member specifies the number of Shares in relation to which each proxy has been appointed.

   "**relevant intermediary**" means:

   (a) a banking corporation licensed under the Banking Act, Chapter 19 of Singapore or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;

   (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act, Chapter 289 of Singapore and who holds shares in that capacity; or

   (c) the Central Provident Fund Board established by the Central Provident Fund Act, Chapter 36 of Singapore, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

5. This instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 133 New Bridge Road, #18-09 Chinatown Point, Singapore 059413 not less than 48 hours before the time appointed for the Annual General Meeting.

6. Completion and return of the instrument appointing a proxy or proxies shall not preclude a member of the Company from attending and voting at the Annual General Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member of the Company attends the meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the Annual General Meeting.

7. The instrument appointing a proxy or proxies must be under the hand of the appointor or by his/her attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or a duly authorised officer.

8. A corporation which is a member of the Company may, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore, authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Annual General Meeting.

9. The Company shall be entitled to reject the instrument appointing a proxy or proxies 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 a proxy or proxies.

10. In the case of members of the Company whose Shares are entered against their names in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member of the Company, being the appointor, is not shown to have Shares entered against his/her names in the Depository Register 72 hours before the time appointed for holding the Annual General Meeting, as certified by The Central Depository (Pte) Limited to the Company.

Personal Data Privacy

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting 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 Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (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.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive:

Low Yi Ngo, CEO and Managing Director
Elaine Low, Executive Director

Non-Executive:

Liow Keng Teck (Independent, Chairman)
Oliver Khaw Kar Heng
Tung Zhihong, Paul (Independent)

Audit Committee

Liow Keng Teck
Oliver Khaw Kar Heng
Tung Zhihong, Paul

Nominating Committee

Liow Keng Teck, Chairman
Low Yi Ngo (Appointed on 29 July 2016)
Tung Zhihong, Paul

Remuneration Committee

Tung Zhihong, Paul, Chairman
Liow Keng Teck (Appointed on 29 July 2016)
Oliver Khaw Kar Heng

COMPANY SECRETARY

Madelyn Kwang Yeit Lam

REGISTERED OFFICE

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

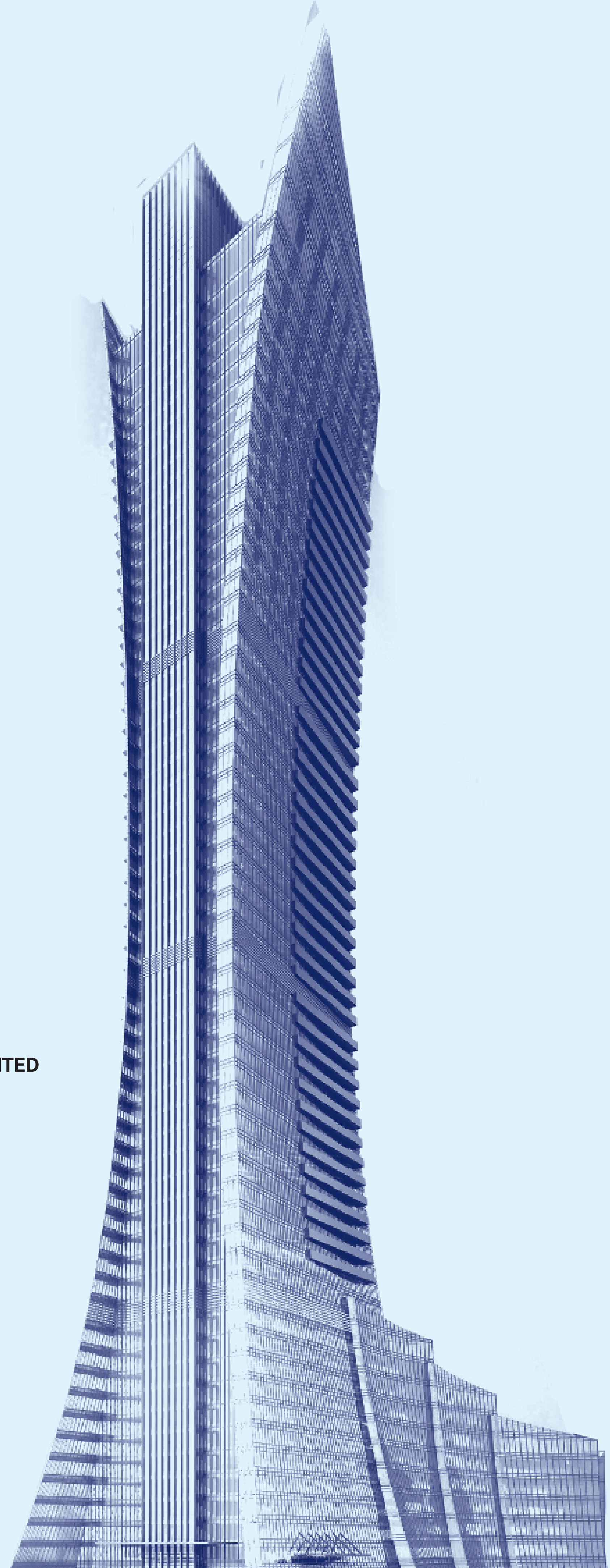
SHARE REGISTRAR

B.A.C.S PRIVATE LIMITED
8 Robinson Road #03-00
ASO Building
Singapore 048544
Telephone No.: (65) 6593 4848
Fax No.: (65) 6593 4847

AUDITORS

Ernst & Young LLP,
Public Accountants and Chartered Accountants
One Raffles Quay
North Tower Level 18
Singapore 048583

Partner-in-charge: Philip Ling Soon Hwa
(since the financial year ended 31 December 2014)



MANHATTAN RESOURCES LIMITED
Co. Reg. No. 199006289K
133 New Bridge Road
#18-09 Chinatown Point
Singapore 059413
Tel: (65) 6345 0777
Fax: (65) 6342 0777
www.manhattan.sg