ENECO ENERGY LIMITED

(the “Company”)
(Co. Reg. No. 200301668R)
(Incorporated in the Republic of Singapore)

ANNUAL GENERAL MEETING TO BE HELD ON 23 JUNE 2020

RESPONSE TO A SHAREHOLDER’S QUESTIONS

The Board of Directors (the “Board”) of Eneco Energy Limited (the “Company”, and together with its subsidiaries, the “Group”) wishes to extend its appreciation for the questions that were submitted by a shareholder for the Annual General Meeting (“AGM”).

We set out below all the questions received from our shareholder, and our answers.

Q1 Why is there a payout of professional fees in 2019?
Does the shareholder gain any value from it?
Could we do away with it?

Response:

Professional fees refers to various types of fees, such as Internal and External audit fees, legal fees, corporate secretary fees, share registrar listing fees, fees for preparation of sustainability report, special investigation fees and qualified person’s report (as required under the listing rules for our Company) etc.

From the shareholders perspective, these activities are necessary to provide assurance that the Company is appropriately managed, that it is compliant with its corporate governance and regulatory rules and regulations as well as protecting and defending the company in various forms.

The engagements of these professional services are, in many instances, mandatory. Such fees are unavoidable as a listed company.

We have been diligent in reducing such fees over the last year and have achieved significant fee savings in several areas. We will strive to ensure that such costs are controlled at all times, and avoided wherever possible.

Q2 Why there is payout to oil and gas in 2019?
What is the value for such payout for shareholders?
Could we do away with it?

Response:

The expenditure within the oil and gas segment relates to various costs that had to be paid as the legacy oil and gas entities were operating on negative cash flow.

Some prominent examples where these funds were used are (a) interest and marketing fee payment to a Lender on legacy debt, (b) payroll of the oil and gas employees, and (c) payment to various vendors that have conducted works, etc.

With effect from 21 May 2020, we closed the Jatirarangon field due to the expiry of its Technical Assistance Contract. This effectively removed the monthly operating losses on this asset as we no longer own or operate this field.

Our West Jambi field, as previously announced, has been put to market and we are in the process of selling this asset.

Lemang PSC remains a challenge for us. It is currently reflecting lower monthly operating costs but still remains a loss-making investment for now and the foreseeable future.

We have announced a major Debt Settlement and Standstill Agreement, which will remove our debt with a major lender in June 2020. This Settlement eliminates a significant cost from our oil and gas business going forward.

In summary, the expenses incurred on the oil and gas segment were expenses already previously contracted for, and for which the Company was liable as a result of previous legacy commitments.

**Q3 Why was there a large payout to the general working capital?
Have we made any progress to conserve capital wastage?
Can we do away with the payout?**

Response:

Use of funds to support working capital needs was unavoidable over the course of the last Financial Year.

Such expenditures included various cost lines, for example, general administrative services expenses (e.g. insurances), payroll & employee expenses, Directors' Fees, payments to previous management upon exit etc.

We are focussed on reducing costs in all areas where we have the ability to do so. We have been renegotiating vendor fees, implemented a wage freeze, removed surplus headcount, and managed our expenditure on our oil and gas fields to preserve cash.

In addition, there were certain costs which were settled in 2019 but were in respect of activities that had occurred in 2018. These costs impacted our cash position in 2019.

Our Headquarters today operates with a right-size of 4 employees, and that includes the Group CEO. This represents a substantial reduction from previous years.

Q4 The deal that we worked with KKR was badly conceived. Can we pursue any liabilities claim from the previous board for not having conducted as expected?

Response:

The Lemang investment did not live up to its promise. However, at the time of investment, all parties involved obviously believed in the investment. The O&G industry has witnessed extraordinary changes over the last few years. We are presently unable to identify any basis for any claims against any parties arising from this investment.

Q5 What was the outcome of investigation on internal misuse of fund by previous board?
Why there was no announcement on SGX?
Has the board reported to SGX on the outcome of the investigations?
Is there any need to bring in commercial team from police to investigate any wrong doing?

Response:

The company had appointed Deloitte to conduct an independent investigation. We are given to understand that the Deloitte report is being finalised, and that the investigation has taken longer than anticipated in part due to the lockdown and travel restrictions within Singapore and Indonesia. During this period, we have been in communication with SGX on various aspects of the matter. Once the Deloitte report is released, we will review the findings to determine what actions the Company ought to take.

Q6 Could we explore to IPO on the logistic business.

We believe the appropriate action is to focus on the exiting of our Oil and Gas businesses and to find a path of sustainable growth for our Logistics business. We are currently not exploring an IPO on the logistics business.

Our focus is to restructure, refocus and rebuild scale and sustainability, so as to deliver value to all our shareholders.

We thank you for your time and support.

For and on behalf of the Board

Colin Peter Moran
Executive Director cum Chief Executive Officer
22 June 2020