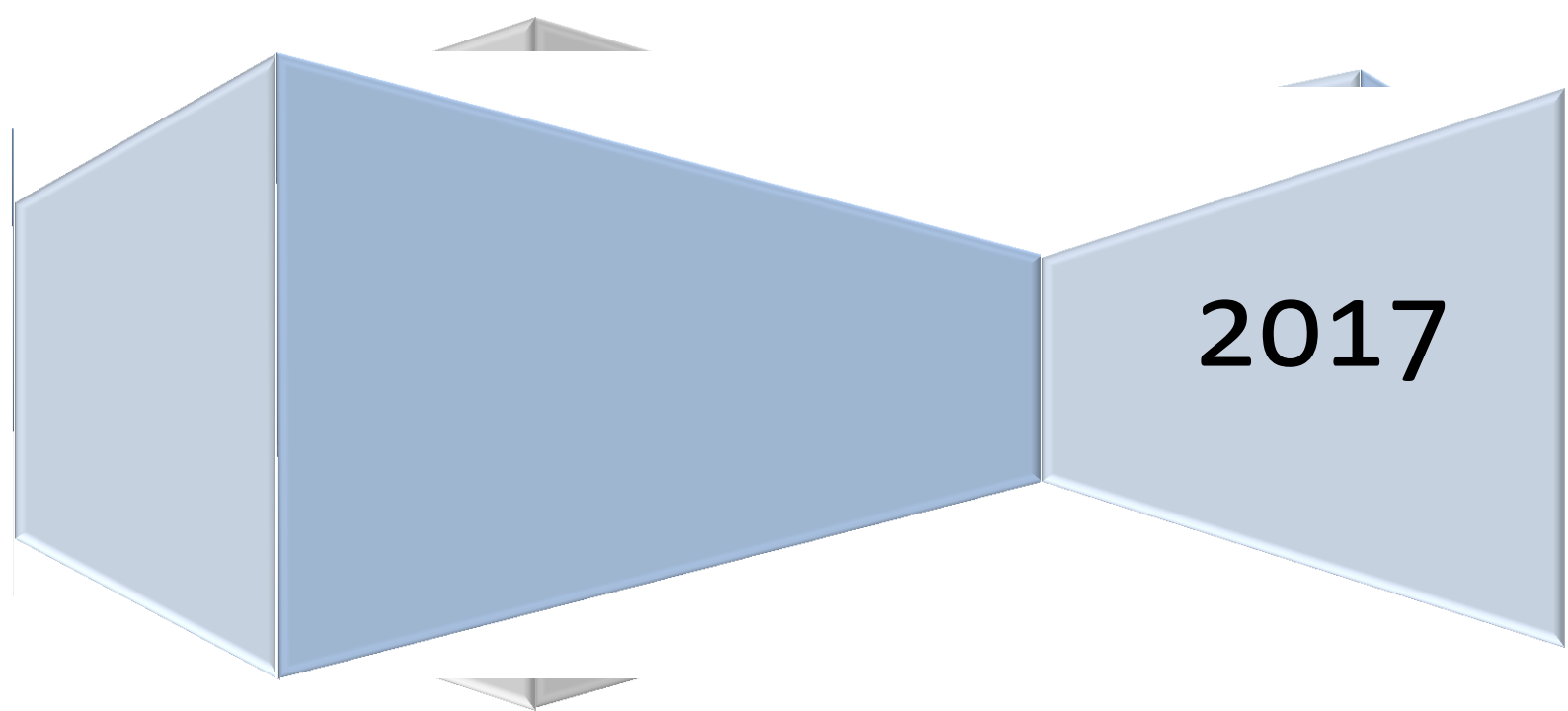


Manhattan Resources Limited

SUSTAINABILITY REPORT

2017



2017

Contents

| | |
|--|----|
| ABOUT MANHATTAN RESOURCES LIMITED GROUP (THE “GROUP”)..... | 2 |
| ABOUT THE REPORT..... | 2 |
| BOARD STATEMENT..... | 3 |
| STAKEHOLDERS ENGAGEMENT..... | 4 |
| OUR MATERIAL TOPICS..... | 6 |
| OUR ENVIRONMENT | 7 |
| Power plant business..... | 7 |
| Shipping business..... | 7 |
| Property development business | 7 |
| OUR PEOPLE..... | 8 |
| A safe and healthy workplace..... | 8 |
| A diverse and inclusive workforce | 8 |
| Talent development..... | 9 |
| GOVERNANCE | 10 |
| GRI CONTENT INDEX | 11 |

ABOUT MANHATTAN RESOURCES LIMITED GROUP (THE “GROUP”)

Our Markets

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 (“SGX”). Headquartered in Singapore, the Group’s core businesses include ship chartering and power plant in Indonesia, property development in China and mining, extraction and sale of mineral resources in China. The ship chartering business primarily serves the Indonesian market with its main customers in the coal mining industry. The power plant business operates in Indonesia where it supplies electricity to both state-owned utility company and private companies. The property development business in China is in its construction phase and will be targeting the retail, office and Soho sectors.

Our Supply Chain

With the business nature of the Group, our supply chain operates primarily in the energy resources industry with vendors supplying coal to the power plant business and fuel to the shipping business. The property development business engages consultants and contractors in the construction industry. We value a stable and efficient supply chain. Suppliers across our businesses are assessed in accordance with our procurement policies before being qualified as our list of approved vendors. We perform evaluation on new vendors and regularly re-assess the performance of our existing key suppliers. Our end-in-mind is to secure a pool of reliable suppliers that share our commitment to sustainability.

Further information on the company’s profile can be found in our annual report publicly available on the SGX’s website.

ABOUT THE REPORT

This report summarises our approach towards sustainability and provides an annual update on our sustainability performance and progress for the period 1 January 2017 to 31 December 2017. This being our first year preparing the sustainability report, historical performance for the previous year 2016 have been included for comparison where possible. Our report has been prepared in accordance with the Global Reporting Initiative (GRI) Standards: Core option and Singapore Exchange’s Practice Note 7.6 Sustainability Reporting Guide. GRI is an internationally recognised sustainability framework and has been chosen for its robust guidelines and suitability to our business model. This report has also taken into consideration the primary components of report content as set out by the SGX’s “Comply or Explain” requirements for sustainability reporting. We have not sought external assurance for this reporting period.

BOARD STATEMENT

With the acquisition of the power plant business in 2016, the Group recognises the growing importance of sustainable growth and how such sustainability practices impact our various stakeholders. We prioritise our sustainability efforts on our core businesses in the shipping, power plant and property development segments. Within our various business segments, we identify with the various key stakeholders and focus on their concerns in areas such as the environmental sustainability, economic performance, workforce well-being and governance. Key material factors identified are regularly reviewed and monitored by the Board of Directors (the “Board”). With the Board setting the right tone for our sustainability efforts, we aim to be a growing business embedded with long-term sustainability. Ethics and integrity remains a core value in guiding the conduct of the Group’s businesses. The Group also continues its practices on good corporate governance and risk management. Such values and principles have also been efficiently emphasised and communicated across the organisation with implementation of strict processes and controls within the Group’s daily operation. Further details can be found in the “Report on Corporate Governance” in our annual report.

STAKEHOLDERS ENGAGEMENT

We maintain regular engagement with our key stakeholders who have significant influence on our business and to whom our business impacts most. Their needs and concerns are important in helping us understand the accountability of our business actions and improve our decision making. We focus our efforts on addressing their key interests while striving for operational efficiency in order to create long-term sustainable growth for the Group and our stakeholders. Below is a summary of our key stakeholders, our approach in engaging them, their concerns and our responses to them.

| Key Stakeholder Group | Approach to Stakeholder Engagement | Key topics and concerns | Our Responses |
|---------------------------|---|--|---|
| Employees | <ul style="list-style-type: none"> Annual appraisals Team meet-ups Team bonding sessions Whistle blowing via "information@manhattan.sg" | <ul style="list-style-type: none"> Workplace safety Training and development Remuneration Welfare | <ul style="list-style-type: none"> Implement workplace safety measures and a strict set of standard operating procedures Encourage employees to attend training and courses Employee benefits in monetary and non-monetary forms |
| Investors | <ul style="list-style-type: none"> Shareholders' meetings Quarterly SGX announcement or as and when there are significant updates Company email/ website Whistle blowing via "information@manhattan.sg" | <ul style="list-style-type: none"> Key developments Business strategies Economic performance Investor relations | <ul style="list-style-type: none"> Timely release of corporate announcements on significant developments Annual reports Optimise operational efficiency and cost effectiveness |
| Government and regulators | <ul style="list-style-type: none"> Keeping informed of the latest regulations and compliance requirements via relevant websites and our outsourced consultants Continuous working-level engagement Official visits and meetings Consultations Seminars Whistle blowing via "information@manhattan.sg" | <ul style="list-style-type: none"> Legal and regulatory compliance Environmental and social impact Corporate governance Accountability | <ul style="list-style-type: none"> Work closely with outsourced professionals to ensure compliance Attend training and seminars Uphold environmental safety standards by having internal and independent checks Implement good corporate governance practices |

| Key Stakeholder Group | Approach to Stakeholder Engagement | Key topics and concerns | Our Responses |
|-----------------------|---|---|---|
| Customers | <ul style="list-style-type: none">• Contract negotiation• Meetings• Company hotlines• Emails communications• Whistle blowing via "information@manhattan.sg" | <ul style="list-style-type: none">• Service quality• Customer satisfaction | <ul style="list-style-type: none">• Ensure smooth and reliable delivery of services• Optimise operational efficiency to keep prices competitive• Engage and work closely with the consultants for the marketing efforts |

OUR MATERIAL TOPICS

Our materiality assessment reflects the significant economic, environmental and social impacts on our businesses. Potential sustainability issues were identified through various engagements with our key stakeholders and internal assessments. This was followed by management's evaluation of the relevance and significance of each potential issue to our core businesses. Management identifies and prioritises material issues which have the most significant sustainability impact to our key stakeholders. These key material issues have been presented to the Board. With their diverse roles and experience, the Board has assessed and approved the material topics and the content presented in this report.

We have identified the following key material issues vital to our core businesses and have been used to define the content of this report.

OUR ENVIRONMENT

- Environmental compliance

ECONOMIC PERFORMANCE

- Economic and financial contributions

** Refer to the Group's annual report 2017*

OUR PEOPLE

- Occupational safety and health
- Diversity and equal opportunities
- Training and education

GOVERNANCE

- Good corporate governance practice
- Ethics and integrity

** Refer to the "Report on Corporate Governance" in the Group's annual report 2017*

OUR ENVIRONMENT

We understand the importance of managing our impact on the environment, even more so with the nature of our businesses and operations. Specifically, air and water pollutions are the major environmental pressure caused by the power plant, shipping operations and property development. We strive to operate responsibly in order to minimise our environmental footprints wherever we operate in. In the coming year, the Group will continue upholding business practices and observing measures in mitigating emissions and wastage. Environmental sustainability will remain a key consideration in all our businesses.

Power plant business

Air, waste water and ash emissions are carefully handled to prevent any toxic emission and minimise environmental pollution. Our waste management processes ensure that our power plant units are well-equipped to adequately filter all waste before discharging. The coal we use for our coal-fired steam power plant are of low sulphur content, minimising the impact of coal burning and the harmful ash content. Routine checks by the operation team help assure that the power plant units are operating properly. Regular tests and laboratory analyses are conducted to monitor the parameters of the waste emissions. We are proud to report that there have been no cases of fines or non-monetary sanctions for any non-compliance with regulatory requirements in the year 2017. For the upcoming year we target to maintain such clean records.

Shipping business

Marine pollution remains one of the major environmental concerns in the shipping sector. Scheduled repair and maintenance of our fleet aid in ensuring that our vessels along with their engines and equipment are operating properly at all times. Independent inspections are conducted to certify that each of our vessels is adequately equipped to mitigate and prevent pollution as well as complying with the regulatory requirements. For the year 2017, we are pleased to report that our fleet have met with the regulatory requirements and no cases of non-monetary sanctions for non-compliance have been reported. For the upcoming year we target to maintain such clean records.

Property development business

We recognised that a healthy environment and symbiotic relationship with nature is critical to the sustainability of businesses. The Ningbo Yinzhou Manhattan Tower will have a greening rate of approximately 20%. The design also aims to maximise use of natural lighting to reduce electricity consumption. Energy efficient lightings will also be installed to increase the efficiency of energy usage. During the construction phase, electricity from power grid supply is used to reduce reliance on diesel generators to further decrease our carbon footprint. For the operations of asset, we intend to use computer-based energy management system to optimise chiller efficiency and Building Management System (BMS) to control key equipment in order to effectively control and reduce energy use.

OUR PEOPLE

We operate in specialised industries which are labour intensive. With over 300 employees in the various geographical locations that the Group operates in, our employees are the core drivers of our businesses and we stay committed in providing a safe and inclusive workplace for our people.

A safe and healthy workplace

Given the nature of our businesses in the power plant, shipping and property development sectors, workplace safety is a priority for the Group. We are committed in creating a safe working environment and achieving zero fatalities. We have in place a stringent set of safety practices and processes. Communication and implementation of safety measures and policies are taken very seriously across all our businesses to ensure that all staff understands the practices and the magnitude of the consequences. We believe not just in creating a safe working environment but also constantly promoting responsible workplace behaviors in our people.

The Group is pleased to report zero fatalities across all our business segments in the year. We will keep on reviewing and improving our safety standards throughout all our business operations so as to prevent fatalities and minimise any injuries.

A diverse and inclusive workforce

Our people span across various functions, locations and languages. Our recruitment and compensation policies are based on merit and office discrimination is strictly disallowed as outlined in our Code of Ethics and Conduct. We value diversity at every level of our organisation and provide equal employment opportunities regardless of gender and age. With that being said, due to the nature of our businesses, employees deployed in the forefront of our operations have been dominated by the male population. This group of employees represents the crew in the shipping segment, the operation and maintenance workers in the power plant segment and the workers in the property development segment. During the year, there have been no cases of grievances concerning any discrimination or unfair employment practices reported. We will continue to uphold the principle of equal opportunities and respect the rights of our people.

By business segments and gender

| | 2017 | | 2016 | |
|--------------------------|---------------|-------------|---------------|-------------|
| Business segments | Female | Male | Female | Male |
| Power plant | 3 | 32 | 0 | 28 |
| Shipping | 7 | 327 | 10 | 257 |
| Property development | 7 | 4 | 7 | 3 |
| Corporate | 10 | 8 | 12 | 4 |
| Total | 27 | 371 | 29 | 292 |

By management level and gender

| | 2017 | | 2016 | |
|-------------------------|---------------|-------------|---------------|-------------|
| Management level | Female | Male | Female | Male |
| Directors | 1 | 4 | 1 | 4 |
| Senior Management | 1 | 6 | 1 | 5 |
| Executives | 25 | 32 | 27 | 25 |
| Crew and workers | 0 | 329 | 0 | 258 |
| Total | 27 | 371 | 29 | 292 |

By age group

| Age group | 2017 | 2016 |
|------------------|-------------|-------------|
| < 30 | 23 | 25 |
| 30 – 50 | 366 | 291 |
| > 50 | 9 | 5 |
| Total | 398 | 321 |

Talent development

Our achievements would not have been possible without our people. Capable leaders along with skilled and competent staff are especially critical for a growing organisation like us. Retaining the right people and keeping them motivated has become our ongoing strategy towards a sustainable business model. We seek to attract and retain the best staff through our remuneration packages and development opportunities. Staff are encouraged and given the resources to pursue training and skills upgrading opportunities. Annual performance appraisals are conducted to acknowledge our employees' achievements in the year, and to help them identify areas for continuous growth and track their career progression. As the Group progresses on, we will continue our long term goal of developing and empowering our people.

Benefits and welfare

Beyond the competitive remuneration, the Group also provide a comprehensive welfare and benefits scheme, including medical and dental benefits for all our full-time employees. We also adopt benefits in line with Singapore government's pro-family legislation. Mothers and fathers whose children are Singapore Citizens at birth get to enjoy maternity leave of 16 weeks and paternity leave of two weeks respectively, as advocated by the Singapore government. 3 employees with at least one Singapore Citizen child under the age of seven were entitled to five days of paid childcare leave in 2017.

GOVERNANCE

Good corporate governance practices delineate the Group's business conduct and our attitude to ethical matters. The Group's corporate governance practices are guided by the Singapore Code of Corporate Governance issued by the Monetary Authority of Singapore. Such practices help ensure accountability and transparency within the Group and in turn maintain an operating environment which serves the interests of all stakeholders.

The Board is the Group's highest governance body that provides an oversight of the Group's business affair. The Board is responsible for the overall corporate governance and provides leadership and guidance on business strategies, succession planning, risk management, internal controls and financial performance. To efficiently manage its responsibilities, certain functions have been delegated to the three board committees, namely the Audit Committee ("AC"), Nominating Committee ("NC") and Remuneration Committee ("RC"). Each of the committees has its own written terms of reference whose actions are reported to and monitored by the Board.

Our corporate governance practices and internal Code of Ethics and Conduct call for all employees to act with the highest standard of integrity, ensuring that we operate ethically across all our businesses. Our whistle-blowing policy also encourages and provides a channel for stakeholders to report and to raise, in good faith and in confidence, their concerns about possible improprieties in all matters. Going forward, we will continue to stay committed in instilling good governance practices across the Group. More details about our corporate governance can be found in the "Report on Corporate Governance" in our annual report.

GRI CONTENT INDEX

| GRI STANDARDS | DESCRIPTIONS | REFERENCE | Remarks |
|-------------------------------------|--|--|------------------------------|
| GENERAL STANDARD DISCLOSURES | | | |
| Organisation profile | | | |
| 102-1 | Name of organisation | Page 2: About MRL Group | |
| 102-2 | Activities, brands, products, and services | Page 2: About MRL Group | |
| 102-3 | Location of headquarters | Page 2: About MRL Group | |
| 102-4 | Location of operations | Page 2: About MRL Group | |
| 102-5 | Ownership and legal form | Page 2: About MRL Group | |
| 102-6 | Markets served | Page 2: About MRL Group | |
| 102-7 | Scale of the organization | Page 2: Our people | |
| 102-8 | Information on employees and other workers | Page 7 & 8 : Our people | |
| 102-9 | Supply chain | Page 2 : About MRL Group | |
| 102-10 | Significant changes to the organization and its supply chain | N.A. | No significant changes |
| 102-11 | Precautionary Principle or approach | Annual report – Risk management Page 19 | |
| 102-12 | External initiatives | N.A. | No such initiatives |
| 102-13 | Membership of associations | N.A. | No such memberships |
| Strategy | | | |
| 102-14 | Statement from senior decision-maker | Page 3: Board statement Page 4: Our material topics | |
| Ethics and integrity | | | |
| 102-16 | Values, principles, standards, and norms of behaviour | Page 3: Board statement | |
| Governance | | | |
| 102-18 | Governance structure | Annual report – Corporate governance Page 9-22 | |
| Stakeholders engagement | | | |
| 102-40 | List of stakeholder groups | Page 4-5: Stakeholder engagement | |
| 102-41 | Collective bargaining agreements | N.A. | Our workforce is not covered |

| | | | |
|---------------------------------------|--|---|--|
| | | | by specific collective bargaining agreements |
| 102-42 | Identifying and selecting stakeholders | Page 4-5: Stakeholder engagement | |
| 102-43 | Approach to stakeholder engagement | Page 4-5: Stakeholder engagement | |
| 102-44 | Key topics and concerns raised | Page 4-5: Stakeholder engagement | |
| Reporting practice | | | |
| 102-45 | Entities included in the consolidated financial statements | Annual report Page 68 | |
| 102-46 | Defining report content and topic Boundaries | Page 6: Our material topics | |
| 102-47 | List of material topics | Page 6: Our material topics | |
| 102-48 | Restatements of information | N.A. | No restatement made |
| 102-49 | Changes in reporting | N.A. | No changes |
| Report profile | | | |
| 102-50 | Reporting period | Page 2: About the report | |
| 102-51 | Date of most recent report | Page 2: About the report | |
| 102-52 | Reporting cycle | Page 2: About the report | |
| 102-53 | Contact point for questions regarding the report | Contact details of MRL | |
| 102-54 | Claims of reporting in accordance with the GRI Standards | Page 2: About the report | |
| 102-55 | GRI content index | Page 11: GRI content index | |
| 102-56 | External assurance | Page 2: About the report | |
| SPECIFIC STANDARDS DISCLOSURES | | | |
| Environmental compliance | | | |
| 103-1 | Explanation of material topic and boundary | Page 7: Our environment | |
| 103-2 | Management approach and its components | Page 7: Our environment | |
| 103-3 | Evaluation of management approach | Page 7 : Our environment | |
| 307-1 | Non-compliance with environmental laws and regulations | Page 7 : Our environment | |
| Occupational health and safety | | | |
| 103-1 | Explanation of material topic and boundary | Page 8: Our people Page 8: A safe and healthy workplace | |
| 103-2 | Management approach and its components | Page 8: Our people Page 8: A safe and healthy workplace | |
| 103-3 | Evaluation of management approach | Page 8 : Our people Page 8: A safe and healthy workplace | |

| | | | |
|--|---|---|--|
| 403-2 | Types and rate of injuries | Page 8: Our people Page 8: A safe and healthy workplace | |
| Diversity and equal opportunities | | | |
| 103-1 | Explanation of material topic and boundary | Page 8: Our people Page 8: A diverse and inclusive workforce | |
| 103-2 | Management approach and its components | Page 8: Our people Page 8: A diverse and inclusive workforce | |
| 103-3 | Evaluation of management approach | Page 8: Our people Page 8: A diverse and inclusive workforce | |
| 405-1 | Diversity of employees | Page 8: Our people Page 8: A diverse and inclusive workforce | |
| Training and education | | | |
| 103-1 | Explanation of material topic and boundary | Page 8: Our people Page 9: Talent development | |
| 103-2 | Management approach and its components | Page 8: Our people Page 9: Talent development | |
| 103-3 | Evaluation of management approach | Page 8: Our people Page 9: Talent development | |
| Economic performance | | | |
| 103-1 | Explanation of material topic and boundary | Annual report Page 1 | |
| 103-2 | Management approach and its components | Annual report Page 1 | |
| 103-3 | Evaluation of management approach | Annual report Page 1 | |
| 201-1 | Direct economic value generated and distributed | Annual report Page 1 | |