

***MOVING FORWARD WITH
NEW POTENTIAL***

ANNUAL REPORT 2021

CORPORATE INFORMATION

REGISTERED OFFICE

300 Tampines Avenue 5
#05-02
Singapore 529653
Website: www.enecoenergy.com

BOARD OF DIRECTORS

Low Chai Chong
Chairman, Independent Director

Colin Peter Moran
Executive Director

Teo Cheow Beng
Independent Director

Patrick Tan Tse Chia
Independent Director

Koji Yoshihara
Non-Independent Non-Executive Director

AUDIT COMMITTEE

Low Chai Chong (Chairman)
Patrick Tan Tse Chia
Teo Cheow Beng

NOMINATING COMMITTEE

Patrick Tan Tse Chia (Chairman)
Low Chai Chong
Teo Cheow Beng

REMUNERATION COMMITTEE

Teo Cheow Beng (Chairman)
Low Chai Chong
Patrick Tan Tse Chia

COMPANY SECRETARIES

Ang Siew Koon
Kuan Yoke Kay (appointed 01 March 2022)

AUDITORS

Foo Kon Tan LLP
Partner-In-Charge
Kong Chih Hsiang, Raymond
(with effect from financial year ended
31 December 2019)

SHARE REGISTRAR

Tricor Barbinder Share Registration Services
(a division of Tricor Singapore Pte Ltd)
80 Robinson Road #02-00
Singapore 068898

PRINCIPAL BANKERS

DBS Bank Limited
Oversea-Chinese Banking Corporation Limited
Bank Negara Indonesia
PT Bank Panin Tbk

Eneco Energy Limited (“**Eneco Energy**” or the “**Group**”) is listed on the Singapore Exchange (SGX) and is the holding company of RichLand Logistics in Singapore and Indonesia. Eneco Energy has been in the logistics services sector since 1992 under the brand of Richland Logistics. Eneco Energy is actively exploring to grow the logistics business, strengthen the market position and looking into business diversification for new market.

RichLand Logistics is a leading logistics solutions provider, providing premier end-to-end logistics services customised to the clients’ requirements. RichLand Logistics have in-depth experience and strong market presence in both Singapore & Indonesia. Richland Logistics provide supply chain services including inbound and outbound transportation activities, distribution management, seaport and airport cargo handling services.

With the in-house tailor-made apps, RichLand Logistics are driving change and challenging the way the industry functions. RichLand Logistics now employ over 900 staff, fulfilling more than 40,000 deliveries each month. RichLand Logistics are equipped with a modern transport fleet of more than 400 trucks, trailers and manage more than 1,500,000 sq ft of warehousing capacity.



CONTENTS

02 | Message from Chairman & CEO

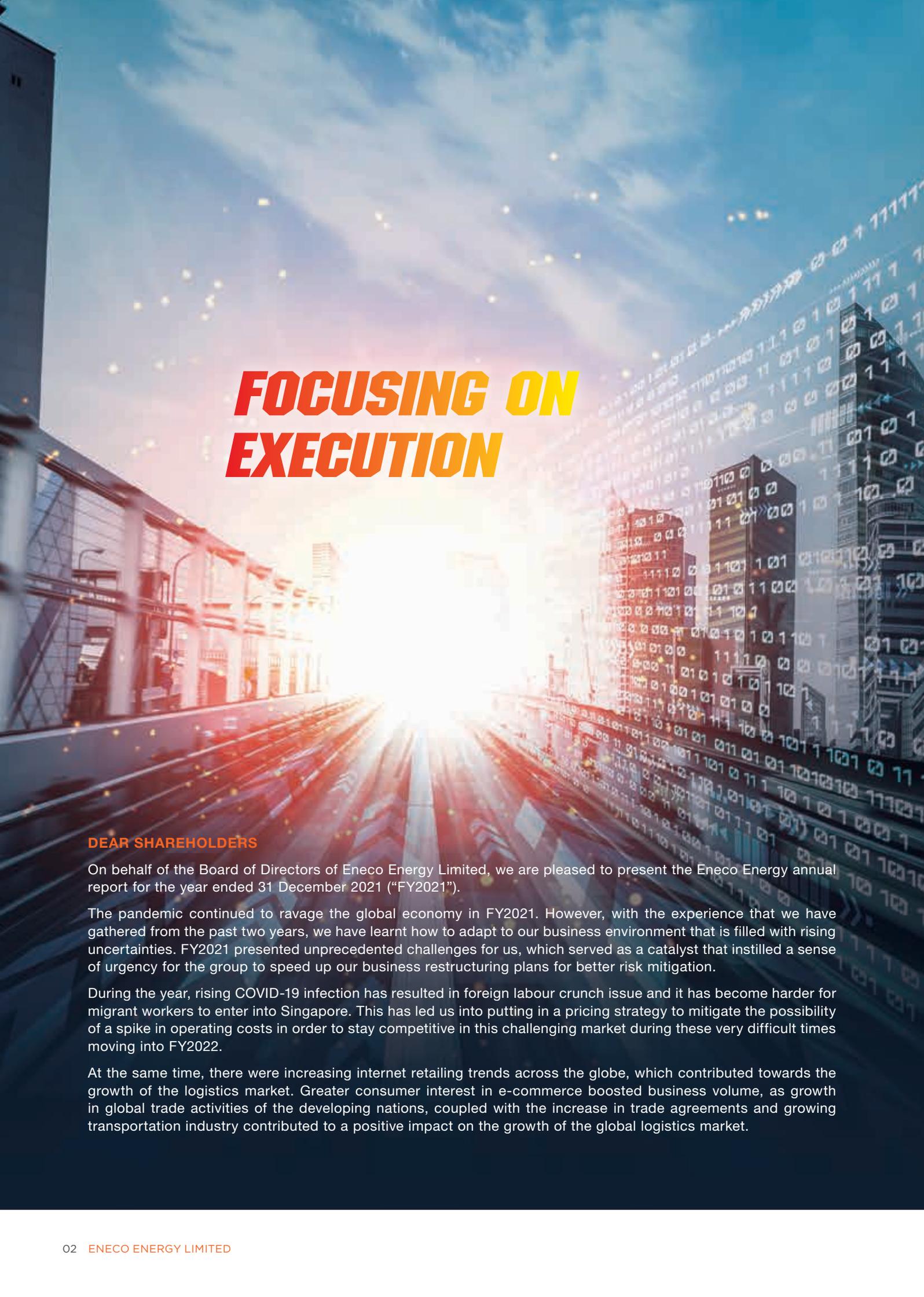
06 | Board of Directors

09 | Eneco Energy Limited
Group Structure

10 | Operations Review

13 | Corporate Governance Report

35 | Financial Contents



FOCUSING ON EXECUTION

DEAR SHAREHOLDERS

On behalf of the Board of Directors of Eneco Energy Limited, we are pleased to present the Eneco Energy annual report for the year ended 31 December 2021 (“FY2021”).

The pandemic continued to ravage the global economy in FY2021. However, with the experience that we have gathered from the past two years, we have learnt how to adapt to our business environment that is filled with rising uncertainties. FY2021 presented unprecedented challenges for us, which served as a catalyst that instilled a sense of urgency for the group to speed up our business restructuring plans for better risk mitigation.

During the year, rising COVID-19 infection has resulted in foreign labour crunch issue and it has become harder for migrant workers to enter into Singapore. This has led us into putting in a pricing strategy to mitigate the possibility of a spike in operating costs in order to stay competitive in this challenging market during these very difficult times moving into FY2022.

At the same time, there were increasing internet retailing trends across the globe, which contributed towards the growth of the logistics market. Greater consumer interest in e-commerce boosted business volume, as growth in global trade activities of the developing nations, coupled with the increase in trade agreements and growing transportation industry contributed to a positive impact on the growth of the global logistics market.

MESSAGE FROM CHAIRMAN & CEO



MR. LOW CHAI CHONG

Independent Non-Executive Chairman



MR. GWEE CHEE KIANG, LAWRENCE

Chief Executive Officer

All the above developments have provided strong support for the Group's ongoing logistics business, as we made major breakthroughs in our efforts to better position ourselves as a key logistics player in the market.

On 4 March 2021, the Group submitted its application for the lifting of the Group's voluntary suspension and resumption of trading to Singapore Exchange Securities Trading Limited ("SGX-ST"). Following that on 6 January 2022, we received a no-objection letter from SGX-ST with reference to the application.

FINANCIAL HIGHLIGHTS

In FY2021, the Group reported revenue of S\$39.5 million, which was S\$3.1 million higher than S\$36.4 million in FY2020. This was mainly due to better performance of the Logistics segment. The Logistics segment is the Group's main revenue contributor, comprising business operations in Singapore and Indonesia.

MESSAGE FROM CHAIRMAN & CEO



Other income for the year was lowered by S\$2.3 million as a result of the tapering effect of COVID-19 related government grants during the year. Consequently, profits attributable to owners of the Company from continuing operations decreased from S\$1.3 million in FY2020 to S\$0.9 million in FY2021.

Net cash inflow from operating activities fell from S\$8.0 million in FY2020 to S\$6.0 million in FY2021, compounded by the impact of working capital changes despite higher revenue.

Profits from the Oil & Gas segment (discontinued operations) improved from S\$5.6 million in FY2020 to S\$7.5 million in FY2021 due to higher provision for legal claims and higher impairment loss recognised in the previous financial year. The increase was partly offset by lower gains from the extinguishment of liabilities in FY2021.

As a result of the above, the Group delivered a net profit after tax attributable to shareholders of S\$6.8 million, a decrease from S\$7.7 million in the previous year.

The Group also reported a net liability of S\$5.4 million in FY2021, an improvement from S\$13.4 million in FY2020.

OIL & GAS SEGMENT

FY2021 marked a few milestone events for the Group's Oil & Gas segment. As part of our continuous efforts in working towards exiting the SGX-ST Watch-list, we divested our Oil & Gas assets and liabilities to focus on our logistics business in order to put us back on track with resumption of trading.

On 17 November 2021, the Group's subsidiary, PT Hexindo Gemilang Jaya ("Hexindo"), entered into a second settlement agreement with Super Power Enterprises Group Limited ("SPE"). In accordance with the terms and conditions of the second settlement agreement, Hexindo made payment of the final settlement sum that amounted to US\$1.5 million. Following the settlement, the expected gain on discharge of liabilities owing to SPE would be S\$11.4 million.

On 23 November 2021, the Group further entered into a settlement and transfer agreement with Jadestone Energy (Lemang) Pte Ltd ("Jadestone") for the Group's remaining 10% participating interest in the Lemang PSC, whereby Jadestone will pay US\$0.37 million as the final settlement consideration.

Further to the above, on 7 March 2022, we entered into a shares sale and purchase agreement ("SPA") with Indonusa Oil Ltd ("Indonusa") to sell all the issued and fully paid-up ordinary shares of Ramba Energy Investments Limited ("REIL") to Indonusa.

The above events have enabled us to further consolidate our logistics business as we exit our loss-making Oil & Gas segment.

LOGISTICS SEGMENT

The Group's Logistics segment was the main contributor of the Group's S\$39.5 million revenue in FY2021. The segment delivered an increase of S\$3.1 million or 8.5% revenue growth as compared to S\$36.4 million recorded for FY2020. The Group's Logistics segment growth is driven by a combination of premier end-to-end logistics services and contracts renewal across each of our operating countries.

Geographically, our Singapore logistics operations have experienced varied impact due to COVID-19. These have led to some contracts being delivered on a year-on-year improvement, while others reported a decline. There was a combination of factors that resulted in our uneven contract growth and the pandemic is the major underlying factor contributing to the fluctuations.

In view of the labour crunch as a result of the COVID-19 pandemic, the Group's Logistics segment recorded a 24.1% dip in profit from S\$5.4 million in FY2020 to S\$4.1 million in FY2021.

During the year, the Group focused on ensuring that customer satisfaction is achieved and that customer service teams continued to elevate customer's satisfaction, which is the core of our logistics business. Through referrals and testimonials from our customers, backed by trust that resulted from years of stable business relationships, we were able to improve our Richland Logistics brand credibility in expanding our customer network.

MESSAGE FROM CHAIRMAN & CEO

We will continue to build on the strong fundamentals of our Logistics segment by incorporating technology and adapting to social trends. We will keep on monitoring the business environment in which we operate, so as to maintain our competitive edge.

FUTURE PROSPECT

With a healthy order book comprising contract renewal and extension for contracts with good gross profit margins, the Group expects positive organic and inorganic revenue growth in our logistic business globally. On the same front, we will work towards achieving a stronger asset position through close monitoring and management of our available resources. As we consolidate our position, we expect to observe improvement in the long-term financial position of the Group, which will enable us to gain access to capital for growth as we expand and diversify continuously.

In the near future, the Group will continue to fuel business growth by working towards an optimal mix of assets, liabilities and equity, so as to strengthen our financial position to withstand any headwinds moving forward.

During the year, we have successfully secured a bridging term loan of S\$1.50 million. This has put the Group in a stronger financial position as we have cash balances to support our immediate to medium term goals.

Where our asset disposal is concerned, the Group remains committed to divest our loss-making Oil & Gas business to focus on our profitable Logistics business unit for long-term sustainable growth. Following the disposal, the Group will actively seek new business opportunities to create recurring income streams by tapping on market synergies.

With the above plans in place, we look forward to the trading resumption of our Group's shares and exiting the SGX-ST watch-list in due time.



COVID-19 UPDATE

The pandemic outbreak has resulted in dynamic headwinds with global markets facing growing uncertainties amidst stiff competition, giving rise to supply chain disruption and labour crunch.

As the Omicron COVID-19 variant wave peaks, we remain committed to adhere to the relevant government-mandated pandemic-related measures and ensure ongoing compliance within our office. During this period, our global operations are ongoing despite having to cope with staff shortage issues due to lack of foreign workers and quarantine requirements.

With the resurgence of COVID-19 infections due to mutating variants, the Group's regional operations continue to be affected. Against the backdrop of an increasingly uncertain environment, that is fueled by the Russia-Ukraine war, rising fuel prices and foreign labour crunch, we expect operation costs to climb. To mitigate this challenge, we will be implementing a pricing strategy to optimise our costs, so as to remain competitive in this challenging market.

Going forward, we hold a cautious view towards the economic stability of the countries in which we operate in view of the unpredictable nature of the COVID-19 virus.

ACKNOWLEDGEMENTS

We would like to take this opportunity to express our appreciation to Mr Colin Peter Moran who has stepped down as Chief Executive Officer on 30 June 2021 but remained as an Executive Director in the Company. We are grateful for his counsel, guidance during his term and look forward to his continued leadership and guidance in the future.

At the same time, we would like to extend a warm welcome to Mr Gwee Chee Kiang, Lawrence and Mr Chew Chee Yuen, Francis, who have joined us as the Chief Executive Officer and Chief Financial Officer respectively. We look forward to working closely together with them to steer the Group towards greater heights.

On behalf of the Board, we would like to confer recognition on our staff for their hard work and dedication that have helped the Group satisfy our customers' needs in a timely and efficient manner. We would also like to thank our valued customers for their staunch faith in us during this challenging period.

Last but not least, we are grateful to the Singapore Government, shareholders, business partners and stakeholders for their strong support in helping us pivot our business operations to a new normal during this unusual pandemic period. We will forge ahead and ride against the headwinds to tap on new business potential, so as to deliver robust growth in driving business performance as well as enhance shareholders' value.

BOARD OF DIRECTORS



**MR
LOW CHAI CHONG**

Independent Non-
Executive Chairman

**MR
COLIN PETER MORAN**

Executive Director

MR. LOW CHAI CHONG

Independent Non-Executive
Chairman

Mr. Low Chai Chong joined the Board as the Lead Independent Director of the Company on 14 December 2018 and was appointed as Chairman of the Board on 13 March 2019. He was last re-elected to the Board of Directors on 23 June 2020. He is an advocate and solicitor of the Supreme Court of Singapore. He joined Messrs Dentons Rodyk & Davidson LLP in 1986, and has been with the same firm his entire career. He has many years of legal experience representing multinational companies, financial institutions and listed companies in a wide array of commercial and corporate matters regionally, including dispute resolutions. He is an Independent Director of three other companies listed on the Singapore Stock Exchange.

Mr. Low graduated with a Bachelor of Laws (Honours) degree from the National University of Singapore.

MR. COLIN PETER MORAN

Executive Director

Mr Moran joined the Board as the Executive Director on 28 June 2019. He was last re-elected to the Board of Directors on 23 June 2020 and will stand for re-election to the Company's Board of Directors at the forthcoming AGM.

Colin joined the group in 2010 as Director for the Logistics Group, he brings with him over 30 years of management experience in supply chain management. Between 05 July 2019 and 20 June 2021, he acted as the Chief Executive Officer ("CEO") of the Company. He was also the CEO for the Logistics Group, which trades under the brand RichLand Logistics in Singapore and Indonesia.

He has developed his skillset whilst working in Australia, Singapore and Indonesia during which time he held several senior regional positions in Asia including Managing Director for TNT Logistics Asia, VP Business Development for Ceva Logistics Asia Pacific and Managing Director for the TNT Indonesia Express and Logistics entities.

These roles have enabled him to garner experience within all three major components of the logistics industry being, Express Courier, Third Party Logistics and Freight Forwarding.

Mr Moran currently also sits on the Board of Eneco Refresh Limited, a company listed on the Australian stock exchange.

Colin holds a Diploma in Business Studies from the Port Adelaide College of TAFE and has attended numerous vocational programs with such institutions as INSEAD, Warwick University, Penn State/NUS in addition to several additional management and leadership programs.

BOARD OF DIRECTORS



**MR
TEO CHEOW
BENG**

Independent Director

**MR
PATRICK TAN TSE
CHIA**

Independent Director

**MR
KOJI YOSHIHARA**

Non-Independent
Non-Executive Director

MR TEO CHEOW BENG

Independent Director

Mr. Teo Cheow Beng joined the Board as an Independent Director of the Company on 14 December 2018 and was last re-elected to the Board of Directors on 23 June 2020 and will stand for re-election to the Company's Board of Directors at the forthcoming AGM. Mr. Teo retired from the Singapore Police Force ("SPF") in 2018 after having served SPF for almost 39 years. In SPF, he held several key positions in the investigation fraternity, namely Head Investigation in Jurong Police Division, Head of Secret Society Branch, Head of Serious Sexual Crime Branch and Head of Intellectual Property Rights Branch in the Criminal Investigation Department (CID). He also served several years in the Special Investigations Section and Organised Crime Branch of CID that dealt in firearms, kidnapping and murder investigations. Mr. Teo received numerous commendations and awards during his service.

Mr. Teo holds a Graduate Diploma in Business and Management from The Society of Business Practitioners, Cheshire, England, and a Bachelor of Science in Business Administration from the Bulacan State University, Philippines.

MR PATRICK TAN TSE CHIA

Independent Director

Mr. Patrick Tan Tse Chia joined the Board as an Independent Director of the Company on 14 December 2018. He was last re-elected to the Board of Directors on 28 April 2021. He is the founder and Chief Executive Officer of Fortis Law Corporation and the Head of the Private Client Practice Group. His areas of practice include general litigation and arbitration, wealth management, real estate and private client matters.

Mr. Tan is a Notary Public, Commissioner for Oaths, a Fellow of the Singapore Institute of Arbitrators, as well as an accredited Associate Mediator, appointed by the Singapore Mediation Centre.

Mr. Tan obtained his LL.B. (Hons) at the Nottingham University, where he received top honours, clinching several academic awards in land law, company law and partnership law.

MR KOJI YOSHIHARA

Non-Independent
Non-Executive Director

Nominated by Eneco Investment Pte. Ltd., Mr. Koji Yoshihara joined the Board as a Non Independent Director of the Company on 14 December 2018. He was last re-elected to the Board of Directors on 28 April 2021. Having spent 26 years in Daiwa Securities, Mr. Yoshihara brings with him his wealth of knowledge of the investment and finance industry into the Company.

Before joining Eneco, he worked as the Head of M&A Consulting Practice Group of Pactera Consulting Japan Co., Ltd., the Japanese arm for the global IT service company.

Mr. Yoshihara currently also sits on the Board of Eneco Refresh Limited, a company listed on the Australian stock exchange.

Mr. Yoshihara graduated with a Bachelor of Liberal Arts in Social Science, International Economics and Politics from the International Christian University in Tokyo, Japan.

SENIOR MANAGEMENT



MR. GWEE CHEE KIANG, LAWRENCE

Chief Executive Officer

Mr. Gwee Chee Kiang, Lawrence was appointed as Chief Executive Officer of Eneco Energy Limited Group of companies on 8 September 2021. He will be leading the development of the Group business strategy, vision and mission.

Prior to the appointment, Lawrence held several senior leadership roles as Chief Financial Officer, Director in Human Resource and Information Technology. He has over 20 years of experience in transforming business operations and delivering profitability breakthroughs across diverse business verticals.

Lawrence brings with him broad senior leadership experience in overseeing full spectrum regional business operations, strategic planning, profit and loss management along with performance transformation where he had successfully rolled out merger and acquisition strategies to deliver robust revenue growth across Australia, India, and South East Asia. He is instrumental in driving sustainable business growth within competitive market landscape.

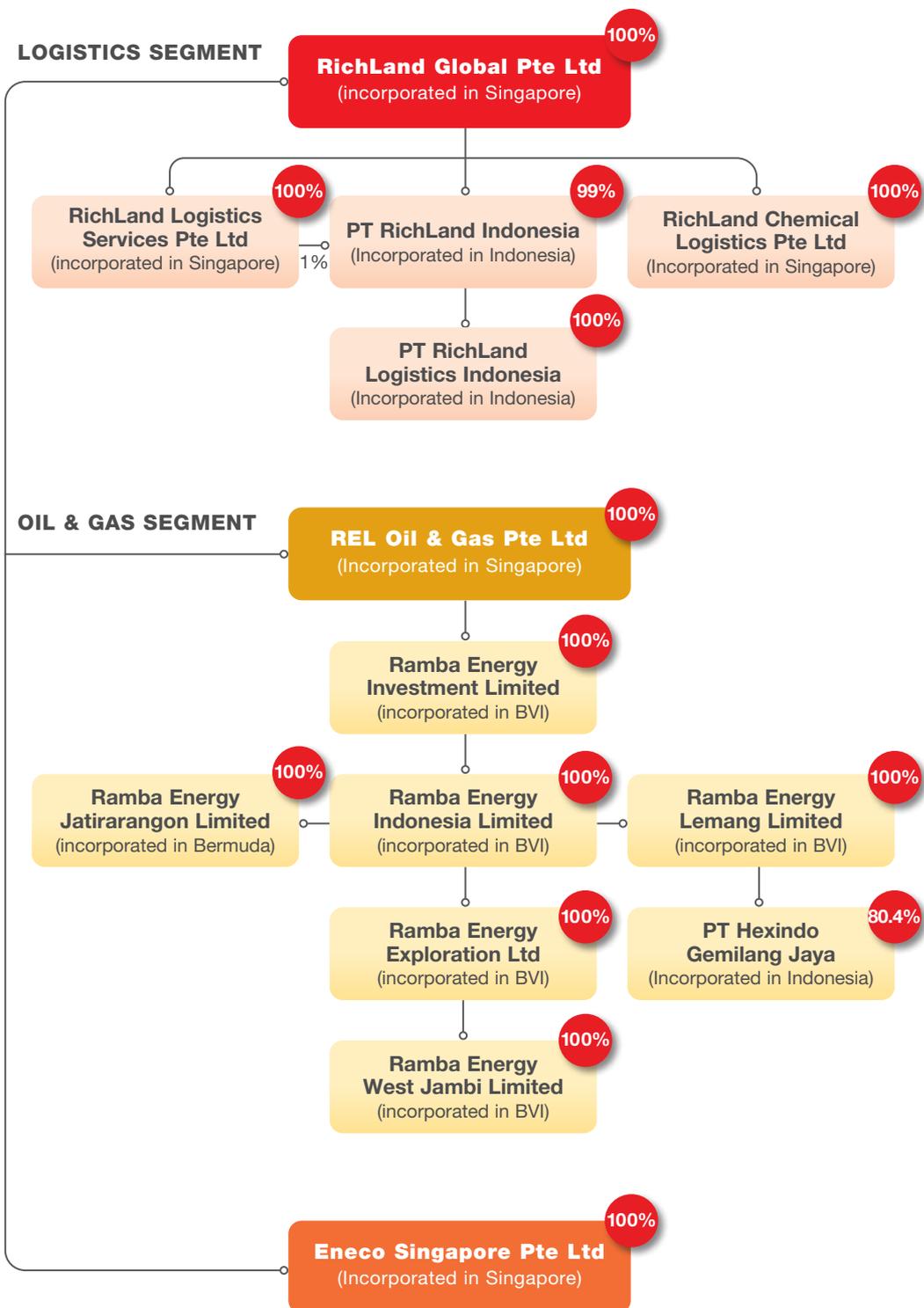
Besides having experience working in company listed in the New York Stock Exchange (NYSE), Lawrence has a history of working in diverse industries globally including logistics, retail, construction, manufacturing and shipping.

Lawrence is a Fellow Chartered Accountant (FCA) with the Institute of Singapore Chartered Accountants (ISCA), Fellow Chartered Certified Accountant (FCCA) with The Association of Chartered Certified Accountants (ACCA) and a Member with the Singapore Institute of Directors (SID). He holds Masters from ACCA and has also completed the Enterprise Risk Management (ERM) courses with the Nanyang Technological University of Singapore (NTU).



ENECO ENERGY LIMITED

GROUP STRUCTURE



OVERALL REVENUE



OVERALL REVENUE

Eneco Energy Limited's ("Eneco Energy" or the "Group") revenue for FY2021 amounted to S\$39.5 million, an improvement of S\$3.1 million over the S\$36.4 million recorded for FY2020. The revenue were contributed entirely by the Group's Logistics segment which demonstrated resilience to turn in a better performance despite a challenging business environment brought about by the ongoing coronavirus ("COVID-19") pandemic.

There was no top line contribution by the oil and gas segment as the Group moves towards phasing out the segment with the impending transfer of the remaining 10% participation interest in Lemang PSC to the existing operator and the divestment of the remaining oil and gas entities to a third party.

SEGMENTAL PROFIT

The Logistics segment reported a profit of S\$4.1 million in FY2021, a decrease from the S\$5.4 million in FY2020. This was caused by higher service partners' cost and lower government grants received during the current year.

The oil and gas segment reported a profit of S\$7.5 million for FY2021, compared to a profit of S\$5.6 million in FY2020 (restated). This is attributable to higher provision for legal claims and higher impairment loss recognised in the previous financial year. This improvement was partly offset by lower gains from the extinguishment of liabilities in FY2021.



OPERATIONS

REVIEW



OPERATING COSTS AND EXPENSES

Service cost and related expenses increased by S\$2.4 million from S\$11.7 million in FY2020 to S\$14.1 million in FY2021. The increase was caused mainly by higher service partners' cost where there was higher reliance on third parties to provide labour for the Logistics segment. There was also higher expenses related to the lease and upkeep of transport equipment in FY2021. The increase was in line with the increase in revenue between the two financial years.

For FY2021, the Group was able to maintain its staff related costs despite achieving a higher revenue. This was possible as the Group was careful with its employment practices amid these challenging times and was focus on delivering better gross operating margins through improved efficiencies, productivity and getting the best person for the job.

Other operating expenses decreased by S\$0.24 million from S\$2.57 million in FY2020 to S\$2.33 million in FY2021 as the Group spent less in the areas of professional fees, insurance and staff welfare expenses.

BALANCE SHEET

In terms of financial position, the Group's net liability stood at S\$5.4 million as at 31 December 2021, a much-improved result from the net liability of S\$13.4 million (restated) as at 31 December 2020.

The major changes in both assets and liabilities are as follows:

The Group's current assets decreased by S\$1.8 million from S\$18.0 million in FY2020 to S\$16.2 million in FY2021. The decrease was caused by reduction in cash and cash equivalents of S\$4.0 million during the year. This was partly offset by the

reclassification of VAT receivable from the Lemang PSC amounting to S\$2.3 million in the current year from non-current assets.

The Group's non-current assets decreased by S\$7.4 million from S\$21.8 million in FY2020 to S\$14.4 million in FY2021. This was due mainly to an impairment loss recognised amounting to S\$1.7 million on exploration and evaluation assets and oil and gas properties relating to the Lemang PSC. Further decrease was due to the reclassification of VAT receivable relating to the Lemang PSC to asset classified as held-for-sale under current assets. Right-of-use assets also decreased by S\$2.2 million due to normal depreciation and early termination of lease.

Current liabilities increased by S\$1.0 million from S\$26.6 million in FY2020 to S\$27.6 million in FY2021. The increase was due mainly to higher finance lease liabilities turning current during the year and higher trade payable balances as at year end.

Non-current liabilities decreased significantly by S\$18.3 million to S\$8.4 million, mainly due to the extinguishment of liabilities and settlement to Super Power Enterprise Ltd when the Group entered into a full and final settlement with the latter during the year. Further decrease was due to reduction in finance lease liabilities amounting to S\$3.53 million, repayment of loans and borrowings amounting to S\$1.5 million.

OUTLOOK AND PLANS

The global economic uncertainty brought about by the COVID-19 pandemic in the last 2 years had proven to be one of the most testing time for our business. The Group faced numerous challenges to its operations during this period and had to continuously adjust and adapt to overcome these challenges. Although the world had begun to live



OPERATIONS

REVIEW



with the pandemic and many countries are beginning to reopen their borders, the Group is managing its expectations while getting ready to get into top business gear once the global economy picks up pace. We are still mindful of any uncertainties in the short and medium term as the world troops toward normalcy.

Moving forward, the logistics business will need to focus on several key areas, they are: (i) secure new contracts with healthy gross profit margins; and (ii) be prepared to increase service levels for our existing client base who will experience increase in business volume as the global economy turns the corner.

On the corporate front, the Group's immediate objective is to secure the relisting of our securities on the Singapore Exchange after the voluntary suspension in 2020 and to be removed from the SGX-ST Watch-List. It will also be looking out for alternative revenue and profit streams through participation in new investments. Achieving these objectives would be critical for the Group to rejuvenate itself and create a more profitable and sustainable business moving forward.

CORPORATE

GOVERNANCE REPORT

The Board of Directors (the “**Board**”) and Management of Eneco Energy Limited (the “**Company**”) and its subsidiaries (collectively referred to as the “**Group**”), are committed to set in place corporate governance practices to provide the structure through which the objectives of protecting the shareholders’ interests and enhancing long term shareholders’ value are met. This commitment and continuous support of the revised Code of Corporate Governance 2018 and the accompanying Practice Guidance issued on 06 August 2018 (the “**Code**”) can be seen from the efforts of the Board and Management to promote and to maintain values which emphasise transparency, accountability, integrity and proper conduct at all times in the business operations and dealings of the Company so as to create value for its stakeholders and safeguard the Company’s assets.

This report describes the practices the Company has undertaken with respect to each of the principles and provisions and the extent of its compliance with the Code and where appropriate, we have provided explanations for deviations from the Code and should be read as a whole, instead of being read separately under the different principles of the Code.

In the opinion of the Board, the Company has generally complied with all the provisions as set out in the Code for the financial year ended 31 December 2021 (“**FY2021**”).

BOARD MATTERS

The Board’s Conduct of its Affairs

Principle 1: The Company is headed by an effective Board which is collectively responsible and works with Management for the long-term success of the company.

The Board provides entrepreneurial leadership and assumes responsibility for stewardship of the Group in terms of its strategic objectives. It is primarily responsible for the protection and enhancement of long-term value and returns for shareholders. It supervises the management of the business and affairs of the Group, provides corporate direction, monitors managerial performance, and reviews financial results of the Group.

All Directors objectively discharged their duties and responsibilities at all times as fiduciaries in the interests of the Company.

The role of the Board, apart from its statutory responsibilities, includes:

- providing entrepreneurial leadership and setting the overall strategy and direction of the Group, taking into account the environmental and social factors as part of its strategic formulation;
- Reviewing and overseeing the management of the Group’s business affairs, financial controls, performances and ensuring that the necessary financial and human resources are in place for the Company to meet its objectives;
- Approving the Group’s strategic plans, key business initiatives, acquisition and disposal of assets, significant investments and funding decisions, and major corporate policies;
- Establishing a framework of prudent and effective controls and overseeing the processes of risk management, financial reporting and compliance, evaluating the adequacy of internal controls, and safeguarding the shareholders’ interests and the Group’s assets;
- Approving the release of the Group’s quarterly and full-year financial results, related party transactions of material nature and submission of the relevant checklists to the Singapore Exchange Securities Trading Limited (“**SGX-ST**”);
- Identifying key stakeholder groups and recognising that their perceptions affect the Company’s reputation;

CORPORATE

GOVERNANCE REPORT

- Appointing Directors and key management staff, including the review of their performances and remuneration packages;
- Assuming the responsibilities for corporate governance, such as reviewing and endorsing corporate policies in keeping with good business practice; and
- Setting the Company's values and standards (including ethical standards) and ensuring that obligations to shareholders and other stakeholders are understood and met.

Director Orientation and Training

Rule 210(5) of the Listing Manual of the SGX-ST ("**Listing Rule**") requires any director who has no prior experience as a director of a listed company to undergo training in the roles and responsibilities of a listed company director. In FY2021, no new Director was appointed to the Board.

The Company conducts briefing and orientation programs for new directors to familiarise themselves with the Company's structure and organisation, businesses and governance policies. The aim of the orientation program is to give directors a better understanding of the Company's businesses which allows them to assimilate into their new roles. Any Director who has no prior experience as a Director of a listed company will have to undergo intensive training and briefing on the roles and responsibilities of a Director of a listed company. Where appropriate, first-time Directors will attend training in areas such as accounting, legal and industry-specific knowledge. All Director(s) appointed to the Board will be provided with a formal letter of appointment indicating their roles, obligations, among other matters, duties and responsibilities as members of the Board.

New Directors are also informed about matters such as the Code of Dealing in the Company's securities. The Company also provides opportunities for new Directors to receive briefing on Board processes and best practices, as well as current financial reporting standards, legislations, regulations and guidelines from the SGX-ST and other relevant authorities that may affect the Company and/or the Directors in discharging their duties effectively.

Directors are encouraged to make enquiries on any aspects of the Company's operations or business issues from Management. The Chairman or the Chief Executive Officer ("**CEO**") or the Company Secretary will make the necessary arrangements for the briefings, informal discussions or explanations as and when required.

All the Directors (existing and new) also have the opportunity to regularly visit the Group's operational facilities and meet with Management to gain a better understanding of the business operations.

The Board as a whole is updated regularly on risk management, corporate governance, and key changes to the relevant regulatory requirements and financial standards by the secretary, auditors or external consultants, so as to enable them to properly discharge their duties as the Board or Board Committee members. In addition, the Directors are encouraged to attend appropriate or relevant courses, conference and seminars conducted by professional organisations, which may be funded by the Company.

New releases issued by the SGX-ST and Accounting and Corporate Regulatory Authority ("**ACRA**"), which are relevant to the Directors are circulated to the Board and discussed at the quarterly Board meetings. The External Auditors would update the AC and the Board on the new financial reporting standards annually.

Matters Requiring Board Approval

The Company has established the delegation of authority matrix which sets out the material thresholds for approval. Aside from carrying out its normal duties, the Board's approval is required for decision involving areas such as strategic plans, key operational initiatives, material transactions, and various fund raising activities, share issuances, interim dividend and any investment or expenditure exceeding set material limit.

CORPORATE

GOVERNANCE REPORT

While matters relating in particular to the Company’s objectives, strategies and policies require Board’s direction and approval, the Management is responsible for the day-to-day operation and administration of the Company in accordance with the objectives, strategies and policies set by the Board.

Board Processes

To ensure that specific issues are subject to due considerations and review before the Board makes its decisions, the Board has established three (3) Board Committees, namely the Audit Committee (“**AC**”), Nominating Committee (“**NC**”), and Remuneration Committee (“**RC**”), responsible for making recommendations to the Board. Each Board Committee is chaired by a Non-Executive and Independent Director. These Board Committees operate within clearly defined terms of reference and play an important role in ensuring good corporate governance in the Company and within the Group. The terms of reference are reviewed by the Board Committees on a regular basis to ensure their continued relevance and to enhance the effectiveness of these Board Committees.

The Board meets regularly throughout the year. The schedule of all the Board and Board committees meetings for the calendar year is usually given to all the Directors well in advance. The Board is free to seek clarification and information from the Management on all matters within their purview. In FY2021, the Board held a total of seven (7) meetings. Besides the scheduled meetings, the Board meets on a regular basis as and when necessary, to address any specific significant matters that may arise. The minutes of all Board and Board Committees’ meetings, which provide a fair and accurate record of the discussion and key deliberation and decisions taken during the meetings, are circulated to all the members of the Board and Board Committees.

The Company’s Constitution (the “**Constitution**”) provides for meetings of the Directors to be held by means of telephone conference or other methods of simultaneous communication by electronic or telegraphic means when necessary. The Board also approves transactions through circular resolutions, which are circulated to the Board together with all the relevant information relating to the proposed transactions.

The agenda for each meeting is prepared in consultation with the Chairman and the Chairman of the respective Board Committees, and where necessary, the Executive Director (“**ED**”) and the Chief Executive Officer (“**CEO**”). The agenda and documents are circulated in advance of the scheduled meetings.

The frequency of meetings and the attendance of each Director at every Board and Board Committee meetings for FY2021 are disclosed in the table below:

Attendance Report of Directors

Names of Directors	Board		AC		RC		NC		General Meetings	
	No. of Meetings		No. of meetings		No. of meetings		No. of meetings		No. of meetings	
	Held	Attended	Held	Attended	Held	Attended	Held	Attended	Held	Attended
Mr Low Chai Chong	7	7	4	4	2	2	2	2	1	1
Mr Patrick Tan Tse Chia	7	7	4	4	2	2	2	2	1	1
Mr Teo Cheow Beng	7	7	4	4	2	2	2	2	1	1
Mr Colin Peter Moran	7	7	-	-	-	-	-	-	1	1
Mr Koji Yoshihara	7	7	-	-	-	-	-	-	1	1

CORPORATE

GOVERNANCE REPORT

In FY2021, there were no alternate directors appointed to the Board. The Board would generally avoid approving the appointment of alternate directors unless in exceptional cases, such as when a Director has a medical emergency.

The Board committees are as follows:

Names of Directors	AC	RC	NC
Mr Low Chai Chong	Chairman	Member	Member
Mr Teo Cheow Beng	Member	Chairman	Member
Mr Patrick Tan Tse Chia	Member	Member	Chairman

The profiles of the Directors are set out on pages 6 and 7 of the Annual Report.

In order to ensure that the Board is able to fulfil its responsibilities, the Management is required to provide adequate and timely information to the Board on Board affairs and issues that require the Board's decision, as well as ongoing reports relating to the operational and financial performance of the Company and the Group to enable the Board to make informed decisions. For matters that require the Board's decision, relevant members of Management are invited to attend and present at a specific allocated time during the Board and Board Committee meetings. Periodic financial reports and operational updates, budgets, forecasts, material variance reports, disclosure documents, board papers and any other related materials are also provided to the Board, and where appropriate, prior to the Board meetings to enable the Board to be properly informed and have sufficient time to review and consider the matters to be discussed and/or approved. The Board is also informed of any significant developments or events relating to the Group. In addition, the Board is entitled to request from Management such additional information as needed to make informed decisions. Management ensures that any additional information requested for is provided to the Board in a timely manner.

The Board has separate and independent access to the key management personnel at all times. Further, there is no restriction of access to the key management personnel at all times. Where necessary, the Company will, upon the request of Board (whether as a group or individually) require specialised knowledge or expert opinion, provide them with independent professional advice to enable them to discharge their duties effectively. The costs of such professional advice will be borne by the Company.

The Board has separate and independent access to the Company Secretary, who provides the Board with regular updates on the requirements of the Companies Act and all the rules and regulations of the SGX-ST and advises the Board on all governance matters. Under the direction of the Chairman, the Company Secretary or her representatives ensure timely and good information flows within the Board and its Board Committees and between Management and Non-Executive Directors. The Company Secretary or her representatives attend all Board and Board Committee meetings, assist the Chairman of the Board and Board Committees in ensuring that the relevant procedures are followed and reviewed such that the Board and Board Committees function effectively, and advise the Board on all governance matters. The decision to appoint or remove the Company Secretary is a decision made by the Board as a whole.

CORPORATE

GOVERNANCE REPORT

BOARD COMPOSITION AND GUIDANCE

Principle 2: The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the company.

As at 31 December 2021, the Board comprised the following directors:

NON-EXECUTIVE AND NON-INDEPENDENT DIRECTOR

Mr Koji Yoshihara

EXECUTIVE DIRECTOR

Mr Colin Peter Moran

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr Low Chai Chong (Chairman)

Mr Patrick Tan Tse Chia

Mr Teo Cheow Beng

The Board has adopted the criteria of an Independent Director as set out in the Listing Rules of SGX-ST in its review and is of the view that all Independent Directors have satisfied the criteria of independence. There is a strong and independent judgement in the conduct of the Group's affairs and thus enabling Management to benefit from a diverse and objective external perspective on issues raised before the Board. Matters requiring the Board's approval are discussed and deliberated with participation from each member of the Board. The decisions are based on collective decisions without any individual or small group of individuals influencing or dominating the decision making process.

The NC reviews annually, and as and when circumstances require, if a Director is independent. Each Independent Director is required to complete a Director's independence checklist annually to confirm their independence based on the guidelines set out in the Code.

Annually, the Independent Director is required to confirm the following:

- That they are not an executive Director of the Company or any of its related corporation and have not been employed by the Company or any of its related corporation for the current or any of the past three financial years;
- That they do not have an immediate family member (spouse/parent/brother/sister, son or adopted son or step-son or daughter or adopted daughter or step-daughter) who is, or has been in any of the past three financial years, employed by the Company or any of its related corporations and whose remuneration is determined by the Company's Remuneration Committee;
- That they have not been a Director for an aggregate period of more than 9 years (whether before or after listing) and whose continued appointment as an Independent Director has not been sought and approved in separate resolutions by (i) all shareholders, and (ii) all shareholders, excluding shareholders who also serve as the Directors or the CEO of the Company, and associates of such persons and the CEO;
- That they (including their immediate family member) have not accepted any significant compensation from the Company or any of its related corporations for the provisions of services, for the current or immediate past financial year, other than compensation for Board service;

CORPORATE

GOVERNANCE REPORT

- That they (including their immediate family member) are not a 5% shareholder of/a Partner in (with 5% or more stake)/an Executive Officer of/a Director of any organisation to which the Company or any of its subsidiaries made/from which the Company or any of its subsidiaries received, significant payments or material services (which may include auditing, banking consulting, and legal services) in the current or immediate past financial year. As a guide, payments aggregated over any financial year in excess of S\$200,000 would generally be deemed significant.
- That they do not have a relationship with the Company, its related corporations or its officers that could interfere or be reasonably perceived to interfere, with their exercise of independent business judgement with a view to the best interests of the Company and in carrying out their functions as an Independent Director and as a member of any Board committee(s).
- That they are not a 5% shareholder of the Company.
- That they are not directly associated with a 5% shareholder of the Company in the current or immediate past financial year.
- That they have not served on the Board beyond nine years from the date of their first appointment.

In view of the foregoing, the Independent Directors would be considered as independent of the Company's Management as contemplated by the Code and the Mainboard Listing Rules of SGX-ST.

The confirmation will be signed and submitted to the Secretary, where they will be tabled at the NC meeting for the NC's review. At the NC meeting, the NC will determine if an Independent Director is indeed independent based on the confirmations received, and if each Independent Director can still exercise independent judgement.

Taking into consideration the confirmation of independence by each Independent Director, as well as relevant factors set out under Principle 4 on page 20, the NC, with the concurrence of the Board, considered Messrs Low Chai Chong, Patrick Tan Tse Chia, and Teo Cheow Beng independent for FY2021. Each member of the NC has abstained from participating in the discussion and voting on any resolution related to his independence and nomination as Director.

The size and composition of the Board are reviewed from time to time by the NC with a view to determine the impact of its number upon effectiveness. The NC decides on what it considers an appropriate size, taking into account the scope and nature of the Company's operations, the requirements of the business and the need to avoid undue disruptions from changes to the composition of the Board and Board Committees.

The Company has not adopted a written Board Diversity Policy in FY2021. However, the composition of the Board is reviewed annually by the NC to ensure that there is an appropriate mix of expertise and experience to enable Management to benefit from a diverse perspective of issues that are brought before the Board. Together, the Directors as a group provide core competencies in business, investment, legal, audit, accounting, management experience, and industry knowledge. To meet the requirements under Rule 710A of the Listing Rules, the Company is currently in the process of implementing a written Board Diversity Policy by the end of the financial year 31 December 2022.

The profiles of the Board are set out on pages 6 and 7 of the Annual Report.

CORPORATE

GOVERNANCE REPORT

Independent Directors of the Board exercise no management functions but have equal responsibility for the performance of the Group. The role of the Independent Directors is particularly important in ensuring that the strategies proposed by the Management are constructively challenged, taking into account the long-term interests, not only of the shareholders, but also of employees, customers, suppliers and the many communities in which the Group conducts business. The Independent Directors participate actively during Board meetings. The Company has benefited from Management's access to its Directors for guidance and exchange of views both within and outside of the meetings of the Board and Board Committees. The Independent Directors communicate amongst themselves and with the Company's Auditors and Senior Management. When necessary, the Company coordinates informal meetings for Independent Directors to meet without the presence of the Executive Director(s) and/or Management to discuss and facilitate a more effective check on the Management.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Principle 3: There is a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision-making.

The Company has a separate Chairman and CEO to ensure an appropriate balance of power, increased accountability and greater capacity for the Board in terms of independent decision making.

The Chairman of the Board is Mr Low Chai Chong. As the Chairman, Mr Low represents the collective leadership of the Board and is responsible for amongst others, the proper carrying out of the business of the Board including:–

- The exercise of control over quantity, quality, and timeliness of the flow of information between the Board, Management and shareholders of the Company;
- With the assistance of the Company Secretary, approving the meeting agenda of the Board and ensures adequate time is available for discussion of all agenda items;
- Ensuring that Board meetings are held when necessary;
- Ensuring that Management provides the Board members with complete, adequate and timely information; and
- Encouraging constructive relationships, mutual respect and trust between the Board and Management, and between the Executive Director(s) and Independent Directors ensuring the Company strives to achieve and maintain a high standard of corporate governance practices by establishing a shared acceptance of core business and management values among Board members.

The role of CEO is assumed by Mr Gwee Chee Kiang, Lawrence. The CEO is responsible for the day-to-day operations of the Group. He plays an instrumental role in charting the direction and strategic development of the Group, formulating business strategies, the development of the Group, the overall financial performance and the direct implementation of the policies for all aspects of the Company and the Group's operations as set out by the Board. He is to ensure that each member of the Board and Management works well together with integrity and competency.

The CEO is the most senior executive in the Company and bears executive responsibility for the Company's business, while the Chairman bears responsibility for the workings of the Board.

The Chairman and CEO's performance and appointment to the Board are reviewed periodically by the NC and their remuneration packages are reviewed periodically by the RC. The Board believes that there are adequate safeguards in place to ensure an appropriate balance of power and authority within the spirit of good corporate governance.

The Company does not have a lead Independent Director because the Chairman is independent.

CORPORATE

GOVERNANCE REPORT

BOARD MEMBERSHIP

Principle 4: The Board has a formal and transparent process for the appointment and reappointment of directors, taking into account the need for progressive renewal of the Board.

The Board established the NC, which currently consists of three (3) Directors, the majority of whom are independent. The Chairman of the NC is Mr Patrick Tan Tse Chia, an Independent Director who has no relationship with the Company, its related corporations, its 5% shareholders or its Management and is not directly associated with 5% shareholders, whom could impair his fair judgement.

The composition of the NC is as follows:

Mr Patrick Tan Tse Chia	–	Chairman of the NC, Independent Director
Mr Low Chai Chong	–	Independent Director
Mr Teo Cheow Beng	–	Independent Director

The NC is regulated by its terms of reference and its key functions include, inter alia:

- Reviewing the Board structure, size and composition having regard to the scope and nature of the operations and the core competencies of the Directors as a group;
- Reviewing, assessing and recommending nominees or candidates for appointment and re-appointment (including alternate directors, if any) or election to the Board and various Board Committees;
- Assessing the effectiveness of the Board and Board Committees as a whole;
- Assessing the contribution and performance of each individual Director to the effectiveness of the Board, in particular when a Director has multiple board representations and having regard to the director's competencies, commitment, contribution and performance;
- Establishing and reviewing the criteria on the determination of the maximum number of directorship of listed companies any Director may hold;
- Reviewing the independence of the Directors on an annual basis or as and when circumstances require;
- Reviewing the performance of the Directors and recommending on the re-election and re-appointments of the Directors at the Annual General Meetings (“AGM”);
- Conducting a rigorous review and determining whether an Independent Director who has served on the Board for a period exceeding nine (9) years from the date of his first appointment, can still consider as independent;
- Deciding whether a Director is able to and has been adequately carrying out his or her duties as a Director of the Company, notwithstanding that the Director has multiple board representations, based on internal guidelines, such as attendance, intensity of participation and responsiveness; and
- Reviewing the training and development programmes for the Board and its directors.

The NC and the Board will review the requirement to plan for succession, in particular for the appointment and/or replacement of the Chairman, the CEO and other key management personnel and the progressive renewal of the Board as and when it deems fit.

Pursuant to the Constitution of the Company, each Director of the Company shall retire from office at least once every three years. Directors who retire are eligible to stand for re-election.

CORPORATE GOVERNANCE REPORT

All Directors, including the ED, submit themselves for re-nomination and re-election at regular intervals of at least once every three years. Regulation 111 of the Constitution requires one-third of the Board to retire and submit themselves for re-election by shareholders at each AGM. In addition, Regulation 122 of the Constitution provides that every new Director must retire and submit themselves for re-election at the next AGM of the Company following their appointment during the year. Each member of the NC shall abstain from voting on any resolutions and making recommendations and/or participating in any deliberations of the NC in respect of his/her re-nomination as a Director.

The dates of initial appointment and last re-election of each Director are set out below:

Name of Director	Position held on the Board	Date of First Appointment to the Board	Date of Last Re-election as Director
Mr Low Chai Chong	Chairman, Independent Director	14 December 2018	23 June 2020
Mr Patrick Tan Tse Chia	Independent Director	14 December 2018	28 April 2021
Mr Teo Cheow Beng	Independent Director	14 December 2018	23 June 2020
Mr Koji Yoshihara	Non-Independent Non-Executive Director	14 December 2018	28 April 2021
Mr Colin Peter Moran	Executive Director	28 June 2019	23 June 2020

The Company has in place policies and procedures for the appointment of new Directors, including the description on the search and nomination procedures which includes identification of potential candidates, evaluation of candidates' skills, knowledge and experience and assessment of the candidate's suitability. All potential candidates, through the recommendation of the Directors, professional firms and associates, and if need be, through external consultants, will have their profile submitted to the NC for screening and selection. The NC will meet with the shortlisted candidates to assess their suitability, before making its recommendations to the Board for the Board's approval. In considering new appointment and re-appointment of Directors, the NC will consider important issues including the composition of the Board, the need to have progressive Board renewal, the individual Director's competencies, commitment, contribution and performance (for example, attendance, preparedness, participation and candour) to the Board.

The NC has also adopted internal guidelines addressing the commitments that are faced when Directors serve on multiple boards. For the current financial year, the Board is satisfied that each Director has allocated sufficient time and resources to the affairs of the Company.

Despite some of the Directors having multiple Board representations and other principal commitments, the NC had reviewed the directorships of the Directors and is satisfied that the Directors are able to and have adequately carried out their duties as Directors of the Company after taking into the consideration the number of listed company Board representations and other principal commitments. Currently, the Board does not determine the maximum number of listed Board representations which any Director may hold. The Board believes that each individual Director is best placed to determine and ensure that he is able to devote sufficient time and attention to discharge his duties and responsibilities as a Director of the Company, bearing in mind his other commitments. The NC and the Board will review the requirement to determine the maximum number of listed Board representations as and when it deems fit. The Board did not appoint any alternate directors.

Particulars of interests of Directors who held office at the end of the financial year in shares, share options and warrants in the Company and in related corporations (other than wholly-owned subsidiaries) are set out in the Directors' Statement.

CORPORATE

GOVERNANCE REPORT

The Board has accepted the NC's recommendation on the re-election of Messrs Teo Cheow Beng and Colin Peter Moran, who are retiring pursuant to Regulation 111 of the Company's Constitution at the forthcoming AGM. Each Director had abstained from participating in the discussion and voting on any resolution related to their independence, nomination and re-appointment.

The key information regarding Directors such as academic and professional qualifications, Board Committees served, directorships or chairmanships both present and past held over the preceding three years in other listed companies and other major appointments, and whether the appointment is executive or non-executive, are set out on pages 122 to 126 of the Annual Report.

BOARD PERFORMANCE

Principle 5: The Board undertakes a formal annual assessment of its effectiveness as a whole, and that of each of its board committees and individual directors.

In line with the principles of good corporate governance, the Board has implemented a formal process to evaluate the effectiveness of the Board as a whole and its Board Committees. The performance criteria includes, but is not limited to, financial targets, the contribution by Directors, their expertise, their sense of independence and their industry knowledge. This encourages constructive feedback from the Board and leads to an enhancement of its performance over time.

The Board has adopted a formal evaluation processes to assess the overall effectiveness of the Board as a whole, its Board Committees and individual Board member performance.

The Board has met to discuss the evaluation of the Board and its Board Committees and the individual directors in February 2022 and following the review, the Board agreed that the extent of the Directors' attendance, participation and contributions to the Board up in FY2021 were satisfactory.

In general, the selected performance criteria will not change from year to year unless they are deemed necessary and the Board is able to justify the changes. In consultation with the NC, the Chairman will act on the results of the Board performance and propose, where appropriate, new members to be appointed to the Board or propose changes to the Board.

REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

Principle 6: The Board has a formal and transparent procedure for developing policies on director and executive remuneration, and for fixing the remuneration packages of individual directors and key management personnel. No director is involved in deciding his or her own remuneration.

The Group's remuneration policy is to provide remuneration packages at market rates which reward successful performance and attract, retain and motivate Directors and Key Management Personnel.

The RC comprises three (3) Directors, the all of whom are independent. In discharging their duties, the RC members have access to advice from the internal human resources personnel, and if required, advice from external consultants.

The composition of the RC is as follows:

Mr Teo Cheow Beng	–	Chairman of the RC, Independent Director
Mr Patrick Tan Tse Chia	–	Independent Director
Mr Low Chai Chong	–	Independent Director

CORPORATE

GOVERNANCE REPORT

The RC recommends to the Board a framework for the remuneration for the Board and Key Management Personnel and to determine specific remuneration packages for each Executive Director, which is based on transparency and accountability.

The RC is regulated by its terms of reference and its key functions include, *inter alia*:

- Reviewing and recommending to the Board a framework of remuneration and specific remuneration packages for all Directors and Key Management Personnel of the Company;
- Reviewing the service agreements of the Executive Director(s) and Key Management Personnel of the Company;
- Reviewing and enhancing the compensation structure with incentive performance base for key executives;
- Carrying out its duties in the manner that it deems expedient, subject always to any regulations or restrictions that may be imposed upon the RC by the Board from time to time;
- Overseeing the general compensation of employees of the Group with a goal to motivate, recruit and retain employees and Directors through competitive compensation and progressive policies; and

The RC held two (2) meetings during the financial year. The RC recommends, in consultation with the Chairman of the Board, a framework of remuneration policies for Key Management Personnel and Directors serving on the Board and Board Committees, and determines specifically the remuneration package for each Executive Director(s) of the Company. The review covers all aspects of remuneration including but not limited to Directors' fees, salaries, allowances, bonuses, share options, performance shares and benefits-in-kind. In addition, the RC also reviews the remuneration of Key Management Personnel. The RC ensures that the remuneration packages for the Executive Director(s) and Key Management Personnel are fair and not overly generous. The RC's recommendations are submitted to the entire Board for endorsement. Each member of the RC shall abstain from voting on any resolutions and making any recommendations and/or participating in any deliberations of the RC in respect of his remuneration package.

The RC will review the Company's obligations arising in the event of termination of the Executive Director's and Key Management Personnel's contracts of service and ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous. The RC aims to be fair and avoid rewarding poor performance.

The RC did not engage any external Human Resource Consultant in FY2021 to assist with the remuneration review for the Executive Director and Key Management Personnel.

Level and Mix of Remuneration

Principle 7: The level and structure of remuneration of the Board and key management personnel are appropriate and proportionate to the sustained performance and value creation of the company, taking into account the strategic objectives of the company.

In setting remuneration packages, the Company takes into consideration the remuneration packages and employment conditions within the industry as well as the Group's relative performance and the performance of its individual directors. The level and structure of remuneration is aligned with the long-term interest and risk policies of the Company.

The Independent Directors are paid directors' fees, which take into account factors including but not limited to the effort, time spent and the scope of responsibilities of the Directors. Directors' fees are recommended by the Board for approval at the Company's AGM. The Independent Non-Executive Directors should not be over compensated to the extent that their independence may be compromised and no Director is involved in deciding his own remuneration.

CORPORATE

GOVERNANCE REPORT

The Executive Director(s) do not receive directors' fees. The remuneration packages of the Executive Director(s) and the Key Management Personnel comprise primarily a basic salary and a variable component, which is inclusive of bonuses, based on the performance of the Group as a whole, the individual Director performance and other benefits. This performance-related remuneration aligns the interests of the Executive Director(s) and Key Management Personnel with that of the shareholders and promotes the long-term success of the Company.

The Company has adopted a Share Trading Policy which outlined the guidance and requirements to govern the trading of the Company's shares held by the Directors and Key Management Personnel of the Company.

As the Company was still focused on returning to operational profit in FY2021, there were no long-term incentive schemes in place. This would be reviewed and revised as and when the RC deems to be the right time to implement.

The service contract entered into with the Executive Director, namely Mr Colin Peter Moran, is subject to review by the RC. The service agreement includes a fixed term of appointment with termination by either party giving to the other not less than six (6) months prior written notice. The Company will review, consider, and adopt contractual provisions in the service agreements or employment agreements to reclaim incentive components of remuneration paid in prior years from the Executive Directors and key management personnel. The RC may choose at any time to seek independent expert advice on the remuneration of Executive Directors and Independent Directors if it deems necessary.

The RC will review on a case-by-case basis to reclaim incentive components of remuneration paid in prior years from the Executive Director(s) and Key Management Personnel, especially in cases where incidents occur in exceptional circumstances such as misstatement of financial statements, or of misconduct resulting in financial loss to the Company.

DISCLOSURE ON REMUNERATION

Principle 8: The company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.

A breakdown showing the level and mix of each Director's remuneration for the financial year ended 31 December 2021 is set out below:

Names	Directors and CEO							Total (%)
	Salary (%)	Bonus/ Profit Sharing (%)	Benefits- In-Kind (%)	Share Options (%)	Share Awards (%)	Directors' Fees (%)	Severance Package (%)	
S\$250,001 to S\$500,000								
Colin Peter Moran	70.2	6.5	23.3	-	-	-	-	100
S\$250,000 and below								
Low Chai Chong ⁽¹⁾	-	-	12.8	-	-	87.2	-	100
Patrick Tan Tse Chia ⁽¹⁾	-	-	-	-	-	100	-	100
Teo Cheow Beng ⁽¹⁾	-	-	-	-	-	100	-	100
Koji Yoshihara ⁽¹⁾	-	-	-	-	-	100	-	100
Gwee Chee Kiang, Lawrence (CEO)	91.9	-	8.1	-	-	-	-	100

Note:

(1) Directors' Fees for FY2021 were approved by shareholders on 28 April 2021.

CORPORATE

GOVERNANCE REPORT

For FY2022, subject to approval from the shareholders at the forthcoming AGM, the fee structure for the Non-Executive Directors would be as follows:

Names	Basic Retainer Fee (S\$)	Board Chairman (S\$)	AC Chairman (S\$)	RC Chairman (S\$)	NC Chairman (S\$)	Total (S\$)
Low Chai Chong	55,000	16,500	11,000	–	–	82,500
Patrick Tan Tse Chia	33,000	–	–	–	5,500	38,500
Teo Cheow Beng	33,000	–	–	5,500	–	38,500
Koji Yoshihara	22,000	–	–	–	–	22,000

Top 5 Key Management Personnel (“KMP”) of the Group

In FY2021, there are only five (5) KMP in the Group (inclusive of those who had resigned during the year) and the gross remuneration received by these 5 KMP is as follows:–

Range	No of Executives
S\$250,000 and below	5

The aggregate total remuneration paid to the five (5) KMPs (who are not Directors or the CEO) for FY2021 is approximately S\$855,000.

In setting the remuneration packages, the Company takes into consideration the remuneration packages and employment conditions within the industry as well as the Group’s relative performance and the performance of its individual Directors. The level and structure of remuneration is aligned with the long-term interest and risk policies of the Company. The Independent and Non-Executive Directors are paid Directors’ fees, which take into account factors including but not limited to the effort, time spent and the scope of responsibilities of the Directors. Directors’ fees are recommended by the Board for approval at the Company’s AGM. The Non-Executive and Independent Directors should not be over compensated to the extent that their independence may be compromised and no Director is involved in deciding his own remuneration. The Executive Directors do not receive Directors’ fees.

The remuneration packages of the Executive Directors and the key management personnel comprise primarily a basic salary and a variable component, which is inclusive of bonuses, based on the performance of the Group as a whole, the individual Director’s performance and other benefits. This performance-related remuneration aligns the interests of the Executive Directors and key management personnel with that of the shareholders and promotes the long-term success of the Company.

Due to the current focus of the company there is no long-term incentive scheme in place, this will be reviewed and revised as and when the Remuneration Committee (“RC”) deems to be the right time to implement. The service agreement may be terminated by either party giving to the other not less than six (6) months prior written notice. The Company will review, consider and adopt contractual provisions in the service agreements or employment agreements to reclaim incentive components of remuneration paid in prior years from the Executive Directors and key management personnel. The RC may choose at any time to seek independent expert advice on the remuneration of Executive Directors and Independent Directors if it deems necessary.

In the 2018 Corporate Governance Code requires the Company to name and disclose the remuneration of at least the top five KMP (who are not directors or the CEO) in bands of S\$250,000. The Board is of the view that it is not in the interests of the Company to disclose the names of the top five KMP (who are not Directors) of the Company due to the sensitive and confidential nature of such information over poaching concern. If members of the experienced and qualified senior management team are poached, this may affect the Company’s ability to nurture a sustainable talent pool and ensure the continuity in leadership needed for the Company strategic objectives.

CORPORATE

GOVERNANCE REPORT

Save for as disclosed above, there were no termination, retirement or post-employment benefits granted to Directors and Key Management Personnel other than the standard contractual notice period termination payment in lieu of service for FY2021.

Remuneration of Employees Related to Director and Substantial Shareholders

There are no employees of the Company and its subsidiaries who are immediate family members of a Director or CEO during FY2021 whose remuneration exceeded S\$100,000 during FY2021. There are also no employees who are substantial shareholders of the Company, or are immediate family members of a Director, the CEO or a substantial shareholder of the Company.

ACCOUNTABILITY AND AUDIT

The Board understands its accountability to the shareholders on the Group's position, performance and progress. The objectives of the presentation of the annual audited financial statements, full-year and quarterly results to its shareholders are to provide the shareholders with a balanced and understandable analysis and explanation of the Group's financial performance, position and prospects.

In line with the SGX-ST Listing Rules, the Board provides a negative assurance statement to the shareholders in respect of the interim financial statements. For the financial year under review, the CEO and the CFO has provided assurance to the Board on the integrity of the Group's financial statements.

The Board is updated with significant events that have occurred or material to the Group during the financial year. The Management provides the Board with a continual flow of relevant information on a timely basis as well as quarterly management accounts of the Group such that it may effectively discharge its duties. The Management understands its role to provide all members of the Board with appropriate management reports in a balanced and understandable assessment of the Group's performance, position and prospects. Particularly, prior to the release of quarterly and full year results to the public, Management will present the Group's financial performance together with explanatory details of its operations to the AC, which will review and recommend the same to the Board for approval and authorisation for the release of the results.

The Directors and key Executive Officer(s) have provided undertakings of compliance with the requirements of the SGX in accordance with Rule 720(1).

RISK MANAGEMENT AND INTERNAL CONTROLS

Principle 9: The Board is responsible for the governance of risk and ensures that Management maintains a sound system of risk management and internal controls, to safeguard the interests of the company and its shareholders.

The Board is responsible for the overall internal control framework. The system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can provide only reasonable and not absolute assurance against material misstatement or loss. The internal controls in place will address the financial, operational and compliance risks and information technology controls. The Group has in place a Risk Management Committee ("RMC") comprising the Executive Director and Senior Management to assist the Board in its oversight of risk governance and risk management in the Group.

An Enterprise Risk Management ("ERM") programme has been implemented to identify, prioritise, assess, manage and monitor key risks. The risk management process in place addresses, inter alia, financial, operational (including information technology), and compliance risks faced by the Group. Key risks identified are deliberated by Senior Management, and reported to the RMC on a quarterly basis. The RMC reviews the adequacy and effectiveness of the ERM programme against identified significant risks vis-à-vis changes in the Group's operating environment. Action plans to manage the risks are continually being monitored and refined by the Management and the Board.

CORPORATE

GOVERNANCE REPORT

Complementing the ERM programme is a Group-wide system of internal controls, which includes the Code of Conduct, documented policies and procedures, proper segregation of duties, and approval procedures and authorities.

To ensure that internal controls and risk management processes are adequate and effective, the AC is assisted by various independent professional service providers. The assistance of the internal and external auditors enabled the AC to carry out assessments of the effectiveness of key internal controls during the year. Any material non-compliance or weaknesses in internal controls or recommendations from the internal and external auditors to further improve the internal controls were reported to the AC. The AC will also follow up on actions taken by the Management on the recommendations made by the internal and external auditors.

The Directors have received assurances from the CEO, CFO, and Management of the subsidiaries in the form of representation letters that: (a) the financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances; and (b) the risk management and internal control systems are operating effectively to address financial, operational, compliance (including sanctions-related risks) and information technology risks which the Group considers relevant and material to its operations.

Based on the internal controls and risk management processes established and maintained by the Group, the work performed by the Internal and External Auditors, and the reviews performed by the Management, the Board, with the concurrence of the AC, is of the opinion that the Group's system of internal controls and risk management procedures are adequate and effective as at 31 December 2021, in addressing the financial, operational, compliance (including sanctions-related risks), and information technology risks of the Group. The Board acknowledges that the internal controls and risk management systems in place provide reasonable, but not absolute, assurance that the Group will not be affected by any event that could be reasonably foreseen as it strives to achieve its business objectives. In this regard, the Board also notes that no system can provide absolute assurance against the occurrence of material errors, poor judgement in decision-making, human error, fraud or other irregularities.

AUDIT COMMITTEE

Principle 10: The Board has an Audit Committee ("AC") which discharges its duties objectively.

The AC currently comprises three (3) Directors, all of whom are independent.

The composition of the AC is as follows:

Mr Low Chai Chong	–	Chairman of the AC, Independent Director
Mr Patrick Tan Tse Chia	–	Independent Director
Mr Teo Cheow Beng	–	Independent Director

The Board is of the view that the members of the AC are appropriately qualified in that they have sufficient accounting or related financial management expertise and experiences to discharge the AC's function.

The AC comprises members who have sufficient and recent experience in finance, legal and business fields. The members of the AC are kept updated on changes to accounting standards and issues which have a direct impact on the financial statements through seminars, courses and briefings by the external professionals.

The role of the AC is to assist the Board with discharging its responsibility to safeguard the Group's assets, maintain adequate accounting records and develop and maintain effective systems of internal control.

The terms of reference of the AC is in accordance with the guidelines recommended in the guidebook by the Audit Committee Guidance Committee released in August 2014 and the Code.

CORPORATE

GOVERNANCE REPORT

The principal responsibilities of the AC are set out in the terms of reference and its key functions include:

- Reviewing with the Group's External Auditors, their audit plan, evaluation of the internal accounting controls, scope and results of the external audit report, any matters which the External Auditors wish to discuss and their independence and objectivity of the External Auditors;
- Reviewing the Group's financial reports to ensure its integrity and all financial announcements relating to the Group's financial performance for submission to the Board for approval;
- Reviewing with the Internal Auditors ("IA") the scope and results of internal audit procedures, as well as the effectiveness of the internal audit function and their evaluation of the Company's internal controls, including financial, operational, compliance, and information technology controls;
- Reporting to the Board the adequacy and effectiveness of the company's internal controls, including financial, operational, compliance and information technology controls;
- Reviewing interested person transactions in accordance with the requirements of the SGX-ST Listing Manual;
- Evaluating the scope and results of the audit and its cost effectiveness and the objectivity and independence of the External Auditors annually;
- Reviewing the Company's procedures for detecting fraud and whistle-blowing policy endorsed by the AC and ensure that arrangements are in place by which the Group's personnel may, in confidence, raise concerns about possible improprieties in matters of financial reporting, financial control, or any other matters;
- Consider and make recommendations to the Board on the proposals to the shareholders on the appointment or re-appointment of the External Auditors, approving the remuneration and terms of engagement of the External Auditors, and matters relating to resignation or dismissal of the Auditors; and
- Reviewing, monitoring and making recommendations to the Board on the Group's risk of being subject to, or violating, any sanctions-related law or regulation, and ensuring timely and accurate disclosures to SGX and other relevant authorities. If required, to assess whether there is a need for the Group to obtain independent legal advice or appoint a compliance adviser in relation to the sanctions-related risks applicable to the Group, and the continuous monitoring of the validity of the information provided to shareholders and SGX.

The AC has the explicit authority to investigate any matter within its terms of reference and will have full access to and co-operation by the Group's management. It has the discretion to invite any Director or member of the Group's management to its meetings. The AC has been given reasonable resources to enable it to discharge its functions properly. The AC has, within its terms of reference, the authority to obtain independent professional advice and reasonable resources at the Company's expense to enable it to discharge its functions properly.

Where, by virtue of any vacancy in the membership of the AC for any reason, the number of members is reduced to less than three (3), the Board shall, within three (3) months thereafter, appoint such number of new members to the AC. The AC meets at least four (4) times a year and as and when necessary.

Apart from the duties listed above, the AC shall commission and review the findings of internal investigations into matters when there is any suspected fraud or irregularity, or failure of internal controls or infringement of any Singapore law, rule or regulation which has or is likely to have a material impact on the Group's operating results and/or financial position.

Each member of the AC shall abstain from voting on any resolutions and making any recommendations and/or participating in any deliberations of the AC in respect of matters in which they are interested.

CORPORATE

GOVERNANCE REPORT

Annually, the AC meets with the Internal and External Auditors separately without the presence of the Management to review any matter that might be raised. For the financial year under review, the AC had reviewed the non-audit services provided by the External Auditors, which comprise tax advisory services, and was satisfied to the extent that such services would not prejudice the independence and objectivity of the External Auditors. The fees that were charged to the Group by the External Auditors for audit and non-audit services were approximately S\$198,700 and S\$44,000 respectively for the financial year ended 31 December 2021.

In July 2010, SGX-ST and ACRA launched the “Guidance to Audit Committees on Evaluation of Quality of Work performed by External Auditors” (the “**Guidance**”) which aims to facilitate the AC in evaluating the External Auditors. In October 2015, with the support from SGX and Singapore Institute of Directors, ACRA issued the “Audit Quality Indicators (“**AQIs**”) Disclosure Framework (last updated in January 2020) to assist the AC in the said evaluation. Accordingly, the AC had evaluated the performance of the External Auditors based on the AQIs, such as performance, adequacy of resources and experience of their audit engagement Partner and auditing team assigned to the Group’s audit, taking into account the size and complexity of the Group.

With the introduction of the new and revised Auditor Reporting Standards applicable to the audit of financial statements for periods ending on or after 15 December 2016, the External Auditors are required to include the Key Audit Matters (“**KAM**”) in the Company’s Annual Report. KAM typically include significant risk areas of the financial statements most susceptible to misstatements, involving key judgements and estimates, as well as major transactions that require extensive auditing efforts.

In line with the recommendations by ACRA, Monetary Authority of Singapore and SGX, the AC can help to improve transparency and enhance the quality of corporate reporting by providing a commentary on key financial reporting matters as follows:

The AC has considered and discussed, together with the External Auditors and the Management, on the approach and methodology applied by the External Auditors in relation to the assessment of judgements and estimates on the significant matters reported in the KAM.

Changes to accounting standards and accounting issues which have a direct impact on the financial statements were reported to the AC, and highlighted by the External Auditors in their meetings with the AC. No former Partner or Director of the Company’s existing auditing firm has acted as a member of the AC.

The AC has undertaken a review of the services, scope, independence and objectivity of the external auditors, Messrs Foo Kon Tan LLP. The External Auditors of the Company has confirmed that they are a Public and Chartered Accounting Firm registered with ACRA and provided a confirmation of their independence to the AC. Having assessed the External Auditors based on factors, such as performance and quality of their audit partners and auditing team, their overall qualification and their independence status, the AC is satisfied that Rule 712(2) (a) of the Listing Manual of the SGX-ST has been complied with. In this regard, the AC recommends to the Board the nomination of Messrs Foo Kon Tan LLP for re-appointment as the External Auditors at the forthcoming AGM.

The AC and Board of Directors of the Company confirmed that in appointing the auditing firms for the Company, subsidiaries and significant associated companies, the Group has complied with SGX-ST Listing Rules 712 and 715 respectively.

Fraud and Whistle-Blowing Policy

The AC has in consultation with the Board initiated the implementation of fraud and whistle-blowing policy for all employees including overseas subsidiaries and associates of the Group. This policy aims to provide an avenue for employees to raise concerns and provide reassurance that they will be protected from reprisals or victimisation for raising any concerns about incidents of fraud and whistle-blowing in good faith.

CORPORATE

GOVERNANCE REPORT

In November 2021, the Company had established an Ethics Committee (“**EC**”) comprising of the CEO, the ED, the AC and the Non-Executive Directors (Board members) to assist the AC in the prevention of fraud, malpractice, wrongdoings and other irregularities in the Group. The election of the members of EC is determined by the AC with full authority to appoint and remove the EC members at its discretion to ensure the independency of the EC in handling certain whistle blowing incidents or reports that may give rise to conflict of interest. On case-by-case basis, an independent Administrator will be appointed by the EC to investigate relevant reports. The Administrator as authorised by the EC will have free and unrestricted access to all companies’ records and premises and the authority to examine, copy and/or remove all or any portion of the contents of files, desks, cabinets and other storage facilities on the premises without prior knowledge or consent of any individual who might use or have custody of any such items or facilities when it is within the scope of their investigation. To further enhance impartiality and transparency in handling any reports received, the AC has the authority to appoint an independent investigator, if required, to investigate any whistleblowing reports made in good faith.

Any alleged wrongful acts under the Group Anti-Fraud and Whistleblowing policy can be reported in writing in a sealed enveloped marked “Private and Strictly Confidential” to the Group HR Manager by post to 300 Tampines Avenue 5, #05-02, Singapore 529653 or by email to HumanResource@richlandlogistics.com. However, if it is inappropriate to report to the aforementioned person, the whistle blower may report directly to the EC by post to 300 Tampines Avenue 5, #05-02, Singapore 529653 or by email to ethics.committee@enecoenergy.com. The Ethics Committee email is automatically distributed to every member of the EC. To maintain the independence of the whistleblowing reporting framework, complaints submitted to both Group HR Manager and EC are presented to the AC for review and monitoring at the quarterly AC meetings.

The report may be anonymous and/or kept strictly confidential to protect the identity of the whistle blower unless it is required to be disclosed by law. The Group also commits to ensure protection of the whistle blower against detrimental or unfair treatment with a Non-Retaliation Policy. Any suspected observed retaliation can be reported immediately to the EC.

The Board, acting upon the recommendations of the AC, has the responsibility for ensuring the maintenance, regular review and updating of the policy. Revisions, amendments and alterations to this policy can only be implemented upon approval by the Board, with the recommendations of the AC and the changes will be communicated to all employees.

The AC is currently reviewing the Group Anti-Fraud and Whistleblowing policy to further enhance the Whistleblowing policy by including Anti-Bribery and Corruption as part of the policy and to direct all whistleblowing matters to the Audit Committee directly. The Group is expecting to adopt the new Group Anti-Fraud and Whistleblowing policy within the financial year 31 December 2022.

The Board noted that no incidents in relation to the fraud and whistle-blowing matters have been raised during the year by any staff to indicate possible improprieties in matters of financial reporting, financial control, or any other matters.

The Company has appointed Wensen Consulting Asia (S) Pte. Ltd. (“**Wensen**”), a firm specialising in the provision of audit and assurance, corporate services, transaction support and risk advisory services as its IA, to conduct the internal audits for FY2021.

The engagement is headed by Sin Siew Mun (Director) being assigned to Eneco Energy Limited who reports to Edward Yap (Group Managing Director).

Edward Yap started his career in Year 1995 when he joined Ernst & Young, where he audited a diversified portfolio of companies in banking, trading and manufacturing, hotel management, property development, plantations, constructions and project management, etc. In addition, he was involved in special audits and financial due diligence reviews. In Year 1998, he progressed his career in Deloitte, where besides auditing a diversified portfolio of companies, he was also involved in special audits as reporting accountant, valuation engagements, financial due diligence and litigation support engagements. He was also involved in conducting other inhouse technical training organised by the firm.

CORPORATE

GOVERNANCE REPORT

Edward left Deloitte in 2002 where he founded and started Wensen. He is responsible for directing the Group's operations and business development, including managing a diversified portfolio of companies listed in Singapore and Malaysia which have operations in Singapore, Malaysia, People's Republic of China ("PRC"), United Arab Emirates ("UAE"), etc. Edward Yap is a practicing member of the Institute of Singapore Chartered Accountants ("ISCA"), a member of the Malaysian Institute of Accounts ("MIA") and a fellow member of the Association of Chartered Certified Accountants ("ACCA") of the United Kingdom.

Sin Siew Mun started her career as Internal Auditor with a local Malaysian based internal audit outsourcing firm in 2007. During her employment, she was involved in assessing and evaluating the overall effectiveness of client's internal controls and business processes. Upon completion of her certification as Information Systems Auditor, she progressed her career with Deloitte Enterprise Risk Services Sdn. Bhd., specialising in reviewing general computer controls, application/automated business transactions and data processing (i.e. Information Technology Audit) and has extensive experience in industries such as retail, trading, manufacturing, insurance, property development, construction and servicing industries. She subsequently joined Wensen since Year 2010, managing various portfolios of clients with operations in Singapore, Malaysia, Indonesia, PRC and UAE.

The IA are effective, adequately resourced, and independent of the activities it audits with competent professionals. The IA reported directly to the Chairman of the AC. In discharging its responsibilities, the IA have full access to the Company's documents, records and personnel.

The AC reviewed and approved the annual internal audit plans, ensured that the internal functions were adequately resourced with competence and had appropriate standing within the Group and cooperation of the Management to carry out its duties effectively. The IA assist the AC in reviewing the adequacy and effectiveness of key internal controls in accordance with the internal audit plan at least annually and all key findings, recommendations and corrective action plans are reported and presented to the AC and senior management. Information on outstanding issues and follow up on the recommendations are included in the quarterly reports to the AC, the Chairman of the Board and senior management.

In carrying out its duties, the IA have adopted the Standards for Professional Practice of Internal Auditing set by The Institute of Internal Auditors.

The AC also met with the Internal and External Auditors at least once a year, without Management's presence, to discuss the reasonableness of the financial reporting process, the system of internal controls and the significant comments and recommendations by the IA. The last private session with the IA and EA was held in February 2022.

The AC reviews the independence, adequacy and effectiveness of the internal audit function on a quarterly basis when the AC receives the internal audit report at the quarterly AC meetings.

For FY2021, the AC is satisfied that the internal audit function was independent, effective and adequately resourced, with appropriate standing within the Group.

SHAREHOLDER RIGHTS AND ENGAGEMENT WITH SHAREHOLDERS/STAKEHOLDERS

SHAREHOLDER RIGHTS AND CONDUCT OF GENERAL MEETINGS

Principle 11: The company treats all shareholders fairly and equitably in order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the company. The company gives shareholders a balanced and understandable assessment of its performance, position and prospects.

Principle 12: The company communicates regularly with its shareholders and facilitates the participation of shareholders during general meetings and other dialogues to allow shareholders to communicate their views on various matters affecting the company.

CORPORATE

GOVERNANCE REPORT

Principle 13: The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the company are served.

In line with the continuous obligations of the Company under SGX-ST Listing Manual and the Companies Act, high standard of transparent corporate disclosure, the Board firmly believes that all shareholders should be equally and on a timely basis be informed of all major developments that would be likely to materially impact the Group. All material and price-sensitive information of the Company are released through SGXNet and the Company recognises that regular, effective, timely and fair communication with shareholders is essential to enable its shareholders to make informed decisions about the Company.

All shareholders of the Company will be able to access the Annual Report, the notice of AGM, and the relevant circular together with the notice of Extraordinary General Meeting (“**EGM**”) published on the company website and via SGXNet within the mandatory period. Accompanying the notice of AGM and EGM, a copy of the proxy form is also made available for the shareholders so that the shareholders may appoint maximum up to two (2) proxies to attend, vote and question the Board and Management, for and on behalf of the shareholders who are not able to attend the general meetings personally.

In view of the above, all the shareholders are given an opportunity to participate effectively and vote at the general meetings.

The Company adopts the practice of providing adequate and timely disclosure of material information to its shareholders. Where there is inadvertent disclosure made to a selected group, the Company will make the same disclosure publicly as soon as practicable.

The Company treats all its shareholders fairly and equitably and keeps all its shareholders and other stakeholder informed of its corporate activities, including changes in the Company and its business which would be likely to materially affect the price or value of its shares, on a timely basis.

Communication is made through:-

- Annual reports that are prepared and published. The Board ensures that the annual report includes all relevant information about the Company and the Group, including future developments and other disclosures required by the Singapore Companies Act and Singapore Financial Reporting Standards;
- Quarterly announcements containing a summary of the financial information and affairs of the Group for that period;
- Notices and explanatory memoranda for AGM and EGM;
- Press and news releases on major developments of the Company and the Group;
- Disclosure of all major announcements to the SGX-ST; and
- The Company’s website at <http://enecoenergy.com> at which shareholders can access financial information, corporate announcements, press releases, annual reports and a profile of the Group.

The Company has published its investor relation email and contact details on the Company’s website for investor relation matters and to assist with the effective communication between the Company and shareholders. The Company currently does not have an investor relations policy.

The Company does not practice selective disclosure and price sensitive information is first publicly released through SGXNet prior to the Company meeting with any investors or analysts. All shareholders of the Company will receive the Annual Report with notice of AGM and/or the relevant circular with notice of EGM.

CORPORATE

GOVERNANCE REPORT

Dividend Policy

The Company is committed to enhancing value for its shareholders and strives to achieve an efficient capital structure that balances the returns to shareholders with the Company's capital need for investment and growth. The Board will review the adoption of a dividend policy for the Company when its financial position improves. The frequency, form and amount of dividend to be declared and paid are dependent on the Group's profit, cash flow, capital requirements for investment and growth, general business conditions and other considerations as the Board deems appropriate.

In view of the financial results of the Company, no dividend has been declared nor recommended for FY2021.

Our shareholders are encouraged to attend the AGM to ensure a high level of accountability and to be updated on the Company's strategies and goals. Notice of the AGM is dispatched to shareholders, together with explanatory notes or a circular on items of special businesses (if necessary), at least fourteen (14) clear calendar days before the meeting for ordinary resolutions and/or twenty-one (21) clear calendar days before the meeting for special resolutions. The Board welcomes questions from shareholders who wish to raise issues concerning the Company, either informally or formally, before or during the AGM. Voting procedures and rules that govern general meetings of shareholders are clearly disclosed to the shareholders in the AGM.

The Chairman, Board members, senior Management and the Company Secretary are present at general meetings to respond to questions from shareholders. The External Auditors are also present to assist the Board in addressing any relevant queries by the shareholders.

The Company's Constitution allows corporations and members of the Company to appoint one (1) or two (2) proxies to attend and vote at general meetings. A Relevant Intermediary¹ may appoint more than two (2) proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by him/her (which number and class of shares shall be specified). An investor who holds shares under the Central Provident Fund Investment Scheme ("**CPF Investor**") and/or the Supplementary Retirement Scheme ("**SRS Investor**") (as may be applicable) may attend and cast his/her vote(s) at the general meeting in person. CPF and SRS Investors who are unable to attend the general meeting but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the general meeting to act as their proxy, in which case, the CPF and SRS Investors shall be precluded from attending the general meeting.

Every matter requiring shareholders' approval is proposed as a separate resolution at the general meeting to address each distinct issue and all the resolutions are put to vote by poll. To promote greater transparency and effective participation, the Company has implemented the system of voting of all its resolutions by poll at all its general meetings since the general meetings for the financial year ended 31 December 2015. Independent scrutineer will be appointed to assist in the counting and validation of votes during the AGM. Results of each resolution put to vote at the AGM and EGM will be announced with the detailed voting results, including the total number and/or percentage of votes cast for or against each resolution tabled in the AGM and EGM, immediately at the AGM and EGM and via SGXNet.

Each item of special business included in the notice of the meeting is accompanied, where appropriate, by an explanation for the proposed resolution.

1 A Relevant Intermediary is:

- a) a banking corporation licensed under the Banking Act 1970 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; or
- b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act 2001 and who holds shares in that capacity; or
- c) the Central Provident Fund Board established by the Central Provident Fund Act 1953, 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.

CORPORATE

GOVERNANCE REPORT

The Company Secretary and/or her representatives prepares minutes of general meetings incorporating the substantial and relevant comments or queries from shareholders that is relevant to the agenda of the meeting and responses from the Board and Management. The minutes would be made available via the Company's website as well as on SGXNet.

In FY2021, due to COVID-19 pandemic outbreak, the AGM was held by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 (the "Order"). The Notice of AGM and proxy forms were published on SGXNet and the Company's website before the AGM, and shareholders were invited to submit their queries to be answered before the AGM. The response to the queries raised were published on SGXNet on the day before the AGM was held.

MATERIAL CONTRACTS

Save as disclosed in the Directors' Statement and notes to the financial statements, there are no other material contracts of the Company or its subsidiaries involving the interest of any Director or controlling shareholders subsisting as at FY2021 or have been entered into since the end of the previous financial year.

INTERESTED PERSON TRANSACTIONS

The Board is mindful of its obligations to comply with Chapter 9 of the SGX-ST Listing Manual in respect of interested person transactions ("IPTs"). The AC reviews the IPTs as and when they arise and on a quarterly basis to ensure that the relevant disclosure on the transactions is complied with and that all IPTs are conducted at arm's length and on normal commercial terms. In addition, where there is a potential conflict of interest, the Board ensures that the Director involved does not participate in discussions and refrains from exercising any influence over other matters of the Board.

There were no interested party transactions equal to or exceeding \$100,000 in aggregate between the Company and any of its interested persons (namely, Directors, executive officers or controlling shareholders of the Group or the associates of such Directors, executive officers or controlling shareholders) subsisting for FY2021.

DEALINGS IN SECURITIES

The Company has adopted its own internal Code of Conduct to provide guidance to all officers and employees of the Company and its subsidiaries with regard to dealings in the Company's securities in compliance with Rule 1207(19) of the Listing Manual of the SGX-ST. In compliance with the SGX-ST Listing Manual, the Company and the Group's officers and employees are prohibited from dealing in the Company's securities while in possession of unpublished price-sensitive information of the Group, as well as during the periods commencing two (2) weeks before the announcement of the Company's quarterly results and one (1) month before the announcement of the Company's full year results and ending on the date of the announcement of the relevant results.

Directors and executives are also expected to observe insider-trading laws at all times even when dealing with securities within the permitted trading period. They are also encouraged not to deal in the Company's securities on short-term considerations.

SUSTAINABILITY REPORT

The Company will publish its Sustainability Report in respect of FY2021 before 31 May 2022 and will be publicly accessible through the Company's website as well as on SGXNet. The Sustainability Report should be read in conjunction with this Annual Report.

FINANCIAL CONTENTS

- 36** | Directors' Statement
- 40** | Independent Auditor's Report
- 47** | Statements of Financial Position
- 48** | Consolidated Statement of Comprehensive Income
- 49** | Statements of Changes in Equity
- 51** | Consolidated Statements of Cash Flows
- 53** | Notes to the Financial Statements
- 120** | Statistics of Shareholdings
- 122** | Disclosure of Information on Directors Seeking Re-Election
- 127** | Appendix 7.5 Summary of Reserves and Resources
- 129** | Notice of Annual General Meeting

Proxy Form

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

The directors submit this statement to the members of the Company together with the audited consolidated financial statements of the Group and statement of financial position of the Company for the financial year ended 31 December 2021.

Opinion of the directors

In the opinion of the directors,

- (a) the accompanying financial statements of the Group and 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 2021 and the financial performance, changes in equity and cash flows of the Group for the financial year ended on that date in accordance with the provisions of the Singapore Companies Act 1967 (the "Act") and Singapore Financial Reporting Standards (International); and
- (b) at the date of this statement, having regard to the matters disclosed in Note 2 to the financial statements, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

Name of directors

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

Low Chai Chong	–	Independent Non-Executive Chairman
Colin Peter Moran	–	Executive Director
Patrick Tan Tse Chia	–	Independent Director
Teo Cheow Beng	–	Independent Director
Koji Yoshihara	–	Non-Independent Non-Executive Director

In accordance with Regulation 111 of the Company's Constitution, Mr Colin Peter Moran and Mr Teo Cheow Beng retire and being eligible for, offer themselves for re-election at the forthcoming annual general meeting ("AGM").

Arrangements to enable directors to acquire shares or debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, other than as disclosed below.

Directors' interest in shares or debentures

According to the Register of Directors' Shareholdings kept by the Company under Section 164 of the Act, none of the directors who held office at the end of the financial year had any interest in the shares or debentures of the Company or its related corporations except as follows:

	Direct interest		Deemed interest	
	As at 1.1.2021	As at 31.12.2021	As at 1.1.2021	As at 31.12.2021
The Company – Ordinary shares				
Low Chai Chong	–	–	6,134,100	6,134,100
Colin Peter Moran	1,031,906	1,031,906	–	–

There were no changes in any of the above-mentioned interests in the Company between the end of the financial year and 21 January 2022.

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

Directors' interest in shares or debentures (Continued)

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

Share Scheme

At an Extraordinary General Meeting held on 24 April 2017, the Company's shareholders approved the Ramba Group Share Option Scheme 2017 ("RGSOS 2017") and Ramba Group Performance Share Plan 2017 ("RGPSP 2017") for the granting of non-transferable options and share awards, which are settled by ordinary shares of the Company, to eligible senior executives and employees.

The Company had on 13 March 2019 convened an Extraordinary General Meeting and duly passed the resolution to change its name from Ramba Energy Limited to Eneco Energy Limited. Further to the circular to shareholders dated 19 February 2019, Ramba Group Share Option Scheme ("RGSOS") was renamed as Eneco Group Share Option Scheme ("EGSOS") and Ramba Group Performance Share Plan ("RGPSP") was renamed as Eneco Group Performance Share Plan ("EGPSP").

The Remuneration Committee ("RC") is responsible for administering the EGSOS and the EGPSP.

The RC comprises three Directors, Mr Teo Cheow Beng (Chairman), Mr Low Chai Chong and Mr Patrick Tan Tse Chia.

Both EGSOS 2017 and EGPSP 2017 will provide employees of the Group with an opportunity to participate in the equity of the Company and to attract, retain and motivate them towards better performance through increased dedication and loyalty.

The EGSOS 2017 and EGPSP 2017 are designed to complement each other in the Company's efforts to reward, retain and motivate employees to achieve better performance. The aim of implementing more than one incentive plan is to grant the Company the flexibility in tailoring reward and incentive packages suitable for each group of the Participants by providing an additional tool to motivate, reward and retain employees so that the Company can offer compensation packages that are competitive.

Each of the EGSOS 2017 and EGPSP 2017 shall continue in force at the discretion of the RC subject to a maximum period of 10 years commencing on the date it is adopted by the Company in general meeting, provided always that it may continue beyond the above stipulated period with the approval of Shareholders by ordinary resolution in general meeting and of any relevant authorities which may then be required.

Share options

No share options were granted and exercised during the financial year.

At the end of the financial year, details of the options granted under the EGSOS, are as follows:

Date of grant of options	Date of expiry of the options	Adjusted exercise price of the options	Balance at 1 January 2021	Options lapsed and cancelled	Balance at 31 December 2021
01/03/2016	01/03/2021	S\$0.1800	5,080,103	(5,080,103)	–

DIRECTORS'

STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

Share options (Continued)

Since the commencement of the EGSOS 2017 and EGPSP 2017 till the later of the expiry date or end of the financial year:

- No options have been granted to Directors and employees of the Group to subscribe for shares in the Company's subsidiaries; and
- No options that entitle the holder to participate, by virtue of the options, in any share issue of any other corporation have been granted.

Audit Committee

The Audit Committee ("AC") carried out its functions in accordance with Section 201B (5) of the Act, including the following:

- Reviewed the audit plans of the internal and external auditors of the Group and Company and reviewed the internal auditor's evaluation of the adequacy of the Company's system of internal accounting controls and the assistance given by the Group and the Company's management to the external and internal auditors;
- Reviewed the quarterly and annual financial statements and the auditor's report on the annual financial statements of the Group and the Company before their submission to the Board of Directors;
- Reviewed the effectiveness of the Group and the Company's material internal controls, including financial, operational, compliance and information technology controls and risk management via reviews carried out by the internal auditor;
- Met with the external and internal auditors, other Board Committees and Management in separate executive sessions to discuss any matters that these groups believe should be discussed privately with the AC;
- Reviewed legal and regulatory matters which may have a material impact on the financial statements, related compliance policies and programmes and any reports received from regulators;
- Reviewed the cost effectiveness and the independence and objectivity of the external auditor;
- Reviewed the nature and extent of non-audit services provided by the external auditor;
- Recommended to the Board of Directors the external auditor to be nominated, approved the compensation of the external auditor and reviewed the scope and results of the audit;
- Reported actions and minutes of the AC to the Board of Directors with such recommendations as the AC considered appropriate; and
- Reviewed interested person transactions in accordance with the requirements of the Singapore Exchange Securities Trading Limited's Listing Manual.

AC convened four meetings during the financial year with full attendance from Mr Low Chai Chong, Mr Teo Cheow Beng, and Mr Patrick Tan Tse Chia. The AC has also met with the internal and external auditors, without the presence of the Company's Management, at least once a year.

The AC, having reviewed all non-audit services provided by the external auditor to the Group, is satisfied that the nature and extent of such services would not affect the independence of the external auditor.

The AC has recommended to the Board of Directors that the independent auditor, Messrs Foo Kon Tan LLP, be nominated for re-appointment as external auditor at the forthcoming AGM of the Company.

Further details regarding the AC are disclosed in the Corporate Governance Report of the Annual Report of the Company.

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

Independent auditor

The independent auditor, Foo Kon Tan LLP, Public Accountants and Chartered Accountants, has expressed its willingness to accept re-appointment.

On behalf of the Directors

LOW CHAI CHONG
Independent Non-Executive Chairman

COLIN PETER MORAN
Executive Director

Dated: 8 April 2022

INDEPENDENT

AUDITOR'S REPORT

TO THE MEMBERS OF ENECO ENERGY LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Eneco Energy Limited (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2021, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Companies Act 1967 (the "Act") and the Singapore Financial Reporting Standards (International) ("SFRS(I)") 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 2021 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSA"). 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 judgement, 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.

1. Resolution of modified opinion issued for the financial year ended 31 December 2020

(a) Amount due from a broker

Insofar on whether (a) the impairment loss amounting to S\$3.88 million which was recorded in the consolidated statement of comprehensive income in FY 2018 should instead be recognised in FY 2019 or FY 2020 and (b) the existence and accuracy of the amount due from the broker as at 31 December 2019 and 1 January 2019 had been properly reported and presented in the consolidated statement of financial position, it is considered resolved as at 1 January 2021 as the amount had been fully impaired in FY 2020 on the basis that the amount due from the broker continued to be credit-impaired in accordance with SFRS(I) 9 – *Financial Instruments* in FY 2020 and the broker was in default in accordance with the terms set out in the Settlement Agreement entered on 15 June 2020.

INDEPENDENT

AUDITOR'S REPORT

TO THE MEMBERS OF ENECO ENERGY LIMITED

Key Audit Matters (Continued)

1. Resolution of modified opinion issued for the financial year ended 31 December 2020 (Continued)

(b) Access to accounting information of a joint arrangement of PT Hexindo Gemilang Jaya ("PT Hexindo")

As at 31 December 2020, PT Hexindo, an indirect subsidiary of the Company and Jadestone Energy (Lemang) Pte. Ltd. ("Jadestone") each own 10% and 90% participating interests, respectively, in the Lemang Production Sharing Contract ("Lemang PSC"). Jadestone had completed the acquisition of the 90% interest in Lemang PSC from Mandala Energy Lemang Pte. Ltd. ("Mandala") and has assumed the role of the operator of Lemang PSC in December 2020. The Group, through PT Hexindo, recognised its interest in the Lemang PSC in accordance with the accounting treatment of a joint operation under SFRS(I) 11 *Joint Arrangements*.

We had previously stated in our FY 2020 and FY 2019 audit reports that the auditors of PT Hexindo ("component auditors") have not been provided access to the supporting documents other than the statements of account nor were they able to review the audit working papers of the auditors of Jadestone (present operator) and Mandala (predecessor operator) who were responsible for the preparation of the monthly statement of accounts of Lemang PSC. Consequently, the component auditors were unable to complete their audit procedures to obtain sufficient and appropriate audit evidence over the financial statements of PT Hexindo for the financial year ended 31 December 2020 and 31 December 2019.

In view of the matters highlighted in the previous paragraphs, there could be adjustments and/or disclosures, that may arise on certain financial statement items, for example, opening accumulated losses, inventories, other receivables and other payables.

During the current financial year ended 31 December 2021, management was able to obtain the necessary information of Lemang PSC from January 2019 to 31 December 2020 for the financial years ended 31 December 2019 and 31 December 2020, respectively, furnished by Jadestone. Accordingly, the basis for our qualification in respect of accounting for the joint arrangement of PT Hexindo for the financial years ended 31 December 2019 and 31 December 2020 has been resolved this year.

(c) Provision for legal claim

As disclosed in Note 16(A) to the financial statements, PT Hexindo entered into a legal settlement with Super Power Enterprise Group Ltd ("SPE") whereby it agreed to pay US\$10 million (the "Settlement Amount") to SPE by way of assigning the proceeds from future sale of oil and gas from the Lemang PSC, subject to certain carve out provisions that allow PT Hexindo to first repay the other existing obligations identified to SPE.

As at 31 December 2020, the Group continued to record a provision for legal claims measured at amortised cost amounting to S\$6.8 million (equivalent to US\$5.1 million) which was based on a cashflow projection of Lemang PSC obtained from Mandala as at 31 December 2018.

As at 31 December 2019 and 2020, management did not receive the cashflow projection of Lemang PSC from Mandala/Jadestone respectively for the forecast period. Accordingly, the component auditors were unable to perform and complete our audit procedures to obtain sufficient and appropriate audit evidence over the completeness and accuracy of the provision for legal claim as at 31 December 2019 and 2020.

INDEPENDENT

AUDITOR'S REPORT

TO THE MEMBERS OF ENECO ENERGY LIMITED

Key Audit Matters (Continued)

1. Resolution of modified opinion issued for the financial year ended 31 December 2020 (Continued)

(c) Provision for legal claim (Continued)

During the current financial year ended 31 December 2021, management assessed that there was contemporaneous evidence prior to the finalisation of the FY 2020 audited financial statements that the Group should have accelerated the recognition of the provision for legal claim owing to SPE since the probability of generating net proceeds from the Lemang PSC to pay down the Settlement Amount was no longer probable following the cessation of oil production activities in Lemang PSC since February 2020 and subsequent changes to the business plan of Lemang PSC by Jadestone following its acquisition of the 90% participating interests in Lemang PSC from Mandala as announced in December 2020.

Accordingly, management recorded a prior year adjustment to recognise an additional provision of S\$6.4 million (equivalent to US\$4.9 million) in the consolidated statement of comprehensive income for the financial year ended 31 December 2020 in accordance with SFRS(I) 1-8 *Accounting Policies, Changes in Accounting Estimates and Errors*. Accordingly, the basis for our qualification in respect of this provision for the financial years ended 31 December 2019 and 31 December 2020 has been resolved this year.

2. Going concern assumption

We draw attention to Note 2 to the financial statements. The Group has reported net current liabilities and net liabilities of S\$11.4 million and S\$5.4 million, respectively, as at 31 December 2021, while the Company has reported net current liabilities of S\$3.8 million.

On 3 December 2019, the Singapore Exchange Securities Trading Limited ("SGX-ST") notified the Company that it has been placed on the Watch-list due to 3 consecutive years' losses with effect from 4 December 2019. The Company will have to fulfil the requirements under Rule 1314 of the SGX-ST Listing Manual ("Listing Manual") for its exit from the Watchlist within 36 months from 4 December 2019, i.e. by 3 December 2022, failing which SGX-ST would delist the Company or suspend trading in the Company's shares with a view to delist the Company.

On 9 March 2020, the Company requested a voluntary suspension pursuant to Rule 1303(3) of the Listing Manual, pending the satisfactory conclusion and resolution of the issues raised by the Company's auditors in connection with its ability to operate as a going concern. Arising from this voluntary suspension of the Company's shares, the Company may have difficulty to raise fresh funds to meet the various operational cashflows needs through fund raising options. On 4 March 2021, the Company announced that they have submitted an application to seek SGX-ST's approval to lift the voluntary trading suspension. In addition, inflation continues to rise due to supply chain disruptions caused by the rebound from the COVID-19 pandemic and possible increase in interest rates in FY 2022 could put pressure on the Group's and the Company's operating cashflows requirements. These micro and macro factors indicate the existence of material uncertainties which may cast significant doubt on the ability of the Group and the Company to continue as going concern.

Management's basis for preparing the financial statements on a going concern basis as at 31 December 2021 is provided in Note 2, including the fact that (i) the Group's Logistics segment in both Singapore and Indonesia is able to generate sufficient cash flows in the next 12 months, (ii) the Group has successfully secured a temporary bridging loan facility of approximately S\$1.5 million from a financial institution in February 2022, (iii) the credit facility of S\$1.5 million from a third party secured back in November 2020 remains undrawn as at the balance sheet date, and (v) the proposed disposal of the Group's Oil and Gas businesses as announced in November 2021 and March 2022 in SGX-Net would have extinguished all the net liabilities associated with the Group's oil and gas segment in FY 2022. On 25 March 2022, the

INDEPENDENT

AUDITOR'S REPORT

TO THE MEMBERS OF ENECO ENERGY LIMITED

Key Audit Matters (Continued)

2. Going concern assumption (Continued)

Company announced that it has entered into a placement agreement with SAC Capital Private Limited to raise additional funds by issuing up to an aggregate of 1.66 billion new ordinary shares at an issue price of S\$0.009 for each placement share and up to 1.66 billion detachable, transferrable and non-listed warrants, at an issue price of S\$0.001 per warrant, on the basis of one warrant for one placement share, with each warrant carrying the right to subscribe for one new ordinary share in the capital of the Company at an exercise price of \$0.009 for each warrant share.

The assessment of the appropriateness of the going concern assumption involves consideration of future events and there is a risk that the future events do not occur as expected and the variations may be material, and the required disclosures in the financial statements may be inadequate. As the going concern assessment is a significant risk area of our audit and involves significant judgement, we have identified this as a key audit matter.

Our response and work performed:

We obtained an understanding of management's going concern assessment, taking into consideration the current business environment to corroborate our review of the key assumptions used by management. In our assessment, we considered past, current and anticipated changes in the business and economic environment and the effects of COVID-19 pandemic.

We evaluated the reasonableness of the key assumptions, such as revenue projections, and timing of significant cash flows used in the forecasts as approved by the directors and taking into consideration the Group's plans on return of operations to normalcy using different possible scenarios. We also assessed if the forecasts are reasonable by performing sensitivity analyses on the forecasts by considering potential downside scenarios and the resultant impact on available funds. We have also considered the liquidity and recoverability of existing financial and non-financial assets on the balance sheet, which will strengthen the Group's cash position in the next 12 months.

Disclosure of the pertinent information has also been set out in Note 2 to the financial statements.

3. Accounting on (i) gain on extinguishment of the Settlement Sum and (ii) classification and measurement of disposal group held-for-sale

On 17 November 2021, the Company announced that PT Hexindo and SPE have successfully negotiated for PT Hexindo to pay a sum of US\$1.5 million (equivalent to S\$2.0 million) in full and final settlement of the Settlement Sum as set out in 1(b) and all claims that each party has or may have against one another are waived as stipulated in the Second Settlement Agreement. Following the settlement, the Group recorded a gain on extinguishment of liabilities owing to SPE amounting to S\$11.4 million (equivalent to US\$8.5 million) in the consolidated statement of comprehensive income.

On 21 November 2021, the Company announced that PT Hexindo and Jadestone have entered into a Settlement and Transfer Agreement (the "Agreement") pursuant to which, PT Hexindo shall transfer its 10% participating interest in the Lemang PSC to Jadestone for (a) a net consideration of approximately US\$370,000 after deducting the transfer tax payable to the relevant Indonesian tax authorities and (b) waiver of the unpaid cash call payable to Jadestone of approximately US\$1.36 million up to 30 November 2021. Each party shall release the other party from all claims on the terms and conditions set out in the Agreement. Certain conditions precedents need to be met within 5 months from the date of the Agreement. Management has classified the assets and liabilities associated with the Lemang PSC as disposal group held-for-sale and measured the non-current assets at the lower of the carrying amount and fair value less costs to sell. An impairment loss of \$3 million was recognised in the consolidated statement of comprehensive income.

INDEPENDENT

AUDITOR'S REPORT

TO THE MEMBERS OF ENECO ENERGY LIMITED

Key Audit Matters (Continued)

3. Accounting on (i) gain on extinguishment of the Settlement Sum and (ii) classification and measurement of disposal group held-for-sale (Continued)

In addition, management has assessed and concluded that the extinguishment of the Settlement Sum and the disposal of the Group's 10% participating interests in Lemang PSC to Jadestone are two distinct transactions and are not linked. Accordingly, the gain on extinguishment of liabilities of the Settlement Sum and the impairment loss recorded on the measurement of the disposal group held for sale are presented on a gross basis in the consolidated statement of comprehensive income for the financial year ended 31 December 2021.

Our response and work performed:

In respect of the work performed to determine the accuracy of the gain on extinguishment of the Settlement Sum, we read the signed Second Settlement Agreement and sighted to (i) the bank statement to validate that the payment of US\$1.5 million was remitted to an appointed agent of SPE and (ii) the discharge confirmation from SPE. We have also re-computed the accuracy of the gain of extinguishment of the Settlement Sum.

In respect of the work performed to ascertain the appropriateness of the classification and the accuracy of the impairment loss recognised in respect of the disposal group held for sale, we read the key terms stipulated in the Agreement and checked that the conditions precedent have been met as at the date of the audit report. Furthermore, we have reviewed the arithmetic computation of the impairment loss recorded based on the lower of the Group's carrying amount and fair value less cost to sell. Lastly, we carried out inquiries with management and noted that both transactions are not of a continuous sequence nor in contemplation of one another and each transaction when they are considered on their own, each transaction makes commercial sense to the Group.

Disclosure of the pertinent information has also been set out in Note 12 to the financial statements.

Information other than the Financial Statements and Auditor's Report thereon

Management is responsible for the 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 SFRS(I)s, 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.

INDEPENDENT

AUDITOR'S REPORT

TO THE MEMBERS OF ENECO ENERGY LIMITED

Responsibilities of Management and Directors for the Financial Statements (Continued)

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.

As part of an audit in accordance with SSAs, we exercise professional judgement 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.

INDEPENDENT

AUDITOR'S REPORT

TO THE MEMBERS OF ENECO ENERGY LIMITED

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

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.

Other matters

On 10 September 2019, the Audit Committee of the Company has appointed an independent reviewer to review, inter alia, the circumstances surrounding the payment of S\$3.88 million (the "Queried Payment") made to a broker to secure the extension of the exploratory permit for the West Jambi concession and the Group's corporate governance and internal controls related to the Queried Payment. The independent reviewer has submitted the draft report with its preliminary findings and recommendations to SGX-ST and will issue its independent review report when finalised.

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 Kong Chih Hsiang Raymond.

Foo Kon Tan LLP
Public Accountants and
Chartered Accountants

Singapore, 8 April 2022

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2021

	Note	The Group			The Company	
		31 December 2021 S\$'000	31 December 2020 S\$'000 (Restated)	1 January 2020 S\$'000	31 December 2021 S\$'000	31 December 2020 S\$'000
ASSETS						
Non-Current Assets						
Plant and equipment	4	1,735	1,729	2,110	13	16
Oil and gas properties	4	-	1,101	6,473	-	-
Right-of-use assets	5	12,340	14,514	18,099	88	129
Intangible assets	6	52	64	86	-	-
Investments in exploration and evaluation assets	7	-	652	706	-	-
Investments in subsidiaries	8	-	-	-	9,228	9,228
Other receivables	9	-	3,440	4,666	-	-
Fixed deposits	11	312	309	318	-	-
Deferred tax assets		-	-	35	-	-
		14,439	21,809	32,493	9,329	9,373
Current Assets						
Other receivables	9	812	624	920	25	1,499
Trade receivables	10	9,364	9,696	9,737	-	-
Prepaid operating expenses		544	556	634	62	21
Inventories		-	366	543	-	-
Cash and cash equivalents	11	2,822	6,789	4,593	126	171
		13,542	18,031	16,427	213	1,691
Assets of disposal group classified as held-for-sale	12	2,612	-	-	-	-
		16,154	18,031	16,427	213	1,691
Total assets		30,593	39,840	48,920	9,542	11,064
EQUITY AND LIABILITIES						
Capital and Reserves						
Share capital	13	148,367	148,367	148,367	148,367	148,367
Treasury shares	14	(935)	(935)	(935)	(935)	(935)
Other reserves	15	3,695	4,197	4,683	2,630	2,989
Accumulated losses		(149,213)	(156,383)	(164,210)	(149,595)	(145,875)
Equity attributable to owners of the Company		1,914	(4,754)	(12,095)	467	4,546
Non-controlling interests	8(a)	(7,283)	(8,615)	(7,960)	-	-
Total equity		(5,369)	(13,369)	(20,055)	467	4,546
Non-Current Liabilities						
Other payables	16	2,176	15,326	16,590	-	-
Lease liabilities	17	5,175	8,710	11,456	2	31
Provisions	18	887	832	939	18	18
Abandonment and site restoration liabilities	19	-	213	118	-	-
Loans and borrowings	20	-	1,500	-	5,042	3,000
Deferred taxation		127	71	-	-	-
		8,365	26,652	29,103	5,062	3,049
Current Liabilities						
Other payables	16	6,913	9,490	14,471	3,966	3,430
Lease liabilities	17	5,920	5,158	5,638	28	27
Provisions	18	168	181	225	-	-
Abandonment and site restoration liabilities	19	80	78	501	-	-
Loans and borrowings	20	1,511	1,500	9,094	-	-
Trade payables	21	10,316	9,639	9,746	-	-
Income tax payable		577	511	197	19	12
		25,485	26,557	39,872	4,013	3,469
Liabilities directly associated with disposal group classified as held-for-sale	12	2,112	-	-	-	-
		27,597	26,557	39,872	4,013	3,469
Total liabilities		35,962	53,209	68,975	9,075	6,518
Total equity and liabilities		30,593	39,840	48,920	9,542	11,064

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

		Year ended 31 December	Year ended 31 December
	Note	2021 S\$'000	2020 S\$'000 (Restated)
Continuing operations			
Revenue	22	39,491	36,427
Gains on extinguishment of liabilities	23	–	215
Other income	24	1,621	3,938
Costs and operating expenses			
Service costs and related expenses		(14,065)	(11,743)
Salaries and employee benefits	25	(17,151)	(17,644)
Depreciation and amortisation expenses	27	(5,354)	(5,834)
Impairment loss reversed/(recognised)	27	40	(40)
Finance costs	26	(823)	(883)
Other operating expenses		(2,327)	(2,570)
Profit before taxation	27	1,432	1,866
Taxation	28	(546)	(519)
Profit from continuing operations		886	1,347
Profit from discontinued operations	29	7,481	5,471
Profit for the year		8,367	6,818
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation differences		(177)	(400)
Items that will not be reclassified subsequently to profit or loss			
Foreign currency translation differences		(224)	184
Re-measurement of defined benefit obligation	30	34	84
Other comprehensive income for the year, at nil tax		(367)	(132)
Total comprehensive income for the year		8,000	6,686
Profit/(loss) attributable to:			
Owners of the Company:			
• Profit from continuing operations, net of tax		886	1,347
• Profit from discontinued operations, net of tax		5,925	6,310
		6,811	7,657
Non-controlling interests			
• Profit/(loss) from discontinued operations, net of tax		1,556	(839)
		8,367	6,818
Total comprehensive income/(loss) attributable to:			
Owners of the Company			
		6,668	7,341
Non-controlling interests			
		1,332	(655)
		8,000	6,686
Earnings per share – basic and diluted (cents per share)			
• From continuing operations	31	0.13	0.21
• From discontinued operations	31	0.92	0.97
• From continuing and discontinued operations	31	1.05	1.18

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

Attributable to owners of the Company												
	Share capital S\$'000	Treasury shares S\$'000	Accumulated losses S\$'000	Other reserves S\$'000	Share based payment reserve S\$'000	Others S\$'000	Foreign currency translation reserve S\$'000	Gain on reissuance of treasury shares S\$'000	Capital reserve S\$'000	Attributable to owners of the Company S\$'000	Non-controlling interests S\$'000	Total equity S\$'000
The Group												
At 1 January 2021, as previously reported	148,367	(935)	(151,217)	4,197	359	874	(14)	2,630	348	412	(7,356)	(6,944)
Prior year adjustments (Note 38)	-	-	(5,166)	-	-	-	-	-	-	(5,166)	(1,259)	(6,425)
At 1 January 2021, as restated	148,367	(935)	(156,383)	4,197	359	874	(14)	2,630	348	(4,754)	(8,615)	(13,369)
Profit for the year	-	-	6,811	-	-	-	-	-	-	6,811	1,556	8,367
Other comprehensive income												
Re-measurement of defined benefit obligations (Note 30)	-	-	-	34	-	34	-	-	-	34	-	34
Foreign currency translation	-	-	-	(177)	-	-	(177)	-	-	(177)	(224)	(401)
Total comprehensive income/ (loss) for the year, at nil tax	-	-	6,811	(143)	-	34	(177)	-	-	6,668	1,332	8,000
Contributions by and distributions to owners												
Expiry of employee share options	-	-	359	(359)	(359)	-	-	-	-	-	-	-
At 31 December 2021	148,367	(935)	(149,213)	3,695	-	908	(191)	2,630	348	1,914	(7,283)	(5,369)

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Attributable to owners of the Company											
	Share capital S\$'000	Treasury shares S\$'000	Accumulated losses S\$'000	Other reserves S\$'000	Share based payment reserve S\$'000	Others S\$'000	Foreign currency translation reserve S\$'000	Gain on reissuance of treasury shares S\$'000	Capital reserve S\$'000	Attributable to owners of the Company S\$'000	Non-controlling interests S\$'000	Total equity S\$'000
The Group												
At 1 January 2020	148,367	(935)	(164,210)	4,683	529	790	386	2,630	348	(12,095)	(7,960)	(20,055)
Profit for the year, as previously reported	-	-	12,823	-	-	-	-	-	-	12,823	420	13,243
Prior year adjustments (Note 38)	-	-	(5,166)	-	-	-	-	-	-	(5,166)	(1,259)	(6,425)
Profit/(loss) for the year, as restated	-	-	7,657	-	-	-	-	-	-	7,657	(839)	6,818
Other comprehensive income												
Re-measurement of defined benefit obligations (Note 30)	-	-	-	84	-	84	-	-	-	84	-	84
Foreign currency translation	-	-	-	(400)	-	-	(400)	-	-	(400)	184	(216)
Total comprehensive income/(loss) for the year, at nil tax Contributions by and distributions to owners	-	-	7,657	(316)	-	84	(400)	-	-	7,341	(655)	6,686
Expiry of employee share options	-	-	170	(170)	(170)	-	-	-	-	-	-	-
At 31 December 2020, as restated	148,367	(935)	(156,383)	4,197	359	874	(14)	2,630	348	(4,754)	(8,615)	(13,369)

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

		Year ended 31 December	Year ended 31 December
	Note	2021 S\$'000	2020 S\$'000 (Restated)
Cash Flows from Operating Activities			
Profit before tax from continuing operations		1,432	1,866
Profit before tax from discontinued operations	29	7,481	5,471
Profit before tax from continuing and discontinued operations		8,913	7,337
Adjustments for:			
Bad debts written-off on receivables	27	195	91
Depreciation and amortisation expenses	27,29	5,392	5,937
Loss on disposal of right-of-use assets	27	29	-
Gain on disposal/write-off of intangible assets and plant and equipment	24	(258)	(254)
Gain on extinguishment of liabilities	23,29	(11,394)	(20,638)
Grant income	24	(315)	(2,758)
Finance costs	26	865	1,025
Interest income from banks	24	(12)	(11)
Provision for legal claim	29	-	6,425
Impairment loss recognised/(reversed), net:			
- trade and other receivables	27	(40)	40
- assets held-for-sale (2020 - oil and gas properties)	29	2,998	5,579
Provisions made	18	15	147
Operating profit before working capital changes		6,388	2,920
Change in inventories		41	177
Change in trade receivables		206	1
Change in other receivables		(219)	1,431
Change in prepaid operating expenses		12	78
Change in trade payables		677	(107)
Change in other payables and provisions		(925)	648
Cash generated from operations		6,180	5,148
Benefits paid	30	(93)	(10)
Grants received		315	2,970
Interest income received		12	11
Income tax paid		(424)	(99)
Net cash generated from operating activities		5,990	8,020
Cash Flows from Investing Activities			
Proceeds from disposal of plant and equipment		416	309
Purchase of plant and equipment and oil and gas properties	4	(405)	(499)
Purchase of intangible assets	6	(39)	(62)
Net cash used in investing activities		(28)	(252)
Cash Flows from Financing Activities			
Loans (repaid)/drawn down	Note A	(1,489)	3,000
Repayment of finance costs	Note A	(823)	(879)
Repayment of principal elements of lease liabilities	Note A	(5,572)	(4,702)
Settlement sum paid	Note A	(2,042)	(3,000)
Net cash used in financing activities		(9,926)	(5,581)
Net (decrease)/increase in cash and cash equivalents		(3,964)	2,187
Cash and cash equivalents at beginning of year		6,789	4,593
Exchange difference on translation of cash and cash equivalents at beginning of year		(3)	9
Cash and cash equivalents at end of year	11	2,822	6,789

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

Note A:

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Other payables*	Lease liabilities	Loans and borrowings	Total
	S\$'000	S\$'000	S\$'000	S\$'000
	(Note 16)	(Note 17)	(Note 20)	
At 1 January 2020	20,679	17,094	9,094	46,867
Cash flows:				
– Loans drawn down	–	–	3,000	3,000
– Repayment of principal element of lease liabilities	–	(4,702)	–	(4,702)
– Settlement sum paid	(3,000)	–	–	(3,000)
– Finance costs paid	–	(834)	(45)	(879)
	(3,000)	(5,536)	2,955	(5,581)
Non-Cash flows:				
– Extinguishment of liabilities	(11,073)	–	(9,094)	(20,167)
– Early termination of leases	–	(342)	–	(342)
– New leases (Note 5)	–	1,916	–	1,916
– Finance costs (Note 26)	–	834	45	879
– Provision of legal claim	6,425	–	–	6,425
– Foreign exchange translation adjustments	166	(98)	–	68
	(4,482)	2,310	(9,049)	(11,221)
At 31 December 2020	13,197	13,868	3,000	30,065
Cash flows:				
– Loans repaid	–	–	(1,489)	(1,489)
– Repayment of principal element of lease liabilities	–	(5,572)	–	(5,572)
– Settlement sum paid	(2,042)	–	–	(2,042)
– Finance costs paid	–	(699)	(79)	(778)
	(2,042)	(6,271)	(1,568)	(9,881)
Non-Cash flows:				
– Extinguishment of liabilities (Note 29)	(11,394)	–	–	(11,394)
– Early termination of leases	–	(15)	–	(15)
– New leases (Note 5)	–	2,905	–	2,905
– Finance costs (Note 26)	–	699	79	778
– Foreign exchange translation adjustments	239	(91)	–	148
	(11,155)	3,498	79	(7,578)
At 31 December 2021	–	11,095	1,511	12,606

* Comprises provision for legal claim, advances from a joint venture partner, other revenue tax payable, etc, which are included in "other payables" (see Note 16).

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

1 GENERAL INFORMATION

The financial statements of Eneco Energy Limited (the “Company”) and of the Group for the financial year ended 31 December 2021 were authorised for issue in accordance with a resolution of the directors on the date of the Directors’ Statement.

The Company is incorporated as a limited liability company and domiciled in Singapore and is listed on the Singapore Exchange Securities Trading Limited (SGX-ST).

The registered office and principal place of business of the Company is at 300 Tampines Avenue 5, #05-02, Singapore 529653.

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are disclosed in Note 8 to the financial statements.

2 GOING CONCERN

The Group has reported net current liabilities and net liabilities of S\$11.4 million and S\$5.4 million, respectively, as at 31 December 2021, while the Company has reported net current liabilities of S\$3.8 million.

On 3 December 2019, the Singapore Exchange Securities Trading Limited (“SGX-ST”) notified the Company that it has been placed on the Watch-list due to 3 consecutive years’ losses with effect from 4 December 2019. The Company will have to fulfil the requirements under Rule 1314 of the SGX-ST Listing Manual (“Listing Manual”) for its exit from the Watchlist within 36 months from 4 December 2019, i.e. by 3 December 2022, failing which SGX-ST would delist the Company or suspend trading in the Company’s shares with a view to delist the Company.

On 9 March 2020, the Company requested a voluntary suspension pursuant to Rule 1303(3) of the Listing Manual, pending the satisfactory conclusion and resolution of the issues raised by the Company’s auditors in connection with its ability to operate as a going concern. Arising from this voluntary suspension of the Company’s shares, the Company may have difficulty to raise fresh funds to meet the various operational cashflows needs through fund raising options. On 4 March 2021, the Company announced that they have submitted an application to seek SGX-ST’s approval to lift the voluntary trading suspension.

In addition, inflation continues to rise due to supply chain disruptions caused by the rebound from the COVID-19 pandemic and possible increase in interest rates in FY 2022 could put pressures on the Group’s and the Company’s operating cashflows requirements. These micro and macro factors indicate the existence of material uncertainties which may cast significant doubt on the ability of the Group and the Company to continue as going concern.

Notwithstanding these conditions, the directors are of the view that the preparation of the financial statements on a going concern basis remains appropriate based on the following considerations:

- a. The Group’s Logistics segment in both Singapore and Indonesia is able to generate sufficient cash flows;
- b. The Group has successfully secured a temporary bridging loan facility of S\$1.5 million from a financial institution in February 2022;
- c. The credit facility of S\$1.5 million from a third party secured back in November 2020 remains undrawn as at the balance sheet date;
- d. The proposed disposal of the Group’s Oil and Gas business as announced in November 2021 and March 2022, respectively, in the SGX-Net would have extinguished all the net liabilities associated with the Group’s Oil and Gas segment in FY2022; and

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

2 GOING CONCERN (CONTINUED)

- e. On 25 March 2022, the Company announced that it has entered into a placement agreement with SAC Capital Private Limited to raise additional funds by issuing up to an aggregate of 1.66 billion new ordinary shares at an issue price of S\$0.009 for each placement share and up to 1.66 billion detachable, transferrable and non-listed warrants, at an issue price of S\$0.001 per warrant, on the basis of one warrant for one placement share, with each warrant carrying the right to subscribe for one new ordinary share in the capital of the Company at an exercise price of \$0.009 for each warrant share.

The financial statements have been prepared on a going concern basis which contemplate the realisation of assets and the satisfaction of liabilities in the normal course of business. As described above, management has a reasonable expectation that the Group and the Company have adequate resources to continue in operational existence for the foreseeable future.

If for any reason the Group and the Company are unable to continue as a going concern, the Group and the Company may be unable to discharge their liabilities in the normal course of business and adjustments may have to be made to reflect the situation that assets may need to be realised other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the statements of financial position. In addition, the Group and the Company may have to provide for further liabilities which may arise and to reclassify non-current assets and liabilities as “current assets” and “current liabilities”, respectively.

No such adjustments have been made to the financial statements of the Group and the Company in respect of these.

3.1 BASIS OF PREPARATION

The financial statements are prepared in accordance with Singapore Financial Reporting Standards (International) (“SFRS(I)”) including related Interpretations to SFRS(I) (“SFRS(I) INT”) promulgated by the Accounting Standards Council. The financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

The financial statements are presented in Singapore Dollar which is the Company’s functional currency. All financial information presented in Singapore Dollar are rounded to the nearest thousand (“S\$’000”) except when otherwise stated. The accounting policies have been applied consistently to all years presented in these financial statements.

Significant accounting estimates and judgement

The preparation of the financial statements in conformity with SFRS(I) requires the use of judgements, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the financial period. Although these estimates are based on management’s best knowledge of current events and actions, actual results may differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

3.1 BASIS OF PREPARATION (CONTINUED)

Significant accounting estimates and judgement (Continued)

The critical accounting estimates and assumptions used in applying accounting policies and areas involving a high degree of judgement are described below.

(a) *Judgements made in applying accounting policies*

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

(i) Identification of functional currency

The functional currency of each entity in the Group is the currency of the primary economic environment in which it operates. Determination of the functional currency involves significant judgement and other companies may make different judgements based on similar facts. Management reconsiders the functional currency if there is a change in the underlying transactions, events and conditions which determines its primary economic environment.

The determination of functional currency affects the carrying amount of the non-current assets included in the statement of financial position and, as a consequence, the amortisation of those assets included in the statement of comprehensive income. It also impacts the exchange gains and losses included in the statement of comprehensive income.

(ii) Impairment of non-financial assets (Notes 4, 5 and 8)

The Group and the Company assess whether there are any indicators of impairment for non-financial assets, comprising plant and equipment, right-of-use assets, and investments in subsidiaries at the end of each reporting period. These non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable.

An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value-in-use. When value-in-use calculation is undertaken, management estimates the expected future cash flows from the asset or cash-generating unit by applying a suitable discount rate to calculate the present value of those cash flows. When fair value less costs to sell is used, it is determined by making reference to a recent sale transaction. The carrying amounts of the Group's and the Company's non-financial assets are disclosed in Notes 4, 5 and 8, respectively.

(iii) Determination of the lease term of right-of-use assets (Note 5)

The Group leases leasehold buildings, transport equipment and office equipment from third parties to operate its business. In determining the lease term of these leases, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option. Extension options (or period after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The lease term is reassessed if an option is actually exercised (or not exercised) or the Group becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects the assessment, and that is within the control of the lessee.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

3.1 BASIS OF PREPARATION (CONTINUED)

Significant accounting estimates and judgement (Continued)

(a) *Judgements made in applying accounting policies* (Continued)

(iii) Determination of the lease term of right-of-use assets (Note 5) (Continued)

For leases of leasehold buildings and transport equipment, the following factors are normally the most relevant:

- (a) If there are significant penalties to terminate (or not extend), the Group is typically reasonably certain to extend (or not terminate);
- (b) If the leasehold improvements are expected to have a significant remaining value, the Group is typically reasonably certain to extend (or not to terminate);
- (c) Otherwise, the Group considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset.

(iv) Classification of the gain on extinguishment & impairment loss on a gross basis

As at the balance sheet date, management has determined that the assets and related liabilities of the Group's 10% participating interest in the Lemang PSC to be disposed of to Jadestone Energy (Lemang) Pte Ltd met the requirements of SFRS(I) 5 – *Assets Held for Sale*. Management has also determined that the (i) the impairment loss recognised on the measurement of the disposal group held-for-sale (See Note 12); and (ii) the gain on extinguishment of the SPE liabilities (See Note 16(A)), respectively, should be presented on a gross basis in the consolidated statement of comprehensive income for the financial year ended 31 December 2021, as both transactions brought about separately identifiable financial benefits and accordingly are distinct and unlinked.

(v) Contingent liabilities

Recognition and measurement for contingent liabilities is based on management's view of the expected outcome of the contingencies after consulting legal counsel for litigation cases and experts. Details of the Group's contingent liabilities are presented in Note 34 to the financial statements.

(vii) Income tax (Note 28)

The Group has exposures to income taxes in Singapore and Indonesia. Significant judgment is involved in determining the group-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issue based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. The carrying amounts of the Group's income tax payable as at 31 December 2021 are S\$0.5 million (2020 – S\$0.5 million).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

3.1 BASIS OF PREPARATION (CONTINUED)

Significant accounting estimates and judgement (Continued)

(b) *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 on its assumptions and estimates on parameters available when the financial statements are 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.

(i) Depreciation of plant and equipment and right-of-use assets

The cost of plant and equipment and right-of-use assets are depreciated either on a straight-line basis over their estimated useful lives. Management estimates the useful lives of these plant and equipment, and right-of-use assets, to be ranging from 3 years to 10 years, and 2 years to 10 years, respectively.

Management reviews annually the estimated useful lives of plant and equipment and right-of-use assets, based on factors that include asset utilisation, internal technical evaluation, technological changes and anticipated use of the assets. It is possible that future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned.

A reduction in the estimated useful lives of these non-financial assets would increase depreciation expense and decrease non-current assets.

(ii) Estimation of the incremental borrowing rate (“IBR”)

For the purpose of calculating the right-of-use asset and lease liability, management applies the interest rate implicit in the lease (“IRIL”) and, if the IRIL is not readily determinable, management will use the IBR applicable to the lease asset. The IBR is the rate of interest that the entity would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. For most of the leases where the Group is the lessee, the IRIL is not readily determinable.

Therefore, management estimates the IBR relevant to each lease asset by using observable inputs (such as market interest rate and asset yield) when available, and then making certain lessee specific adjustments. The carrying amounts of the Group’s right-of-use assets and lease liabilities are disclosed in Notes 5 and 17, respectively. A 1% change in the discount rate from management’s estimates will not have a significant impact on Group’s profit before tax from continuing operations for the year.

As at 31 December 2021, the Group’s net trade receivables amounted to S\$9.4 million (2020 – S\$9.7 million). Management uses a provision matrix to calculate expected credit losses (ECLs) for trade receivables. Loss rates are calculated using a “roll rate” method based on the probability of a receivable progressing through successive stages of delinquency to write-off. Roll rates are calculated based on the historical observed default rates. Management will calibrate the matrix to adjust for historical credit loss experience with forward-looking information. At each reporting date, the historical default rates are updated and changes in the forward-looking estimates are analysed.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

3.1 BASIS OF PREPARATION (CONTINUED)

Significant accounting estimates and judgement (Continued)

(b) *Key sources of estimation uncertainty* (Continued)

(iii) Provision of expected credit losses of trade and other receivables (Notes 9 and 10)

The Group's and the Company's credit risk exposure on other receivables are based on qualitative and quantitative factors that are indicative of risk of default (including but not limited to external ratings, audited financial statements, management accounts, cashflow projections and available press information). Impairment on these balances have been measured on a 12-month ECL basis.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast of economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Group's trade receivables is disclosed in Notes 10 and 35.

3.2 ADOPTION OF NEW AND AMENDED STANDARDS AND INTERPRETATIONS

On 1 January 2021, the Group and the Company adopted the new and revised SFRS(I), SFRS(I) interpretations ("SFRS(I) INT") and amendments to SFRS(I), effective for the current financial year that are relevant. The adoption of these new and revised SFRS(I) pronouncements does not result in significant changes to the Group's and the Company's accounting policies and has no material effect on the amounts reported for the current or prior financial years.

Reference	Description	Effective date (Annual periods beginning on or after)
Amendments to SFRS(I) 16	<i>COVID-19 Related Rent Concessions</i>	1 June 2020
Amendments to SFRS(I) 9, SFRS(I) 1-39, SFRS(I) 7, SFRS(I) 4 and SFRS(I) 16	<i>Interest Rate Benchmark Reform – Phase 2</i>	1 January 2021

The adoption of these new and revised SFRS(I) pronouncements did not result in significant changes to the Company's accounting policies and has no material effect on the amounts or disclosures reported for the current or prior reporting periods.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

3.3 STANDARDS ISSUED BUT NOT YET EFFECTIVE

At the date of authorisation of these financial statements, the Group and the Company have not adopted the new and revised SFRS(I), SFRS(I) INT and amendments to SFRS(I) that have been issued but are not yet effective. Management anticipates that the adoption of these new and revised SFRS(I) pronouncements in future periods will not have a material impact on the Group's and the Company's financial statements in the period of their initial application, except as discussed below.

Reference	Description	Effective date (Annual periods beginning on or after)
Amendments to SFRS(I) 1-16	<i>Property, Plant and Equipment – Proceeds before Intended Use</i>	1 January 2022
Amendments to SFRS(I) 1-37	<i>Onerous Contracts – Cost of Fulfilling a Contract</i>	1 January 2022
Amendments to SFRS(I) 1-1	<i>Classification of Liabilities as Current or Non-current</i>	1 January 2023
Amendments to SFRS(I) 1-1 and SFRS(I) Practice Statement 2	<i>Disclosure of Accounting Policies</i>	1 January 2023
Amendments to SFRS(I) 1-8	<i>Definition of Accounting Estimates</i>	1 January 2023
Amendments to SFRS(I) 1-12	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>	1 January 2023

Amendments to SFRS(I) 1-16 Property, Plant and Equipment – Proceeds before Intended Use

The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced before that asset is available for use, i.e. proceeds while bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. An entity shall recognise such sales proceeds and related costs in profit or loss and measure the cost of those items in accordance with *SFRS(I) 1-2 Inventories*.

The amendments also clarify the meaning of 'testing whether an asset is functioning properly' and specify this as assessing whether the technical and physical performance of the asset is such that it is capable of being used in the production or supply of goods or services, for rental to others, or for administrative purposes.

The amendments are effective for annual periods beginning on or after 1 January 2022, with early application permitted. The amendments are applied retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. The entity shall recognise the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented.

There is no material impact expected to the Group's and the Company's financial statements on initial application.

Amendments to SFRS(I) 1-37 Onerous Contracts – Cost of Fulfilling a Contract

The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract consist of both the incremental costs of fulfilling that contract (e.g. direct labour or materials) and an allocation of other costs that relate directly to fulfilling contracts (e.g. depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

3.3 STANDARDS ISSUED BUT NOT YET EFFECTIVE (CONTINUED)

Amendments to SFRS(I) 1-37 Onerous Contracts – Cost of Fulfilling a Contract (Continued)

The amendments are effective for annual periods beginning on or after 1 January 2022, with early application permitted. The amendments apply to contracts for which the entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which the entity first applies the amendments. Comparatives are not restated. Instead, the entity shall recognise the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the date of initial application.

There is no material impact expected to the Group's and the Company's financial statements on initial application.

Amendments to SFRS(I) 1-1 Classification of Liabilities as Current or Non-current

The amendments affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items.

The amendments clarify that the classification of liabilities as current or non-current is based on the rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise the right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer of cash, equity instruments, other assets or services to the counterparty.

The amendments are applied retrospectively for annual periods beginning on or after 1 January 2023, with early application permitted.

There is no material impact expected to the Group's and the Company's financial statements on initial application.

Amendments to SFRS(I) 1-1 and SFRS(I) Practice Statement 2 Disclosure of Accounting Policies

The amendments will help to:

- improve accounting policy disclosures so that they provide more useful information to investors and other primary users of the financial statements; and
- distinguish changes in accounting estimates from changes in accounting policies.

The amendments to SFRS(I) 1-1 require companies to disclose their material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The amendments also clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. However, accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. In addition, if an entity discloses immaterial accounting policy information, such information shall not obscure material accounting policy information.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

3.3 STANDARDS ISSUED BUT NOT YET EFFECTIVE (CONTINUED)

Amendments to SFRS(I) 1-1 and SFRS(I) Practice Statement 2 Disclosure of Accounting Policies (Continued)

In support of the amendments to SFRS(I) 1-1, amendments are also made to SFRS(I) Practice Statement 2 to provide guidance on how to apply the concept of materiality to accounting policy disclosures, and illustrate how an entity could judge whether information about an accounting policy is material to its financial statements.

The amendments to SFRS(I) 1-1 are effective for annual periods beginning on or after 1 January 2023 and are applied prospectively. Earlier application is permitted. If an entity applies these amendments for an earlier period, it shall disclose that fact. The amendments to SFRS(I) Practice Statement 2 do not contain an effective date or transition requirements.

There is no material impact expected to the Group's and the Company's financial statements on initial application.

Amendments to SFRS(I) 1-8 Definition of Accounting Estimates

The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty".

Accordingly, an entity develops accounting estimates if the accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty.

The amendments clarify that a change in accounting estimate that results from new information or new developments is not a correction of an error, and that the effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors. Illustrative examples are also added to help entities understand and apply the amendments.

The amendments are effective for annual periods beginning on or after 1 January 2023 and are applied prospectively to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted.

There is no material impact expected to the Group's and the Company's financial statements on initial application.

Amendments to SFRS(I) 1-12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendments specify how companies should account for deferred tax on transactions such as leases and decommissioning obligations.

SFRS(I) 1-12 Income Taxes specifies how a company accounts for income tax, including deferred tax, which represents tax payable or recoverable in the future.

In specified circumstances, companies are exempted from recognising deferred tax when they recognise assets or liabilities for the first time. Previously, there had been some uncertainty about whether the exemption applied to transactions such as leases and decommissioning obligations – transactions for which companies recognise both an asset and a liability.

The amendments clarify that the exemption does not apply and that companies are required to recognise deferred tax on such transactions. The aim of the amendments is to reduce diversity in the reporting of deferred tax on leases and decommissioning obligations.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023, with early application permitted.

There is no material impact expected to the Group's and the Company's financial statements on initial application.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

3.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 intragroup transactions and dividends 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. Losses and other comprehensive income are attributable to the non-controlling interest even if that results in a deficit balance.

Subsidiary

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.

Thus, the Group controls an investee if, and only if, the Group has all of the following:

- (i) power over the investee;
- (ii) exposure, or rights, to variable returns from its involvement with the investee; and
- (iii) the ability to use its power over the investee to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally.

The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- (i) the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- (ii) potential voting rights held by the Group, other vote holders or other parties;
- (iii) rights arising from other contractual arrangements; and
- (iv) any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Transactions with Non-Controlling Interest

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company, and are presented separately in the consolidated statement of comprehensive income and within equity in the consolidated statement of financial position, separately from equity attributable to owners of the Company.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

3.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Consolidation (Continued)

Change in ownership interest without loss of control

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Group.

Loss of control

When the Group loses control of a subsidiary, a gain or loss is recognised in the statement of comprehensive income and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interest. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable SFRS(I)).

The fair value of any investment retained in the former subsidiary at the date when the control is lost is regarded as the fair value on the initial recognition for subsequent accounting under SFRS(I) 9, where applicable, or the cost on initial recognition of an investment in an associate or a joint venture.

Plant and equipment and depreciation

Plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Depreciation on other items of plant and equipment is calculated using the straight-line method to allocate their depreciable amount over their estimated useful lives as follows:

Office equipment	:	3 to 4 years
Furniture and fittings	:	5 to 10 years
Renovation	:	3 to 5 years
Office container	:	3 years
Tools and equipment	:	3 years
Transport equipment	:	5 to 10 years

The cost of plant and equipment includes expenditure that is directly attributable to the acquisition of the items. Dismantlement, removal or restoration costs are included as part of the cost of plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the asset.

Subsequent expenditure relating to plant and equipment that has already been recognised is added to the carrying amount of the asset when it is probable that future economic benefits in excess of the standard of performance of the asset before that expenditure was made will flow to the Group and the cost can be reliably measured. Other subsequent expenditure is recognised as an expense during the financial year in which it is incurred.

For acquisitions and disposals during the financial year, depreciation is provided from the month of acquisition and to the month before disposal, respectively. Fully depreciated plant and equipment are retained in the books of accounts until they are no longer in use.

The gain or loss arising on disposal or retirement of an item of plant and equipment is determined as the difference between the sales proceeds and the carrying amounts of the asset and is recognised in the statement of comprehensive income.

Depreciation methods, useful lives and residual values are reviewed, and adjusted as appropriate, at each reporting date as a change in estimates.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

3.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Oil and gas properties

(a) E&E assets

The Group applies the successful efforts method of accounting for Exploration and Evaluation (“E&E”) costs, having regard to the requirements of SFRS(I) 6 *Exploration for and Evaluation of Mineral Resources*.

Under the successful efforts method of accounting, all license acquisition, exploration and appraisal costs are initially capitalised in field or specific exploration area as appropriate. Expenditure incurred during the various exploration and appraisal phases is written-off unless commercial reserves have been established or the determination process has not been completed.

Pre-license costs – Costs incurred prior to having obtained the legal rights to explore an area are expensed directly to the statement of comprehensive income as they are incurred.

E&E costs – Costs of E&E are initially capitalised as E&E assets. Payments to acquire the legal right to explore, costs of technical services and studies, seismic acquisition, exploratory drilling and testing are capitalised as intangible E&E assets.

Tangible assets used in E&E activities are classified as oil and gas properties. However, to the extent that such a tangible asset is consumed in developing an intangible E&E asset, the amount reflecting the consumption is recorded as part of the cost of the intangible asset. Such intangible costs include directly attributable overheads, including the depreciation of property, plant and equipment utilised in E&E activities, together with the cost of other materials consumed during the E&E phases.

E&E costs are not amortised prior to the conclusion of appraisal activities. Intangible E&E assets are carried forward until the existence (or otherwise) of commercial reserves has been determined subject to certain limitations including review for indications of impairment. If commercial reserves have been discovered, the carrying value, after any impairment loss of the relevant E&E assets, is then reclassified as development and production assets. If, however, commercial reserves have not been found, the capitalised costs are charged to the statement of comprehensive income after conclusion of appraisal activities.

(b) Development and production assets

Development and production assets are accumulated generally on a specific exploration area basis and represent the cost of developing the commercial reserves discovered and bringing them into production, including E&E expenditures incurred in finding commercial reserves that were transferred from “investment in E&E assets” to “oil and gas properties”.

The cost of development and production assets also includes the cost of acquisitions and purchases of such assets, directly attributable overheads, borrowing costs capitalised, and the cost of recognising provisions for future restoration and decommissioning.

The cost of development and production assets are capitalised as completed wells and related facilities when drilling or construction is completed. Uncompleted wells and related facilities are not depreciated as these assets are not yet available for use.

The carrying amount of producing assets are depreciated generally on a specific exploration area basis using the unit-of-production (“UOP”) method by reference to the ratio of production in the period and the related commercial reserve of the field.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

3.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases

(i) The Group as a lessee

The Group assesses whether a contract is or contains a lease at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of twelve months or less) and leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

(a) Lease liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses the incremental borrowing rate specific to the lessee.

The incremental borrowing rate is defined as the rate of interest that the lessee would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentive;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

Variable lease payments that are not based on an index or a rate are not included as part of the measurement and initial recognition of the lease liability. The Group shall recognise those lease payments in the statement of comprehensive income in the periods that trigger those lease payments.

For all contracts that contain both lease and non-lease components, the Group has elected not to separate lease and non-lease components and account these as one single lease component.

The lease liabilities are presented as a separate line item in the statement of financial position. The lease liability is subsequently measured at amortised cost, by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

3.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases (Continued)

(i) The Group as a lessee (Continued)

(a) Lease liability (Continued)

The Group remeasures the lease liability (with a corresponding adjustment to the related right-of-use asset or to statement of comprehensive income if the carrying amount of the right-of-use asset has already been reduced to nil) whenever:

- the lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which case the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payment change is due to a change in the floating interest rate, in which case a revised discount rate is used); or
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

(b) Right-of-use asset

The right-of-use asset comprises the initial measurement of the corresponding lease liability, lease payments made at or before the commencement date, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

When the Group incurs an obligation for costs to dismantle and remove a leased asset, the Group is required to restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under SFRS(I) 1-37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Depreciation on right-of-use assets is calculated using the straight-line method to allocate their depreciable amounts over the shorter period of lease term and useful life of the underlying asset, as follows:

Leasehold buildings	:	3 to 4 years
Transport equipment	:	5 to 10 years
Other equipment	:	2 to 3 years

If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line item in the statement of financial position. The Group applies SFRS(I) 1-36 to determine whether the right-of-use asset is impaired and accounts for any identified impairment loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

3.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases (Continued)

(ii) The Group as a lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease, if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

At inception or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. If an arrangement contains lease and non-lease components, then the Group applies SFRS(I) 15 to allocate the consideration in the contract. The Group applies the derecognition and impairment requirements in SFRS(I) 9 to the net investment in the lease. The Group regularly reviews the estimated unguaranteed residual values used in calculating the gross investment in the lease.

Intangible assets

Intangible assets acquired separately are measured initially at cost. Following initial acquisition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in the statement of comprehensive income in which the expenditure is incurred. 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 the statement of comprehensive income when the asset is de-recognised. Intangible assets relate to software which was acquired separately and is amortised on a straight-line basis over their useful life of 3 to 4 years.

Investments in subsidiaries

In the Company's separate financial statements, investments in subsidiaries are stated at cost less allowance for any impairment losses on an individual subsidiary basis.

NOTES TO THE *FINANCIAL STATEMENTS*

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

3.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Joint arrangements

A joint arrangement is a contractual arrangement whereby two or more parties have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. A joint arrangement is classified either as joint operation or joint venture, based on the rights and obligations of the parties to the arrangement.

To the extent the joint arrangement provides the Group with rights to the assets and obligations for the liabilities relating to the arrangement, the arrangement is a joint operation. To the extent the joint arrangement provides the Group with rights to the net assets of the arrangement, the arrangement is a joint venture. The joint arrangements of the Group are classified as joint operations whereby the Group recognises in relation to its interest in a joint operation:

- (a) its assets, including its share of any assets held jointly;
- (b) its liabilities, including its share of any liabilities incurred jointly;
- (c) its revenue from the sale of its share of the output arising from the joint operation;
- (d) its share of the revenue from the sale of the output by the joint operation; and
- (e) its expenses, including its share of any expenses incurred jointly.

The Group accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the accounting policies applicable to the particular assets, liabilities, revenues and expenses.

Non-current assets held-for-sale and discontinued operation

Non-current assets, or disposal groups comprising assets and liabilities, that are highly probable to be recovered primarily through sale rather than through continuing use, are classified as held-for-sale. Immediately before classification as held-for-sale, the assets, or the components of the disposal group, are remeasured in accordance with the Group's accounting policies.

Thereafter, the assets or disposal group, classified as held-for-sale are generally measured at the lower of their carrying amount and fair value less cost to sell. Any impairment loss on a disposal group is first allocated to goodwill, and then to the remaining assets on a pro-rata basis. Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognised in statement of comprehensive income. Gains are not recognised in excess of any cumulative impairment loss.

A discontinued operation is a component of an entity that either has been disposed of, or that is classified as held-for-sale and:

- (a) represents a separate major line of business or geographical area of operations;
- (b) is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or
- (c) is a subsidiary acquired exclusively with a view to resale.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

3.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment of non-financial assets

As at each reporting date, the Group and the Company review the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group and the Company estimate the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the statement of comprehensive income, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the statement of comprehensive income, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Inventories

Inventories are carried at the lower of cost and net realisable value. Cost is determined on a first-in, first-out basis, and includes all costs in bringing the inventories to their present location and condition. In the case of manufactured inventory, cost includes production overheads. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale. Provision is made for obsolete, slow-moving and defective inventories in arriving at the net realisable value.

Financial instruments

Financial instruments carried on the statement of financial position include financial assets and financial liabilities. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item. These are recognised on the Group's and the Company's statement of financial position when the Group and the Company become a party to the contractual provisions of the instrument.

Disclosures of the Group's and the Company's financial risk management objectives and policies are provided in Note 35.

Financial assets and financial liabilities are offset and the net amount presented on the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the recognised amounts, and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

3.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, and subsequently measured at amortised cost, fair value through other comprehensive income (“FVOCI”), or fair value through profit or loss (“FVTPL”).

The classification of financial assets at initial recognition depends on the financial asset’s contractual cash flow characteristics and the Group’s and the Company’s business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group and the Company have applied the practical expedient, the Group and the Company initially measure a financial asset at its fair value plus, in the case of financial asset not at fair value through profit or loss, transaction costs.

Trade receivables are measured at the amount of consideration to which the Group and the Company expect to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third party if the trade receivables do not contain a significant financing component at initial recognition.

In order for a financial asset to be classified and measured at amortised cost or FVOCI, it needs to give rise to cash flows that are “solely payments of principal and interest” (“SPPI”) on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group’s and the Company’s business model for managing financial assets refer to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments);
- Financial assets at FVOCI with recycling of cumulative gains and losses (debt instruments);
- Financial assets designated at FVOCI with no recycling of cumulative gains and losses upon derecognition (equity instruments); or
- Financial assets at FVTPL.

The Group and the Company do not hold any financial assets at FVOCI or financial assets at FVTPL.

Subsequent measurement of debt instruments depends on the Group’s and the Company’s business model with the objective to hold financial assets in order to collect contractual cash flows and the contractual cash terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal and interest on the principal amount outstanding the asset.

Financial assets that are held for the collection of contractual cash flows where those cash flows represent SPPI are measured at amortised cost. Financial assets are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in the statement of comprehensive income when the assets are derecognised or impaired, and through the amortisation process.

The Group’s and the Company’s financial assets at amortised cost comprise trade and other receivables and cash and cash equivalents (including fixed deposits).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

3.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial assets (Continued)

Impairment of financial assets

The Group and the Company assess on a forward-looking basis the expected credit losses (“ECLs”) associated with its debt instrument assets carried at amortised cost and FVOCI. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group and the Company expect to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (12-month ECLs).

For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (lifetime ECLs).

For trade receivables, the Group and the Company measure the loss allowance at an amount equal to lifetime ECLs. Therefore, the Group and the Company do not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at the end of each reporting period. The Group and the Company have established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group and the Company consider a financial asset to be in default when internal or external information indicates that the Group and the Company are unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group and the Company.

Credit-impaired financial assets

A financial asset is ‘credit-impaired’ when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of these assets. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Value-added tax

Revenue, expenses and assets are recognised net of the amount of value-added tax (“VAT”), except where the VAT incurred on a purchase of assets or services is not recoverable from the taxation authorities, in which case the VAT is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable, and except that trade receivables and trade payables are recorded with the amount of VAT included. The net amount of VAT recoverable from or payable to the taxation authorities are included as part of other receivables or other payables in the statement of financial position.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

3.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account.

Treasury shares

The Group's own equity instruments, which are reacquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in the statement of comprehensive income on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount of treasury shares and the consideration received, if reissued, is recognised directly in equity. Voting rights related to treasury shares are nullified for the Group and no dividends are allocated to them.

Dividends

Final dividends proposed by the directors are not accounted for in shareholders' equity as an appropriation of retained profit, until they have been approved by the shareholders in a general meeting. When these dividends have been approved by the shareholders and declared, they are recognised as a liability.

Interim dividends are simultaneously proposed and declared, because the Company's Constitution grants the directors the authority to declare interim dividends. Consequently, interim dividends are recognised directly as a liability when they are proposed and declared.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits, and short-term, highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

Financial liabilities

Initial recognition and measurement

The Group and the Company determine the classification of its financial liabilities at initial recognition. All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at FVTPL, directly attributable transaction costs.

Borrowings to be settled within the Group's normal operating cycle are considered as "current". Other borrowings due to be settled more than 12 months after the reporting date are included in "non-current" borrowings in the statement of financial position. Borrowings are recognised initially at fair value of proceeds received less attributable transaction costs, if any. Borrowings are subsequently stated at amortised cost which is the initial fair value less any principal repayments. Any difference between the proceeds (net of transaction costs) and the redemption value is taken to the statement of comprehensive income over the period of the borrowings using the effective interest method. The interest expense is chargeable on the amortised cost over the period of borrowing using the effective interest method.

Subsequent measurement

After initial recognition, financial liabilities that are not carried at FVTPL are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in the statement of comprehensive income when the liabilities are derecognised, and through the amortisation process.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. 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 the statement of comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

3.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial guarantees

Financial guarantees are financial instruments issued by the Company that require the issuer to make specified payments to reimburse the holder for the loss it incurs because a specified debtor fails to meet payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantees issued are initially measured at fair value. Subsequently, they are measured at the higher of the loss allowance determined in accordance with SFRS(I) 9 and the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of SFRS(I) 15.

ECLs are probability-weighted estimate of credit losses. ECLs are measured for financial guarantees issued as the expected payments to reimburse the holder less any amounts that the Company expects to recover.

Provisions

Provisions are recognised when the Group and the Company have a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Present obligations arising from onerous contracts are recognised as provisions.

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.

Provision for cargo and motor vehicle claims

Provision for cargo and motor vehicle claims is recognised for all claims lodged by the customers or external parties which relate to services rendered by the Group or motor accident claims up to the end of the reporting period. The amount of provision made is based on the nature of the claims, the extent of the damages and the record of settlements in previous years.

Provision for reinstatement cost

Provision for reinstatement cost arises from the leases of office and building. The provision for reinstatement cost is provided based on actual quotations by third parties.

Provision for abandonment and site restoration liabilities ("ASR")

The Group recognises its obligations for the future removal and site restoration of gas production facilities, wells, pipelines and related assets in accordance with the provisions in the technical assistance contracts or in line with applicable regulations. Initial estimated costs for dismantlement and site restoration of oil and gas properties are to be recognised as part of acquisition costs of the oil and gas properties, which will subsequently be depreciated as part of the acquisition costs of the asset.

In most instances, the removal of these assets will occur many years in the future. The provision for future restoration costs is the best estimate of the present value of the future expenditures required to undertake the restoration obligation at the reporting date, based on current legal requirements. The estimate of future removal costs therefore requires management to make judgements regarding the timing of removal, the extent of restoration activities required and future removal technologies.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

3.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 statement of financial position 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.

Employee benefits

The Group participates in national pension schemes as defined by the laws of the countries in which it operates.

Defined contribution plan

The Company and its subsidiaries operating in Singapore contribute to the Central Provident Fund, a defined contribution plan regulated and managed by the Government of Singapore, which applies to the majority of the employees. The contributions to the national pension scheme are charged to the profit or loss in the period to which the contributions relate.

Defined benefit plan

As required by Indonesian Law, the Group makes contributions to the defined contributions state pension scheme, Jamsostek contributions, which are recognised as compensation expense in the same period as the employment that gives rise to the contributions. The ASTEK fund from Jamsostek contributions is responsible for the entire insurance claim relating to accidents incurred by the employees at the workplace and for the entire retirement benefit obligations of the related employees under the said state pension scheme.

The Group has recognised unfunded employee benefits liability in accordance with Indonesian Labor Law No. 13/2003 dated 25 March 2003 (“the Law”). The calculation is performed annually by qualified actuaries using the projected unit credit method. When the calculation results in a benefit to the Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements that apply to any plan in the Group. An economic benefit is available to the Group if it is realisable during the life of the plan, or on settlement of the plan liabilities.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

3.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Employee benefits (Continued)

Defined benefit plan (Continued)

Remeasurements of the net defined benefit liability comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest). The Group recognises them immediately in other comprehensive income and all expenses related to defined benefit plans in employee benefits expense in profit or loss. When the benefits of a plan are changed, or when a plan is curtailed, the portion of the changed benefit related to past service by employees, or the gain or loss on curtailment, is recognised immediately in the statement of comprehensive income when the plan amendment or curtailment occurs.

The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs. The gain or loss on settlement is the difference between the present value of the defined benefit obligation being settled as determined on the date of settlement and the settlement price, including any plan assets transferred and any payments made directly by the Group in connection with the settlement.

Employee leave entitlement

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

Employee share options

Eligible 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 employees is measured by reference to the fair value of the options at the date on which the options are granted which takes into account market conditions and non-vesting conditions.

This cost is recognised in the statement of comprehensive income, with a corresponding increase in the share-based payment 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 the statement of comprehensive income for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in "share based payment expenses".

No expense is recognised for options that do not ultimately vest, except for options where vesting is conditional upon a market or non-vesting condition, which are treated as vested irrespective of whether or not the market condition or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied. In the case where the option does not vest as the result of a failure to meet a non-vesting condition that is within the control of the Group or the employee, it is accounted for as a cancellation. In such case, the amount of the compensation cost that otherwise would be recognised over the remainder of the vesting period is recognised immediately in the statement of comprehensive income upon cancellation. The employee share option reserve is transferred to retained earnings upon expiry of the share options.

The fair value of the employee share option is determined on conditional grant date using the Black Scholes pricing model which takes into account the market conditions and non-vesting conditions.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

3.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Employee benefits (Continued)

Employee share award plan

Pursuant to the Eneco Group Performance Share Plan (“EGPSP”), the Company’s shares are granted to eligible employees and Directors of the Group.

The performance shares cost is charged at the share price of grant date and recognised in the statement of comprehensive income over the vesting periods from the grant date.

When the options are exercised or share awards are vested, the share-based payment reserve is transferred to share capital if new shares are issued, or to treasury shares if the options or awards vested are satisfied by the reissuance of treasury shares.

The fair value of share awards granted under the EGPSP is based on the share price at the date of grant.

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 Company and the Group 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 Company or the Group or of a parent of the Company.
- (b) An entity is related to the Company and the Group 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); or
 - (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

3.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income taxes

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred income tax is recognised for temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in financial statements. A deferred income tax liability is recognised on temporary differences arising on investments in subsidiaries, except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

Deferred income tax is measured:

- (i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period; and
- (ii) based on the tax consequence that will follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amounts of its assets and liabilities.

Current and deferred income taxes are recognised as income or expense in profit or loss, except to the extent that the tax arises from a business combination or a transaction which is recognised either on other comprehensive income or directly in equity. Deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Revenue

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Revenue is recognised when the Group satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the goods or services. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

Rendering of logistics services

Logistics services refer to the provision of warehousing services, transportation services and inventory management services.

Warehousing services refer to the provision of storage of the customer's products, revenue is recognised over time as services are being transferred to the customers based on the time elapsed.

Transportation services include local delivery of goods. Revenue is recognised upon completion of the service which is expected to approximate revenue to be recognised over time, based on the time elapsed, due to the short-term service period. Services are billed upon completion on a monthly basis.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

3.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue (Continued)

Rendering of logistics services (Continued)

Inventory management services include rendering of import clearance, documentation and trucking services for inbound shipment and other related services over a specified time period. Revenue is recognised when services are completed. Management expects this to approximate the amount of revenue to be recognised over time, based on the time elapsed. Services are billed on a monthly basis.

Oil and gas sales

Revenue from sales of oil and gas are recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods as performance obligation is judged to have been satisfied and revenue is therefore recognised upon delivery to customers.

Interest income

Interest income is recognised using the effective interest method.

Government grant

Grants from the government are recognised as a receivable at their fair value when there is reasonable assurance that the grant will be received, and the Group will comply with all the attached conditions.

Government grants received are recognised as income over the periods necessary to match them with the related costs which they are intended to compensate, on a systematic basis. Government grants relating to expenses are shown separately as other income.

Functional currencies

Functional and presentation currency

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates (“functional currency”). The functional currency of the Company is Singapore Dollar.

The consolidated financial statements of the Group and the statement of financial position of the Company are presented in Singapore Dollar. The choice of presentation currency is to better reflect the currency that mainly determines economic effects of transactions, events and conditions of the Group.

Conversion of foreign currencies

Foreign currency transactions and balances

Transactions in a currency other than the functional currency (“foreign currency”) are translated into the functional currency using the exchange rates at the date of the transactions. Currency translation differences from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the end of reporting period are recognised in profit or loss, unless they arise from borrowings in foreign currencies and net investment in foreign operations. Those currency translation differences are recognised in the currency translation reserve in the consolidated financial statements and transferred to profit or loss as part of the gain or loss on disposal of the foreign operation.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

3.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Conversion of foreign currencies (Continued)

Foreign currency transactions and balances (Continued)

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the date of the transactions.

Group entities

The results and financial position of all the Group entities (*none of which has the currency of a hyperinflationary economy*) and the Company that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (i) Assets and liabilities (including comparatives) are translated at the closing exchange rates at the end of reporting period;
- (ii) Income and expenses for each statement presenting profit or loss and other comprehensive income (i.e. including comparatives) shall be translated at exchange rates at the dates of transactions; and
- (iii) All resulting currency translation differences are recognised in other comprehensive income and accumulated in the currency translation reserve.

Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenue and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker has been identified as the Chief Executive Officer who makes strategic resource allocation decisions.

Earnings per share

The Group presents basic and diluted earnings per share data for its ordinary shares. Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted-average number of ordinary shares outstanding during the year, adjusted for own shares held. Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted-average number of ordinary shares, adjusted for own shares held, for the effects of all dilutive potential ordinary shares which comprise convertible notes and share options granted to employees.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

4 PLANT AND EQUIPMENT/OIL AND GAS PROPERTIES

The Group	Office equipment	Furniture and fittings	Renovation	Office containers	Tools and equipment	Transport equipment	Plant and equipment, total	Oil and gas properties	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Cost									
At 1 January 2020	3,357	791	1,863	52	194	11,431	17,688	51,983	69,671
Additions	66	40	15	6	2	284	413	86	499
Reclassification from "right-of-use assets" upon full repayment of lease liabilities (Note 5)	-	-	-	-	-	360	360	-	360
Disposals/written-off	(98)	-	(20)	-	-	(1,607)	(1,725)	-	(1,725)
Change in ASR provision (Note 19)	-	-	-	-	-	-	-	(221)	(221)
Net exchange differences	(4)	(2)	(10)	-	-	(132)	(148)	(747)	(895)
At 31 December 2020	3,321	829	1,848	58	196	10,336	16,588	51,101	67,689
Additions	124	1	5	-	40	235	405	-	405
Reclassification from "right-of-use assets" upon full repayment of lease liabilities (Note 5)	-	-	-	-	-	865	865	-	865
Reclassification to assets of disposal group held-for-sale (Note 12)	-	-	-	-	-	-	-	(14,218)	(14,218)
Disposals/written-off	(565)	-	-	(2)	(1)	(2,403)	(2,971)	-	(2,971)
Net exchange differences	3	2	3	-	1	34	43	1,144	1,187
At 31 December 2021	2,883	832	1,856	56	236	9,067	14,930	38,027	52,957

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

4 PLANT AND EQUIPMENT/OIL AND GAS PROPERTIES (CONTINUED)

The Group	Office equipment	Furniture and fittings	Renovation	Office containers	Tools and equipment	Transport equipment	Plant and equipment, total	Oil and gas properties	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Accumulated depreciation and impairment loss									
At 1 January 2020	3,092	566	1,023	35	181	10,681	15,578	45,510	61,088
Depreciation for the year (Notes 27, 29)	149	106	241	7	10	387	900	35	935
Impairment loss recognised (Note 29)	-	-	-	-	-	-	-	5,579	5,579
Reclassification from "right-of-use assets" upon full repayment of lease liabilities (Note 5)	-	-	-	-	-	186	186	-	186
Disposals/written-off	(97)	-	(19)	-	-	(1,554)	(1,670)	-	(1,670)
Change in ASR provision (Note 19)	-	-	-	-	-	-	-	(221)	(221)
Net exchange differences	(4)	(2)	(3)	-	-	(126)	(135)	(903)	(1,038)
At 31 December 2020	3,140	670	1,242	42	191	9,574	14,859	50,000	64,859
Depreciation for the year (Notes 27, 29)	96	91	214	7	8	280	696	-	696
Impairment loss recognised (Note 12)	-	-	-	-	-	-	-	1,119	1,119
Reclassification from "right-of-use assets" upon full repayment of lease liabilities (Note 5)	-	-	-	-	-	433	433	-	433
Reclassification to assets of disposal group held-for-sale (Note 12)	-	-	-	-	-	-	-	(14,218)	(14,218)
Disposals/written-off	(508)	-	-	(2)	(1)	(2,324)	(2,835)	-	(2,835)
Net exchange differences	3	2	3	-	1	33	42	1,126	1,168
At 31 December 2021	2,731	763	1,459	47	199	7,996	13,195	38,027	51,222
Carrying amount									
As at 31 December 2021	152	69	397	9	37	1,071	1,735	-	1,735
As at 31 December 2020	181	159	606	16	5	762	1,729	1,101	2,830

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

4 PLANT AND EQUIPMENT/OIL AND GAS PROPERTIES (CONTINUED)

Impairment loss recognised on oil and gas properties

The carrying amount of the Group's oil and gas properties relates mainly to the Group's interest in the Lemang PSC Block held via PT Hexindo Gemilang Jaya.

On November 2021, the Group announced that it had entered into a settlement and transfer agreement to dispose of the Group's 10% participating interest in Lemang PSC to Jadestone Energy (Lemang) Pte Ltd ("Jadestone"). Accordingly, management has reclassified the oil and gas properties to "assets of disposal group held-for-sale" and measured the assets at the lower of cost and fair value less costs to sell. Consequently, an impairment loss of S\$1,119,000 has been recognised in the consolidated statement of comprehensive income (see Note 12).

In the previous financial year, the recoverable amounts of the Group's oil and gas properties was determined based on the fair value less cost of disposal by making reference to the recent sale transaction of the 90% participating interest in Lemang PSC Block by Mandala Energy Lemang Pte. Ltd. ("Mandala") to Jadestone which was completed in December 2020, which is a fair value hierarchy Level 2 measurement. Accordingly, an impairment loss of S\$5,579,000 was recognised in the consolidated statement of comprehensive income as the carrying amount exceeded the recoverable amount as at 31 December 2020.

The Company	Renovations	Office equipment	Total
	S\$'000	S\$'000	S\$'000
<u>Cost</u>			
At 1 January 2020	37	121	158
Additions	–	7	7
Disposals/written-off	(19)	(52)	(71)
At 31 December 2020	18	76	94
Additions	–	7	7
Disposals	–	(5)	(5)
At 31 December 2021	18	78	96
<u>Accumulated depreciation</u>			
At 1 January 2020	26	114	140
Depreciation for the year	4	4	8
Disposals/written-off	(19)	(51)	(70)
At 31 December 2020	11	67	78
Depreciation for the year	3	4	7
Disposals	–	(2)	(2)
At 31 December 2021	14	69	83
<u>Carrying amount</u>			
At 31 December 2021	4	9	13
At 31 December 2020	7	9	16

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

5 RIGHT-OF-USE ASSETS

The Group	Leasehold buildings	Transport equipment	Office equipment	Tools and equipment	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Cost					
At 1 January 2020	12,887	10,633	45	-	23,565
New leases entered during the year	1,328	588	-	-	1,916
Early termination/end of lease	(1,106)	(719)	-	-	(1,825)
Reclassification to "plant and equipment" on full repayment of lease liabilities (Note 4)	-	(360)	-	-	(360)
Net exchange differences	(6)	(125)	-	-	(131)
At 31 December 2020	13,103	10,017	45	-	23,165
New leases entered during the year	527	2,281	56	41	2,905
Early termination/end of lease	(218)	(798)	(45)	-	(1,061)
Reclassification to "plant and equipment" on full repayment of lease liabilities (Note 4)	-	(865)	-	-	(865)
Net exchange differences	3	42	-	-	45
At 31 December 2021	13,415	10,677	56	41	24,189
Accumulated depreciation					
At 1 January 2020	3,064	2,390	12	-	5,466
Depreciation for the year (Note 27)	3,164	1,700	15	-	4,879
Early termination/end of lease	(1,106)	(377)	-	-	(1,483)
Reclassification to "plant and equipment" on full repayment of lease liabilities (Note 4)	-	(186)	-	-	(186)
Net exchange differences	(4)	(21)	-	-	(25)
At 31 December 2020	5,118	3,506	27	-	8,651
Depreciation for the year (Note 27)	3,005	1,602	19	3	4,629
Early termination/end of lease	(218)	(772)	(27)	-	(1,017)
Reclassification to "plant and equipment" on full repayment of lease liabilities (Note 4)	-	(433)	-	-	(433)
Net exchange differences	3	16	-	-	19
At 31 December 2021	7,908	3,919	19	3	11,849
Carrying amount					
At 31 December 2021	5,507	6,758	37	38	12,340
At 31 December 2020	7,985	6,511	18	-	14,514

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

5 RIGHT-OF-USE ASSETS (CONTINUED)

The Company	Transport equipment
	S\$'000
Cost	
At 1 January 2020, 31 December 2020 and 31 December 2021	210
Accumulated depreciation	
At 1 January 2020	39
Depreciation for the year	42
At 31 December 2020	81
Depreciation for the year	41
At 31 December 2021	122
Carrying amount	
At 31 December 2021	88
At 31 December 2020	129

As at 31 December 2021, the Group's and the Company's right-of-use assets amounting to S\$5.8 million and S\$0.1 million (2020 – S\$5.9 million and S\$0.1 million) respectively, were pledged as collaterals for lease liabilities as disclosed under Note 17.

As at 31 December 2021, leasehold buildings in the Group's right-of-use assets comprise the Group's 100% interests in (i) 6 leases of warehouse and office premises in Singapore, with gross floor areas between 3,500 square feet to 175,000 square feet with remaining tenure between 12 months to 24 months; and (ii) a lease of an office premise in Jakarta, Indonesia with gross floor area of approximately 6,426 square feet with remaining tenure of less than 1 year, and (iii) a pool yard in Sukaraja Village Lumpung Indonesia with floor area of approximately 24,714 square feet with remaining tenure of less than 2 years.

The statement of comprehensive income shows the following amounts relating to leases:

	2021	2020
	S\$'000	S\$'000
Interest expense on lease liabilities (Note 26)	699	834
Short-term leases of office equipment, warehouse and transport equipment (Note 27)	480	385

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

6 INTANGIBLE ASSETS

The Group	Goodwill	Computer software	Total
	S\$'000	S\$'000	S\$'000
Cost			
At 1 January 2020	993	1,881	2,874
Additions	-	62	62
Disposal	-	(17)	(17)
At 31 December 2020	993	1,926	2,919
Additions	-	39	39
Disposal	-	(136)	(136)
At 31 December 2021	993	1,829	2,822
Accumulated amortisation and impairment losses			
At 1 January 2020	993	1,795	2,788
Amortisation for the year (Note 27)	-	80	80
Disposals	-	(13)	(13)
At 31 December 2020	993	1,862	2,855
Amortisation for the year (Note 27)	-	29	29
Disposals	-	(114)	(114)
At 31 December 2021	993	1,777	2,770
Carrying amount			
At 31 December 2021	-	52	52
At 31 December 2020	-	64	64

7 INVESTMENTS IN EXPLORATION AND EVALUATION ASSETS

Investments in exploration and evaluation assets refer to the participating rights in the oil and gas sharing contract, signature bonus and capitalised cost relating to the directly attributable overheads in the exploration and evaluation activities.

The Group	S\$'000
Cost	
At 1 January 2020	18,839
Net exchange differences	(176)
At 31 December 2020	18,663
Reclassification to assets of disposal group classified as held-for-sale (Note 12)	(19,081)
Net exchange differences	418
At 31 December 2021	-
Accumulated amortisation and impairment loss	
At 1 January 2020	18,133
Amortisation during the year (Note 29)	43
Net exchange differences	(165)
At 31 December 2020	18,011
Amortisation during the year (Note 29)	38
Impairment (Note (a))	624
Reclassification to assets of disposal group classified as held-for-sale (Note 12)	(19,081)
Net exchange differences	408
At 31 December 2021	-
Carrying amount	
At 31 December 2021	-
At 31 December 2020	652

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

7 INVESTMENTS IN EXPLORATION AND EVALUATION ASSETS (CONTINUED)

Note (a):

In November 2021, the Group announced that it had entered into a settlement and transfer agreement to dispose of the Group's 10% participating interest in Lemang PSC to Jadestone Energy (Lemang) Pte Ltd. Accordingly, management has reclassified the assets as part of the disposal group held-for-sale and measured the assets at the lower of cost and fair value less costs to sell. Consequently, an impairment loss of S\$624,000 has been recognised in the consolidated statement of comprehensive income (see Note 12).

8 INVESTMENTS IN SUBSIDIARIES

	2021	2020
The Company	S\$'000	S\$'000
Unquoted shares, at cost	9,926	9,926
Loans extended to subsidiaries (non-trade) (Note (a))	93,581	93,581
	103,507	103,507
Impairment loss	(94,279)	(94,279)
	9,228	9,228

Note (a):

These non-trade loans extended to subsidiaries are unsecured, non-interest bearing with repayment terms at the discretion of the subsidiaries. As the amount is, in substance, a part of the Company's net investment in the subsidiary, it is considered to be part of the cost of investment, and is stated at cost, less impairment losses, if any.

Details of the subsidiaries are set out below:

Name	Country of incorporation/ principal place of business	Effective equity interest		Principal activities
		2021 %	2020 %	
<i>Held by the Company</i>				
REL Oil & Gas Pte Ltd*	Singapore	100	100	Investment holding
RichLand Global Pte Ltd*	Singapore	100	100	Investment holding
Eneco Singapore Pte Ltd*	Singapore	100	100	Dormant
<i>Held through RichLand Global Pte Ltd</i>				
RichLand Logistics Services Pte Ltd*	Singapore	100	100	Provision of transportation management and airport cargo terminal handling
RichLand Chemical Logistics Pte Ltd*	Singapore	100	100	Dormant
PT. RichLand Indonesia**	Indonesia	99	99	Investment holding

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

8 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Details of the subsidiaries are set out below: (Continued)

Name	Country of incorporation/ principal place of business	Effective equity interest		Principal activities
		2021 %	2020 %	
<i>Held through PT. RichLand Indonesia</i> PT. RichLand Logistics Indonesia**	Indonesia	[^] 100	[^] 100	Provision of transportation and logistics services
<i>Held through RichLand Logistics Services Pte Ltd</i> PT. RichLand Indonesia**	Indonesia	1	1	Investment holding
<i>Held through REL Oil & Gas Pte Ltd</i> Ramba Energy Investment Limited##	British Virgin Islands	100	100	Investment holding
<i>Held through Ramba Energy Investment Limited</i> Ramba Energy Indonesia Limited##	British Virgin Islands	100	100	Investment holding
<i>Held through Ramba Energy Indonesia Limited</i> Ramba Energy Exploration Ltd##	British Virgin Islands	100	100	Investment holding
Ramba Energy Lemang Limited##	British Virgin Islands	100	100	Investment holding
Ramba Energy Jatirarangon Limited**	Bermuda	100	100	Exploration and production of oil and gas
<i>Held through Ramba Energy Exploration Ltd</i> Ramba Energy West Jambi Limited** ("REWJ")	British Virgin Islands	100	100	Exploration and production of oil and gas
<i>Held through Ramba Energy Lemang Limited</i> PT Hexindo Gemilang Jaya** ("PT Hexindo")	Indonesia	80.4	80.4	Exploration and production of oil and gas

[^] In FY2020, 51% of the shares are being held by PT Lumbung Surya Putra, which in turn has pledged the shares to RichLand Global Pte Ltd. In FY2021, these shares had been transferred to PT. Satria Suria Makmur Jaya (33%) and Asterial Holdings Limited (18%). Both companies had pledged their shares to RichLand Global Pte Ltd.

* Audited by Foo Kon Tan LLP, Singapore

** Audited by Hadori Sugiarto Adi & Rekan, Indonesia, a member firm of HLB International for the purpose of group consolidation

Not required to be audited under laws of incorporation and these entities are also not material to the Group

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

8 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

In accordance with Rule 716 of SGX-ST Listing Rules, the Audit Committee and the Board of Directors of the Company confirmed that they have complied with Listing Rules 712 and 715 with regard to the appointment of the auditing firm for the Company and the significant subsidiaries.

(a) Interest in subsidiary with material non-controlling interest ("NCI")

The NCI of PT Hexindo has an effective interest of 19.6% (2020 – 19.6%) as at the end of the reporting period.

	31 December 2021 S\$'000	31 December 2020 S\$'000 (Restated)
Profit/(loss) allocated to NCI during the reporting period	1,556	(839)
Accumulated NCI at the end of the reporting period – accumulated losses	<u>(7,283)</u>	<u>(8,615)</u>

(b) Summarised financial information about subsidiary with material NCI

Summarised financial information including goodwill on acquisition and consolidation adjustments and after intercompany eliminations of subsidiary with material NCI are as follows:

Summarised statement of financial position

	31 December 2021 S\$'000	31 December 2020 S\$'000 (Restated)
Current		
Assets	15,784	14,019
Liabilities	<u>(1,838)</u>	<u>(1,392)</u>
Net current assets	13,946	12,627
Non-current		
Assets	–	4,542
Liabilities	<u>(51,104)</u>	<u>(61,127)</u>
Net non-current liabilities	<u>(51,104)</u>	<u>(56,585)</u>
Net liabilities	<u>(37,158)</u>	<u>(43,958)</u>

Summarised statement of comprehensive loss

	2021 S\$'000	2020 S\$'000
Revenue	–	–
Total comprehensive income/(loss)	<u>6,796</u>	<u>(3,342)</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

8 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

(b) Summarised financial information about subsidiary with material NCI (Continued)

Other summarised information

	2021	2020
	S\$'000	S\$'000
Net cash flow generated from operations	<u>80</u>	<u>78</u>

(c) Interest in joint operations held through the subsidiaries

The Group holds interests in each contract area for the right to explore and produce oil and gas through its subsidiaries. The Group's interests in oil and gas blocks are listed in the following table.

Contract Area (Date of Expiry)	Held by (Place of operation)	Effective participating interest		Description
		2021 %	2020 %	
Lemang PSC Block (Expiry: year 2037)	PT Hexindo Gemilang Jaya (Indonesia)	10	10	Exploration and production of oil and gas

For each contract area where the Group and other partners jointly hold interests in, the respective interests are accounted for as joint operations. In November 2021, the Group announced that it has entered into a settlement and transfer agreement to transfer the remaining 10% participating interest in Lemang PSC to the existing operator (See Note 12).

9 OTHER RECEIVABLES

	The Group		The Company	
	31 December 2021 S\$'000	31 December 2020 S\$'000	31 December 2021 S\$'000	31 December 2020 S\$'000
Other receivables (Note A)	22,927	22,900	-	-
Amount due from subsidiaries (Note B)	-	-	6,063	4,998
Impairment loss recognised	(22,927)	(22,900)	(6,047)	(3,558)
Other receivable, net	-	-	16	1,440
Refundable deposits	509	476	-	7
Sundry receivables	296	131	-	38
Disbursements due from customers	7	17	-	-
Financial assets at amortised cost	812	624	16	1,485
Value added tax receivables (Note C)	-	3,440	-	-
Input GST receivable, net	-	-	9	14
	812	4,064	25	1,499
<u>Represented by:</u>				
Non-current	-	3,440	-	-
Current	812	624	25	1,499
	812	4,064	25	1,499

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

9 OTHER RECEIVABLES (CONTINUED)

Note A: Other receivables that had been fully impaired

- (i) At the balance sheet date, the Group's other receivables comprised (i) an amount due from a broker of S\$3.9 million related to cash which had been placed as collateral with the broker to secure a bank guarantee to apply for the extension of the exploratory permit for the West Jambi concession; (ii) advances due from Eastwin Global Investment Limited, a former joint venture partner of Lemang PSC of S\$6.2 million; (iii) amounts due from the non-controlling interests of PT Hexindo of S\$9.3 million; and (iv) advances made to an ex-joint venture partner of Ramba Energy Jatirarangon Limited of S\$3.5 million, respectively.
- (ii) In the previous financial year, an impairment loss of S\$4,477,000 was utilised upon the discharge of the Group's claim against an ex-joint venture partner pursuant to a Deed of Release and Settlement entered on 15 December 2020.

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

The Group	31 December	31 December
	2021 S\$'000	2020 S\$'000
Other receivables – nominal amounts	22,927	22,900
Allowance for doubtful other receivables:		
Balance at beginning of year	(22,900)	(27,377)
Impairment loss recognised	(27)	–
Impairment loss utilised (Notes 9(iii)(c))	–	4,477
Balance at end of year	(22,927)	(22,900)
Net balance	–	–

Note B: Amounts due from subsidiaries

At the Company's level, amounts due from subsidiaries are non-trade in nature, unsecured, non-interest bearing advances, repayable on demand and are expected to be settled in cash or offset against intercompany balances.

In the current financial year, management recorded an impairment loss of S\$2.5 million (2020 – S\$3.6 million) on advances extended to subsidiaries of the Group in the Company's comprehensive income.

The Company	31 December	31 December
	2021 S\$'000	2020 S\$'000
Other receivables – nominal amounts	6,063	4,998
Allowance for doubtful other receivables:		
Balance at beginning of year	(3,558)	–
Impairment loss recognised	(2,489)	(3,558)
Balance at end of year	(6,047)	(3,558)
Net balance	16	1,440

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

9 OTHER RECEIVABLES (CONTINUED)

Note C: Value Added Tax (“VAT”) receivables

It relates to reimbursable VAT arising from the Group’s participating interest in the Lemang PSC. The receivable is recorded in the statements of account received from the operator. It is reimbursable upon filing by the operator to and satisfactory examination by the Indonesian tax authorities. The ongoing process of the reimbursable VAT is managed by the operator of Lemang PSC.

In November 2021, the Group announced that it had entered into a settlement and transfer agreement to dispose of the Group’s 10% participating interest in Lemang PSC to Jadestone Energy (Lemang) Pte Ltd. Accordingly, management has classified the assets as part of the disposal group held-for-sale and recognised an impairment loss of S\$1,255,000 in the consolidated statement of comprehensive income to write down the balance to its recoverable amount (see Note 12).

All other receivables are denominated in the respective functional currencies of the entities in the Group.

10 TRADE RECEIVABLES

Trade receivables are non-interest bearing and are generally on 30 – 105 (2020 – 30 – 105) days’ credit terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

	2021	2020
The Group	S\$’000	S\$’000
Third party customers	9,408	9,805
<u>Allowance for doubtful trade receivables:</u>		
Balance at beginning of year	109	79
Write-back during the year	(143)	(9)
Impairment loss recognised	76	49
Impairment loss recognised, net (Note 27)	(67)	40
Exchange differences	2	(10)
Balance at end of year	44	109
Net trade receivables	9,364	9,696

Trade receivables that are past due but not impaired

The Group has trade receivables amounting to S\$1,492,000 (2020 – S\$2,359,000) that are past due at the end of the reporting period but not impaired. These receivables are unsecured and the analysis of their ageing at the end of the reporting period is as follows:

	2021	2020
The Group	S\$’000	S\$’000
Trade receivables past due but not impaired:		
Less than 30 days	1,191	1,692
30 to 60 days	154	416
61 to 90 days	–	108
91 to 120 days	–	5
More than 120 days	147	138
	1,492	2,359

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

10 TRADE RECEIVABLES (CONTINUED)

Trade receivables that are past due but not impaired (Continued)

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 and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

Trade receivables denominated in foreign currencies, other than in the respective functional currency of the entities within the group, are as follow:

	2021	2020
The Group	S\$'000	S\$'000
United States Dollars ("USD")	<u>112</u>	<u>347</u>

11 CASH AND CASH EQUIVALENTS

	The Group		The Company	
	31 December 2021 S\$'000	31 December 2020 S\$'000	31 December 2021 S\$'000	31 December 2020 S\$'000
Cash on hand and at bank	2,822	6,789	126	171
Fixed deposits	312	309	-	-
Cash and bank deposits	3,134	7,098	126	171
Restricted cash	(312)	(309)	-	-
Cash and cash equivalents	<u>2,822</u>	<u>6,789</u>	<u>126</u>	<u>171</u>

Fixed deposits earn interest at 2% (2020 – 2%) per annum. Restricted cash represents the amount of fixed deposits pledged to certain banks to secure banking facilities.

Cash and cash equivalents denominated in foreign currencies, other than in the respective functional currency of the entities within the Group, are as follows:

	The Group		The Company	
	31 December 2021 S\$'000	31 December 2020 S\$'000	31 December 2021 S\$'000	31 December 2020 S\$'000
Indonesia Rupiah ("IDR")	11	20	-	-
Singapore Dollar ("SGD")	21	21	-	-
United States Dollars ("USD")	<u>316</u>	<u>95</u>	<u>8</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

12 ASSETS AND LIABILITIES OF DISPOSAL GROUP CLASSIFIED AS HELD-FOR-SALE

Note A – 10% participating interest in the Lemang PSC

In November 2021, the Group announced that it has entered into a Settlement and Transfer Agreement to dispose of its remaining 10% participating interest in Lemang PSC to Jadestone Energy (Lemang) Pte Ltd, for a consideration amounting to US\$1.73 million (equivalent to S\$1.34 million), comprising the net settlement sum of US\$0.37 million and waiver of unpaid cash calls of US\$1.36 million (equivalent to S\$1.84 million).

Accordingly, management has classified the assets and liabilities associated with the Lemang PSC as a disposal group held-for-sale and measured the non-current assets at the lower of the carrying amount and fair value less costs to sell. An impairment loss on the remeasurement on the VAT receivables of S\$1.3 million was recognised in the consolidated statement of comprehensive income (see Note 9(C)).

Assets and liabilities of disposal group classified as “held-for-sale” are summarised as follows:

	31 December
	2021
	\$'000
The Group	
Oil and gas properties (Note 4)	–
Investment in exploration and evaluation assets (Note 7)	–
VAT receivable (Note 9(C))	2,287
Inventories	325
Assets held-for sale	2,612
Cash call advanced from a joint venture partner (Note 16(B))	1,835
Abandonment and site restoration liabilities (Note 19)	218
Accrued operating expenses and sundry payables	59
Liabilities directly associated with assets-held-for-sale	2,112

Note B – West Jambi Concession

The Company had previously announced the appointment of an independent third party as an advisor to package, market and sell the Group’s 100% participating interest in the West Jambi concession. Management had made full impairment loss amounting to S\$17.2 million (equivalent to US\$12.6 million) on the participating right in FY 2019 since the exploratory permit for the concession of the West Jambi concession had already expired in FY 2017 and management has not furnished the banker’s guarantee to the concession holder. Furthermore, management has not obtained the required approval on the new work commitments from the concession holder as at 31 December 2019. As at the balance sheet date, management remained committed to a plan to dispose of its participating interest in the West Jambi concession.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

13 SHARE CAPITAL

The Company	No. of ordinary shares (With no par value)		Amount	
	2021 '000	2020 '000	2021 S\$'000	2020 S\$'000
Issued and fully paid:				
At beginning and at end of year	648,675	648,675	148,367	148,367

The holders of ordinary shares (except treasury shares) are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

The Company has an employee share option plan under which options to subscribe for the Company's ordinary shares have been granted to employees of the Group (Note 25).

14 TREASURY SHARES

The Company	No. of ordinary shares		Amount	
	2021 '000	2020 '000	2021 S\$'000	2020 S\$'000
At beginning and at end of year	1,807	1,807	(935)	(935)

Treasury shares relate to ordinary shares of the Company that is held by the Company.

15 OTHER RESERVES

	The Group		The Company	
	2021 S\$'000	2020 S\$'000	2021 S\$'000	2020 S\$'000
Share based payment reserve	-	359	-	359
Foreign currency translation reserve	(191)	(14)	-	-
Capital reserve	348	348	-	-
Gain on reissuance of treasury shares	2,630	2,630	2,630	2,630
Others	908	874	-	-
	3,695	4,197	2,630	2,989

(a) Share based payment reserve

Share based payment reserve represents the equity settled share options and awards granted to employees and directors of the Company. The reserve is made up of the cumulative value of services received from employees and Directors, recorded over the vesting period commencing from the grant date of equity settled share options and awards. It is reduced by the expiry or exercise of the share options and upon share issue for the share awards. During the year, the share options expired and S\$0.4 million (2020 – S\$0.2million) was transferred from "share based payment reserves" to "accumulated losses".

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

15 OTHER RESERVES (CONTINUED)

(b) Foreign currency translation reserve

The foreign currency translation reserve records exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

(c) Capital reserve

Capital reserve arose from the acquisition of the remaining interest in subsidiaries in prior years. The Group has accounted for the acquisition of the additional interest as a transaction with shareholders in their capacity as shareholders in accordance with SFRS(I) 1-1 – *Presentation of Financial Statements*.

(d) Gain on reissuance of treasury shares

This represents the gain or loss arising from purchase, sale, issue or cancellation of treasury shares. No dividend may be paid, and no other distribution (whether in cash or otherwise) of the Company's assets (including any distribution of assets to members on a winding up) may be made in respect of this reserve.

(e) Others

This relates to the re-measurement of defined benefit obligations (see Note 30).

16 OTHER PAYABLES

	The Group		The Company	
	31 December 2021 S\$'000	31 December 2020 S\$'000	31 December 2021 S\$'000	31 December 2020 S\$'000
		(Restated)		
Non-current				
Production bonus	248	243	-	-
Sundry payables (Note A)	1,928	15,083	-	-
Financial liabilities at amortised cost	2,176	15,326	-	-
Current				
Cash calls advanced from a joint venture partner (Note B)	-	1,293	-	-
Amount due to subsidiaries (Note C)	-	-	2,621	1,682
Accrued salaries and employee benefits	2,184	2,440	97	128
Deposit received	121	121	-	-
Sundry payables and accrued operating expenses	3,667	4,516	1,248	1,620
Financial liabilities at amortised cost	5,972	8,370	3,966	3,430
Grants received in advance, net (Note D)	-	212	-	-
Output VAT/GST payable, net	941	908	-	-
	6,913	9,490	3,966	3,430
Total other payables	9,089	24,816	3,966	3,430
Comprises of:				
Financial liabilities	8,148	23,696	3,966	3,430
Non-financial liabilities	941	1,120	-	-
	9,089	24,816	3,966	3,430

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

16 OTHER PAYABLES (CONTINUED)

Note A: Sundry payables (non-current)

As at 31 December 2021, sundry payables comprised a legal claim of S\$1.9 million (equivalent to US\$1.4 million) (2020 – S\$1.9 million (equivalent to US\$1.4 million) by Verona Capital Pty. Ltd.

As at 31 December 2020, sundry payables included a legal settlement sum of S\$13.2 million (equivalent to US\$10 million), payable to Super Power Enterprise Group Ltd (“SPE”) by way of assignment of proceeds from future sale of oil and gas from Lemang PSC, subject to carve out provisions that allow PT Hexindo to first repay other existing obligations identified to SPE.

In November 2021, the Group paid US\$1.5 million (equivalent to S\$2.0 million) as full and final settlement of the legal settlement payable to SPE and all claims between the Group and SPE were waived. Accordingly, the Group recorded a gain on extinguishment of liabilities owing to SPE amounting to S\$11.4 million (equivalent to US\$8.5 million) in the consolidated statement of comprehensive income (Note 29(a)).

Note B: Cash calls advanced from a joint venture partner (current)

As at 31 December 2021, the cash calls advance amounted to US\$1.36 million will be extinguished upon the satisfaction of the conditions precedent as stated in the Settlement and Transfer Agreement entered with Jadestone in November 2021, and was reclassified to “liabilities associated with disposal group held-for-sale” (see Note 12).

As at 31 December 2020, the cash calls advanced from a joint venture partner amounting to US\$985,000 are non-trade in nature, unsecured and non-interest bearing.

Note C: Amount due to subsidiaries

The amounts due to subsidiaries comprise advances made which are non-trade in nature, unsecured, non-interest bearing, repayable on demand and are to be settled in cash.

Note D: Grants received in advance

Grants received in advance relates to the Job Support Scheme (“JSS”) received from the Singapore Government.

Other payables denominated in foreign currencies, other than in the respective functional currency of the entities within the Group, are as follows:

	The Group		The Company	
	31 December 2021 S\$'000	31 December 2020 S\$'000	31 December 2021 S\$'000	31 December 2020 S\$'000
Indonesia Rupiah (“IDR”)	43	107	–	–

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

17 LEASE LIABILITIES

	The Group		The Company	
	2021 S\$'000	2020 S\$'000	2021 S\$'000	2020 S\$'000
Undiscounted lease payments due:				
– Not later than one year	6,400	4,444	29	29
– Later than one year and not later than five years	5,302	10,552	2	32
	11,702	14,996	31	61
Less: Unearned interest costs	(607)	(1,128)	(1)	(3)
	11,095	13,868	30	58
Presented as:				
– Non-current	5,175	8,710	2	31
– Current	5,920	5,158	28	27
	11,095	13,868	30	58

The Group's lease liabilities are secured by the lessors' title to the leased assets. Total cashflows for all leases in the current financial year amounted to S\$6.3 million (2020 – S\$5.5 million).

Interest expense on lease liabilities of S\$0.7 million (2020 – S\$0.8 million) is recognised within “finance costs” in the consolidated statement of comprehensive income (Note 26).

As at 31 December 2021, the Group's short-term commitments at the reporting date are not substantially dissimilar to those giving rise to the Group's short-term lease expense for the financial year.

All lease liabilities are denominated in the respective functional currencies of the entities in the Group.

18 PROVISIONS

	The Group		The Company	
	31 December 2021 S\$'000	31 December 2020 S\$'000	31 December 2021 S\$'000	31 December 2020 S\$'000
Non-Current				
Provision for employee benefits (Note 30)	609	554	–	–
Provision for reinstatement costs	278	278	18	18
	887	832	18	18
Current				
Provision for cargo and motor vehicles claims	168	181	–	–
	168	181	–	–

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

18 PROVISIONS (CONTINUED)

Movements in provision for cargo and motor vehicles claims for the logistics business during the financial year are as follows:

	2021	2020
The Group	S\$'000	S\$'000
Balance at 1 January	181	215
Provision made during the year	15	147
Utilised during the year	(28)	(181)
Balance at 31 December	<u>168</u>	<u>181</u>

As at 31 December 2021, management is of the view that the expected timing of the settlement of these claims is not determinable.

19 ABANDONMENT AND SITE RESTORATION LIABILITIES

The Group is required to provide for abandonment of all exploration wells and restoration of its drill sites, together with all estimates of monies required for the funding of any abandonment and site exploration program established in conjunction with an approved plan of development for a commercial discovery.

The abandonment and site restoration liabilities represent the present value of abandonment costs relating to all its exploration wells and restoration of its drill sites, which are expected to be incurred up to year 2020 for Jatirarangon Block; and up to year 2037 for Lemang PSC, respectively, when the producing oil and gas properties are expected to cease operations.

These provisions have been created based on the Group's internal estimates. Assumptions based on current economic environment have been made, which management believes are a reasonable basis upon which to estimate the future liability.

Expenditures incurred in the abandonment of exploratory wells and the restoration of their drill sites shall be charged as operating costs, calculated based on the total estimated cost of abandonment and site restoration for each discovery divided by the total estimated number of economic years of each discovery.

The estimates shall be reviewed on an annual basis and shall be adjusted each year as required. The range of discount rate applicable in 2021 was 4.45% (2020 – 4.45%) per annum. Furthermore, the timing of abandonment is likely to depend on when the fields cease to produce at economically viable rates. This, in turn, will depend upon future oil and gas prices, which are inherently uncertain.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

19 ABANDONMENT AND SITE RESTORATION LIABILITIES (CONTINUED)

Movements in provision for abandonment and site restoration liabilities during the year are as follows:

	2021	2020
The Group	S\$'000	S\$'000
Balance at 1 January	291	619
Write-back during the year (Note 29)	-	(221)
Accretion during the year (Note 26)	-	102
Exchange differences	7	1
Reclassified to liabilities directly associated with disposal group held-for-sale (Note 12)	(218)	-
Utilised during the year	-	(55)
Setoff against advances	-	(155)
Balance at 31 December	80	291
Presented as:		
- Non-current	-	213
- Current	80	78
	80	291

20 LOANS AND BORROWINGS

	The Group		The Company	
	2021	2020	2021	2020
	S\$'000	S\$'000	S\$'000	S\$'000
Non-current	-	1,500	5,042	3,000
Current	1,511	1,500	-	-
	1,511	3,000	5,042	3,000

The Group

The Group obtained a loan of S\$3 million from a financial institution in 2020, secured by a corporate guarantee from the Company. The loan is due in May 2022 and is interest-bearing at 3% per annum. Principal repayments commenced from the first anniversary from drawdown i.e. 1 July 2021.

The Company

In November 2021, the Company obtained an additional loan of S\$2.0 million from a wholly owned indirect subsidiary for payment to an unrelated third-party as full and final settlement pursuant to a settlement agreement entered between the Company and the unrelated third-party on 17 November 2021 (Note 16(A)).

In the previous financial year, the Company obtained a loan from the same subsidiary for a payment of S\$3million to an unrelated third-party as full and final settlement pursuant to a Settlement Deed entered between the Company and the unrelated third-party in May 2020.

Both amounts were subsequently recorded as an unsecured loan from the subsidiary, bearing interest at 4.5% above SIBOR per annum, with no fixed repayment terms and is not expected to be repaid within the next 12 months.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

21 TRADE PAYABLES

	2021	2020
The Group	S\$'000	S\$'000
Third party suppliers	7,611	7,646
Accrued operating expenses	2,705	1,993
	10,316	9,639

Trade payables are non-interest bearing and are normally settled on 60 days' terms.

Trade payable balances denominated in foreign currencies, other than in the respective functional currency of the entities within the Group, are as follows:

	2021	2020
The Group	S\$'000	S\$'000
Indonesia Rupiah ("IDR")	1,252	1,253
United States Dollars ("USD")	665	1,374

22 REVENUE

	2021	2020
The Group	S\$'000	S\$'000
Logistics services, recognised over time	39,491	36,427

23 GAINS ON EXTINGUISHMENT OF LIABILITIES

	2021	2020
The Group	S\$'000	S\$'000
Write-back of other payables	-	215

24 OTHER INCOME

	2021	2020
The Group	S\$'000	S\$'000
Grant income from JSS (Note A)	188	2,758
Other grant income	127	-
Diesel consumed by service partners	22	64
Port rebates	193	317
Interest income from banks (Note 33)	12	11
Gain on disposal of plant and equipment and intangible assets (Note 33)	258	254
Others (mainly container trucking related income)	821	534
	1,621	3,938

Note A – Grant income from JSS

The grant income from JSS was received from the Singapore Government to help employers to retain their local employees during the period of economic uncertainty as a result of COVID-19. The JSS grant income is allocated over the period of uncertainty to match the related staff costs for which the grant is intended to compensate.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

25 SALARIES AND EMPLOYEE BENEFITS

	2021	2020
The Group	S\$'000	S\$'000
Salaries and bonuses (including Directors' fees)	14,138	14,438
Central Provident Fund contributions	1,165	1,174
Other benefits	1,848	2,032
	17,151	17,644

Share options

The following table illustrates the number (No.) and weighted average exercise prices (WAEP) of, and movements in, share options during the financial year:

	2021		2020	
	No. '000	WAEP \$	No. '000	WAEP \$
Outstanding at 1 January	5,080	0.18	6,620	0.20
– Lapsed and cancelled	(5,080)	0.18	(1,540)	0.29
Outstanding at 31 December	–	–	5,080	0.18
Exercisable at 31 December	–	–	5,080	0.18

- No options were granted during the financial year.
- No options were exercised during the financial year.
- The exercise price for options outstanding at the end of 2020 was \$0.18. The weighted average remaining contractual life of these options in 2020 was 1 year.

Share awards

During the financial year, there were Nil (2020 – Nil) share awards by way of allotment of new shares issued under the EGPSP. At the end of the reporting period, the total number of outstanding share awards and bonus awards granted by the Company to the employees and Directors amounted to Nil (2020 – Nil).

26 FINANCE COSTS

	2021	2020
The Group	S\$'000	S\$'000
Interest expense on loans and borrowings	79	44
Interest expense on lease liabilities (Note 5)	699	834
Commitment fee on loan facility	45	5
	823	883
Discontinued operation:		
Finance charges on Operator's cash calls	42	40
Accretion of interest on abandonment & site restoration liabilities (Note 19)	–	102
	42	142
	865	1,025

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

27 PROFIT BEFORE TAXATION

The following items have been included in the arriving at profit before taxation from continuing operations:

	2021	2020
The Group	S\$'000	S\$'000
Audit fees paid/payable to:		
– Auditors of the Company	131	116
– Other auditors	35	21
Non-audit fees paid/payable to the auditors of the Company	44	44
Depreciation and amortisation expenses:		
– Depreciation of plant and equipment (Note 4)	696	875
– Depreciation of right-of-use assets (Note 5)	4,629	4,879
– Amortisation of intangible assets (Note 6)	29	80
	5,354	5,834
Impairment loss recognised on other receivables (Note 9)	27	–
Impairment loss (reversed)/recognised on trade receivables (Note 10)	(67)	40
	(40)	40
Bad debts written-off of trade receivables	191	–
Bad debts written-off of non-trade receivables	4	91
Loss on disposal of right-of-use assets	29	–
Net foreign exchange gains	12	(10)
Short-term leases of office equipment, warehouse and transport equipment (Note 5)	480	385
Legal settlement and other professional fees	385	521
Upkeep of transport equipment	4,820	4,103

28 TAXATION

	2021	2020
The Group	S\$'000	S\$'000
Continuing operations		
Current taxation:		
– Current year	488	328
– Under-provision in respect of prior years	4	85
	492	413
Deferred taxation:		
– Reversal and origination of temporary differences	54	106
	546	519

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

28 TAXATION (CONTINUED)

The tax expense on the results of the financial year varies from the amount of income tax determined by applying the Singapore statutory rate of income tax on the accounting loss as a result of the following:

	2021	2020
The Group	S\$'000	S\$'000
		(Restated)
Profit before tax:		
- Continuing operations	1,432	1,866
- Discontinued operations	7,481	5,471
	8,913	7,337
Tax at domestic rates applicable in the countries in which the Group operates	3,828	355
Adjustments for tax effects of:		
Tax effect on non-deductible expenses	2,024	6,501
Income not subject to taxation	(5,126)	(6,293)
Tax exempt profits/rebates	(238)	(229)
Under-provision of current taxation in respect of prior years	4	85
Reversal and origination of temporary differences	54	99
Others	-	1
	546	519

The above reconciliation is prepared by aggregating separate reconciliations for each national jurisdiction. The tax rates of the major jurisdictions that the Group operates in are as follows:

	2021	2020
The Group		
Singapore	17%	17%
Indonesia	22% – 44%	25% – 44%

Expenses not deductible for tax purposes include impairment losses and overhead charges of investment holding companies.

Tax exempt income mainly relates to gains on extinguishment of liabilities and government grant income.

As at the end of the reporting period, the Group has unutilised tax losses of approximately S\$13.8 million (2020 – S\$20.8 million) 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 authority and compliance with certain provisions of the tax legislation of the countries in which the companies operate.

The unabsorbed tax losses have no expiry date except for the unabsorbed tax losses disclosed below. Expiry dates of the unabsorbed tax losses which can be carried forward for a limited duration is as follows:

	2021	2020
The Group	S\$'000	S\$'000
Can be utilised up to:		
- 1 to 5 years	1,518	1,502

As at 31 December 2021 and 31 December 2020, there are no unrecognised temporary differences relating to investments in subsidiaries as the Group has determined that the portion of the undistributed earnings of its subsidiaries that will be distributed in the foreseeable future to be insignificant.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

29 PROFIT FROM DISCONTINUED OPERATIONS

The profit from discontinued operations relate to the Oil and Gas segment of the Group, summarised below,

	2021	2020
The Group	S\$'000	S\$'000
		(Restated)
Oil and gas sales, recognised at a point in time	-	189
Gains on extinguishment of liabilities	11,394	20,423
Other income	19	9
Costs and operating expenses		
Service costs and related expenses	(513)	(16)
Royalty payments	-	(34)
Salaries and employee benefits	(210)	(871)
Depreciation and amortisation expenses	(38)	(103)
Impairment loss recognised	(2,998)	(5,579)
Finance costs	(42)	(142)
Provision for legal claim	-	(6,425)
Other operating expenses	(131)	(1,980)
Profit from discontinued operation before and after tax	7,481	5,471

Gains on extinguishment of liabilities

- (a) In November 2021, the Group paid US\$1.5 million (equivalent to S\$2.0 million) as full and final settlement of the legal settlement payable to SPE and all claims between the Group and SPE were waived and a gain on extinguishment of liabilities of S\$11.4 million (equivalent to US\$8.5 million) was recorded to the consolidated statement of comprehensive income (see Note 16(A)).
- (b) In FY2020, these comprise gains on extinguishments of (i) S\$7.7 million on advances from a former joint venture partner pursuant to a Deed of Release and Settlement entered on 15 December 2020; (ii) S\$3.0 million for revenue-related tax payables on the Group's participating interest in the Jatirarangon block located in West Java, Indonesia, which had expired in May 2020 and the Group no longer had any tax obligations based on tax opinion issued by an international tax advisor; (iii) S\$9.5 million on loans and borrowings, accrued interest and other expenses of S\$12.5 million, less S\$3.0 million paid as full and final settlement, pursuant to a Standstill and Settlement Deed entered with a third party on 12 May 2020; and (iv) write-back of ASR liabilities of S\$0.2 million, respectively.

The Group's Oil and Gas segment remained inactive during the year, and there were no material cash flows for the financial year ended 31 December 2020 and 2021.

30 DEFINED BENEFIT PLAN

The Group operates a defined benefit pension plan which requires contributions to be made to separately administered funds. The Group also provides unfunded post-employment benefits to certain employees. The Group provides provision for employees' benefits based on the independent actuarial report of KKA Riana & Rekan (2020 – PT Padma Raya Aktuaria).

	2021	2020
The Group	S\$'000	S\$'000
Defined benefit obligations at 31 December (Note 18)	609	554

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

30 DEFINED BENEFIT PLAN (CONTINUED)

Breakdown of the Group's defined benefit obligations were as follows:

	Unfunded post-employment benefits	
	2021 S\$'000	2020 S\$'000
Present value of defined benefit obligations	609	554
Net liability arising from defined benefit obligations	609	554

Changes in present value of the defined benefit obligations were as follows:

The Group	Unfunded post-employment benefits	
	2021 S\$'000	2020 S\$'000
At 1 January	554	671
Current service costs	161	115
Plan amendment	-	(96)
Net employee benefits expense for the year	161	19
Actuarial gain arising from changes in assumptions recognised in OCI	(34)	(84)
Benefits paid	(93)	(10)
Exchange differences	21	(42)
At 31 December	609	554

All the Group's plan assets are in the Indonesian entities' equities as at 31 December 2021 and 31 December 2020. The Group expects to contribute \$25,000 (2020 – \$194,000) to the defined benefit pension plans in the next financial year. The weighted average duration of the defined benefit obligation ranges between 12.5 to 24.2 years.

The principal assumptions used in determining pension and post-employment benefit obligations for the defined benefit plan are shown below:

	2021	2020
The Group		
Discount rates:	7.25-7.5%	7-7.75%
Expected annual rate of return on plan assets:	N.A	N.A.
Future annual salary increases:	6.51%-7.0%	7.0%
Mortality rate reference:	Indonesian Mortality Table IV 5% to 10% of mortality rate	Indonesian Mortality Table IV
Disability rate:	58	10% of mortality rate
Retirement age:	58	58

Sensitivity to changes in assumptions

Management believes that no reasonably possible changes in any of the above key assumptions would result in a material change in the carrying value of the pension and post-employment benefit obligation for the defined benefit plan.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

31 BASIC AND DILUTED PROFIT PER SHARE

The following table reflects the profit and share data used in the computation of basic and diluted profit per share for the years ended 31 December:

	Continuing operations		Discontinued operations		Total	
	2021	2020	2021	2020 (Restated)	2021	2020 (Restated)
Profit for the year attributable to owners of the Company (S\$'000)	886	1,347	5,925	6,310	6,811	7,657
No. of ordinary shares issued as at 1 January ('000)	648,675	648,675	648,675	648,675	648,675	648,675
Effects of own shares held ('000)	(1,807)	(1,807)	(1,807)	(1,807)	(1,807)	(1,807)
No. of ordinary shares issued as at 31 December ('000)	646,868	646,868	646,868	646,868	646,868	646,868
Earnings per share (cents)	0.13	0.21	0.92	0.97	1.05	1.18

Basic profit per share is calculated by dividing profit for the year attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the year.

Diluted profit per share is calculated on the same basis as basic profit per share as there are no dilutive potential ordinary shares as at 31 December 2021 and 31 December 2020.

There are Nil (2020 – 5,080,103) share options granted under the EGSOS that have not been included in the calculation of diluted earnings per share as they are anti-dilutive.

32 RELATED PARTY TRANSACTIONS

(a) Sales and purchase of goods and services

In addition to the related party information disclosed elsewhere in the financial statements, the following are transactions with related parties at mutually agreed amounts and terms:

	2021	2020
The Group	S\$'000	S\$'000
Legal, secretarial fees, share registrar and corporate communication services payable to a firm of which a Director is the partner of the firm	34	110
Rental of office space payable to a firm related to the controlling shareholder of the Company	-	20

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

32 RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Compensation of key management personnel

	2021	2020
The Group	S\$'000	S\$'000
Directors' fees	182	182
Short term employee benefit	1,354	1,493
Central Provident Fund contributions	57	32
	<u>1,593</u>	<u>1,707</u>

Key management personnel compensation

Key management personnel of the Group and Company is defined as persons having authority and responsibility for planning, directing and controlling the activities of the entity directly and indirectly, including directors and officers of the Group and Company.

Directors' interests in share-based payment scheme

There is no share option or share award granted in 2021 and 2020.

At the end of the reporting period, the total number of outstanding share options, share awards and bonus shares granted by the Company to the Directors (including ex-Directors) under the EGSOS and EGPSP amounted to Nil, Nil and Nil (2020 – 5,080,103, Nil and Nil), respectively.

33 SEGMENT INFORMATION

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

- I. The oil and gas segment;
- II. The logistics segment, comprising of transportation management and air cargo terminal handling services; and
- III. The corporate segment relates to group level corporate services and treasury function.

Except as indicated above, no 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 resource 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. Group financing (including finance costs) and income taxes are managed on a group basis and are not allocated to operating segments.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

33 SEGMENT INFORMATION (CONTINUED)

	Note	Oil and gas (Discontinued)						Logistics			Corporate			Eliminations			Total		
		2021		2020		2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
		S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Revenue:																			
Sales to external customers	22,29	-	189	39,491	36,427	-	-	-	-	-	-	-	-	-	-	-	39,491	36,616	
Gains on extinguishment of liabilities	23,29	11,394	20,423	-	104	-	111	-	-	-	-	-	-	-	-	-	11,394	20,638	
Other income	24,29	19	9	1,606	3,938	15	-	-	-	-	-	-	-	-	-	-	1,640	3,947	
Inter-segment sales	A	-	-	277	84	-	-	-	(277)	(84)	-	-	-	-	-	-	-	-	
Total		11,413	20,621	41,374	40,553	15	111	(277)	(84)	(84)	(277)	(84)	(84)	(84)	(84)	52,525	52,525	61,201	
Segment profit/(loss)	26	7,523	5,613	4,050	5,425	(1,795)	(2,676)	-	-	-	-	-	-	-	-	9,778	8,362		
Finance costs		(42)	(142)													(865)	(1,025)		
Profit before tax		7,481	5,471													8,913	7,337		
Income tax	28	-	-													(546)	(519)		
Net profit for the year		7,481	5,471	4,050	5,425	(1,795)	(2,676)	-	-	-	(163)	(81)	(81)	(81)	12	8,367	6,818		
Interest income from bank	24	-	-	175	92	-	-	-	-	-	(163)	(81)	(81)	12	11	11	11		
Depreciation and amortisation expenses	B	38	103	5,303	5,784	51	50	-	-	-	-	-	-	-	-	5,392	5,937		
Other non-cash expenses/(income)	C	2,998	12,088	(298)	(222)	33	15	-	-	-	-	-	-	-	-	2,733	11,881		
Other segment information																			
Segment assets	D	2,612	5,797	27,692	33,884	289	376	-	-	-	-	-	-	-	-	30,593	39,840		
Segment liabilities	E	12,984	25,458	20,887	25,354	1,387	1,814	704	583	704	704	583	583	583	583	35,962	53,209		
Additions to non-current assets		-	86	3,342	2,384	7	7	-	-	-	-	-	-	-	-	3,349	2,477		

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

33 SEGMENT INFORMATION (CONTINUED)

Notes Nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements

A Inter-segment sales are eliminated on consolidation.

B Depreciation and amortisation expenses comprised the following:

	2021	2020
The Group	S\$'000	S\$'000
Amortisation of intangible assets	29	80
Amortisation of investments in exploration and evaluation assets	38	43
Depreciation expense of property, plant and equipment and oil and gas properties	696	935
Depreciation of right-of-use assets	4,629	4,879
	5,392	5,937

C Other non-cash expenses comprised the following:

	2021	2020
The Group	S\$'000	S\$'000
Bad debts written-off on non-trade receivables	4	91
Impairment loss recognised on assets associated with disposal group held-for-sale (2020 – oil and gas properties)	2,998	5,579
Impairment loss (reversed)/recognised on trade and other receivables, net	(40)	40
Provision for legal claim	–	6,425
Loss on disposal of right-of-use assets	29	–
Gain on disposal of plant and equipment and intangible assets	(258)	(254)
	2,733	11,881

D Deferred tax assets are added to segment assets to arrive at total assets reported in the consolidated statement of financial position.

E Income tax payable are added to segment liabilities to arrive at total liabilities reported in the consolidated statement of financial position.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

33 SEGMENT INFORMATION (CONTINUED)

Geographical information

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

	Geographical location		
	Singapore S\$'000	Indonesia S\$'000	Total S\$'000
2021			
Revenue	28,412	11,079	39,491
Non-current assets	11,384	3,055	14,439
2020			
Revenue	26,065	10,551	36,616
Non-current assets	12,944	8,865	21,809

Information about major customers

Revenue from 5 major customers amounted to S\$22,813,000 (2020 – 5 customers amounted to S\$19,716,000) arising from revenue of the logistics segment.

Revenue from 1 major customer amounted to S\$156,000 arising from revenue of the oil and gas segment in FY2020.

34 CONTINGENCIES

Contingent liabilities

(a) **Guarantees**

The Group has provided the following guarantees at the end of the reporting period.

- (i) Guarantee to landlord on the rental obligation taken by subsidiaries of S\$707,000 (2020 – S\$703,000); and
- (ii) Guarantee to a vendor and customers for a performance bond of S\$1,181,000 (2020 – S\$726,000).

(b) **Oil and gas operations**

The Group's oil and gas operations in Indonesia are subject to Indonesian laws and regulations governing the discharge of materials into the environment or otherwise relating to environment protection. These laws and regulations may require the acquisition of a permit before drilling commences, which may restrict the types, quantities and concentration of various substances that can be released into the environment in connection with drilling and production activities, limit or prohibit drilling activities on certain lands lying within wilderness, wetlands and other protected areas, and require remedial measures to prevent pollution resulting from the Group's operations. The Government has imposed environmental regulations on oil and gas companies operating in Indonesia and in Indonesian waters. Operators are prohibited from allowing oil into the environment and must ensure that the area surrounding any onshore well is restored to its original state insofar as this is possible after the Operator has ceased to operate on the site.

Management believes that the Group and the Operator of the Block are in compliance with current applicable environmental laws and regulations.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

34 CONTINGENCIES (CONTINUED)

Contingent liabilities (Continued)

(c) Operating hazards and uninsured risks

The Group's oil and gas operations are subject to hazards and risks inherent in drilling for and production and transportation of natural gas and oil, such as fires, natural disasters, explosions, encountering formations with abnormal pressures, blowouts, cratering, pipeline ruptures and spills, which can result in the loss of hydrocarbons, environmental pollution, personal injury claims and other damages to properties of the Group. Additionally, certain of the Group's oil and natural gas operations are located in areas that are subject to tropical weather disturbances, some of which can be severe enough to cause substantial damage to facilities and possibly interrupt production.

As protection against operating hazards, the Group maintains insurance against some, but not all potential losses. The Group's insurance coverage for its oil and gas exploration and production activities includes, but is not limited to, loss of wells, blowouts and certain costs of pollution control, physical damage to certain assets, employer's liability, comprehensive general liability, and automobile and worker's compensation insurance.

35 FINANCIAL RISK MANAGEMENT

The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise adverse effects from the unpredictability of financial markets on the Group's financial performance. The Group is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks included credit risk, liquidity risk, interest rate risk and foreign currency risk.

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner. There has been no significant change in the Group's exposure to these risks or the manner in which it manages and measures risks.

The Group does not hold or issue derivative financial instruments for trading purposes or to hedge against fluctuations, if any, in interest rates and foreign exchange.

35.1 Credit risk

Credit risk refers to the risk that counterparties may default on their contractual obligations resulting in financial loss to the Group.

The Group's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including cash and short-term deposits), 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 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 with the result that the Group's exposure to bad debts is not significant. For transactions that do not occur in the country of the relevant operating unit, the Group does not offer credit terms without the approval of the Finance Head and Operational Heads in the respective entities.

NOTES TO THE *FINANCIAL STATEMENTS*

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

35 FINANCIAL RISK MANAGEMENT (CONTINUED)

35.1 Credit risk (Continued)

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period.

The Group has determined the default event on a financial asset to be when the counterparty fails to make contractual payments within 90 days when they fall due, which are derived based on the Group's historical information. To assess whether there is a significant increase in credit risk, the company compares the risk of a default occurring on the asset as at reporting date with the risk of default as at the date of initial recognition.

The Group considers available reasonable and supportive forward-looking information which includes the following indicators:

- Internal credit rating
- External credit rating
- Actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's ability to meet its obligations
- Actual or expected significant changes in the operating results of the borrower
- Significant increases in credit risk on other financial instruments of the same borrower
- Significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements
- Significant changes in the expected performance and behaviour of the borrower, including changes in the payment status of borrowers in the group and changes in the operating results of the borrower.

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 30 days past due in making contractual payment.

The Group determines that its financial assets are credit-impaired when:

- There is significant difficulty of the issuer or the borrower;
- A breach of contract, such as a default or past due event;
- It is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- There is a disappearance of an active market for that financial asset because of financial difficulty.

Management categorises a loan or receivable for potential recognition of impairment loss when a debtor fails to make contractual payments more than 120 days past due. Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. Where loans and receivables have been written off, the company continues to engage enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognised in the statement of comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

35 FINANCIAL RISK MANAGEMENT (CONTINUED)

35.1 Credit risk (Continued)

The following are credit risk management practices, quantitative and qualitative information about amounts arising from ECL for each class of financial assets.

(i) Trade receivables

The Group provides for lifetime ECL for all trade receivables using a provision matrix. The provision rates are determined based on the Group's historical observed default rates analysed based on days past due by grouping of customers based on geographical region.

As the Group's credit exposure is monitored on an ongoing basis, the Group has determined that the ECL on trade receivables is insignificant. Information regarding loss allowance movement of trade receivables is disclosed in Note 10.

Exposure to credit risk

At the end of the reporting period, 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 statement of financial position.

Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring the country and industry sector profile of its trade receivables on an ongoing basis. The credit risk concentration profile of the Group's trade receivables at the end of the reporting period is as follows:

	2021		2020	
	S\$'000	%	S\$'000	%
The Group				
By country:				
Singapore	6,657	71.1	6,609	68.2
Indonesia	2,707	28.9	3,087	31.8
	9,364	100.0	9,696	100.0

At the end of the reporting period, approximately 46% (2020 – 50%) and 6% (2020 – 17%) of the Group trade receivables were due from 4 (2020 – 5) and 1 (2020 – 1) major customers who are located in Singapore and Indonesia, respectively.

(ii) Other receivables

The Group provides ECL on other receivables using the 3-stage ECL approach. In determining ECL for other receivables, the Group derives the difference between contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, including cash flows from the sale of collateral and considers events such as significant adverse changes in financial conditions of the debtors and determined that significant increase in credit risk occur when there are changes in the risk that the specific debtor will default on the payments. During the financial year, the Group wrote-off S\$4,000 (2020 – S\$91,000) of non-trade receivables which were more than 120 days past due as the Group does not expect to receive future cash flows.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

35 FINANCIAL RISK MANAGEMENT (CONTINUED)

35.1 Credit risk (Continued)

(ii) Other receivables (Continued)

Financial assets that are neither past due nor credit-impaired

Trade and other receivables that are neither past due nor impaired are with creditworthy debtors with good payment record with the Group. Cash and short-term deposits, investment securities and derivatives that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

Financial assets that are either past due or credit-impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 9 (Other receivables) and Note 10 (Trade receivables).

35.2 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market interest rates.

The Group and the Company are not exposed to variability in changes in interest rates as the interest rates in respect of lease liabilities (Note 17) and the loans and borrowings (Note 20) were fixed at the contract date.

35.3 Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to movement in foreign exchange rates.

The Group has transactional currency exposures arising from sales or purchases that are denominated in a currency other than the respective functional currencies of the Group entities, primarily USD and IDR. The Group does not enter into forward foreign currency contracts to hedge against its foreign currency risk resulting from sale and purchase transactions denominated in foreign currencies. The Group manages the risk by a policy to maintain its revenue based on the respective functional currencies of the Group entities.

At the end of the reporting period, 90 % (2020 – 96%) of the Group's sales are denominated in the respective Group's entities' functional currencies.

Sensitivity analysis for foreign currency risk

A 5% (2020 – 5%) strengthening/weakening of USD and IDR against the respective functional currencies of the Group entities at the reporting date are not considered significant.

The Group does not hedge its currency exposure arising from investments in foreign subsidiaries as they are considered to be long term in nature.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

35 FINANCIAL RISK MANAGEMENT (CONTINUED)

35.4 Liquidity risk

Liquidity or funding risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.

The Group's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

The Group's long-term liquidity risk management policy is that to maintain sufficient liquid financial assets and stand-by credit facilities with banks. At the end of the reporting period, approximately 58.9% (2020 – 39.5%) of the Group's loans and borrowings (Note 20) and lease liabilities (Note 17) will mature in less than one year based on the carrying amount reflected in the financial statements.

Analysis of financial instruments by remaining contractual maturities

The table below 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.

	Contractual undiscounted cash flows			
	Carrying amount S\$'000	Less than 1 year S\$'000	1 to 5 years S\$'000	Total S\$'000
The Group				
31 December 2021				
Financial assets:				
Other receivables (Note 9)	812	812	-	812
Trade receivables (Note 10)	9,364	9,364	-	9,364
Cash and bank deposits (Note 11)	3,134	2,822	312	3,134
Total undiscounted financial assets	13,310	12,998	312	13,310
Financial liabilities:				
Other payables (Note 16)	8,148	5,972	2,176	8,148
Lease liabilities (Note 17)	11,095	6,400	5,302	11,702
Loans and borrowings (Note 20)	1,511	1,511	-	1,511
Trade payables (Note 21)	10,316	10,316	-	10,316
Total undiscounted financial liabilities	31,070	24,199	7,478	31,677
Total net undiscounted financial liabilities	(17,760)	(11,201)	(7,166)	(18,367)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

35 FINANCIAL RISK MANAGEMENT (CONTINUED)

35.4 Liquidity risk (Continued)

	Contractual undiscounted cash flows			
	Carrying amount S\$'000	Less than 1 year S\$'000	1 to 5 years S\$'000	Total S\$'000
The Group				
31 December 2020 (Restated)				
Financial assets:				
Other receivables (Note 9)	624	624	–	624
Trade receivables (Note 10)	9,696	9,696	–	9,696
Cash and bank deposits (Note 11)	7,098	6,789	309	7,098
Total undiscounted financial assets	17,418	17,109	309	17,418
Financial liabilities:				
Other payables (Note 16)	23,696	8,370	15,326	23,696
Lease liabilities (Note 17)	13,868	4,444	10,522	14,966
Loans and borrowings (Note 20)	3,000	1,500	1,500	3,000
Trade payables (Note 21)	9,639	9,639	–	9,639
Total undiscounted financial liabilities	50,203	23,953	27,348	51,301
Total net undiscounted financial liabilities	(32,785)	(6,844)	(27,039)	(33,883)
The Company				
31 December 2021				
Financial assets:				
Other receivables (Note 9)	16	16	–	16
Cash and cash equivalents (Note 11)	126	126	–	126
Total undiscounted financial assets	142	142	–	142
Financial liabilities:				
Other payables (Note 16)	3,966	3,966	–	3,966
Lease liabilities (Note 17)	30	29	2	31
Loans and borrowings (Note 20)	5,042	–	5,042	5,042
Total undiscounted financial liabilities	9,038	3,995	5,044	9,039
Total net undiscounted financial liabilities	(8,896)	(3,853)	(5,044)	(8,897)
31 December 2020				
Financial assets:				
Other receivables (Note 9)	1,485	1,485	–	1,485
Cash and cash equivalents (Note 11)	171	171	–	171
Total undiscounted financial assets	1,656	1,656	–	1,656
Financial liabilities:				
Other payables (Note 16)	3,430	3,430	–	3,430
Lease liabilities (Note 17)	58	29	32	61
Loans and borrowings (Note 20)	3,000	–	3,000	3,000
Total undiscounted financial liabilities	6,488	3,459	3,032	6,491
Total net undiscounted financial liabilities	(4,832)	(1,803)	(3,032)	(4,835)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

35 FINANCIAL RISK MANAGEMENT (CONTINUED)

35.4 Liquidity risk (Continued)

The table below shows the contractual expiry by maturity of the Group's financial guarantee contracts. The maximum amounts of the financial guarantee contracts are allocated to the earliest period in which the guarantees could be called.

The Group	Less than 1 year	1 to 5 years	Total
	S\$'000	S\$'000	S\$'000
31 December 2021			
Financial guarantees	1,590	298	1,888
31 December 2020			
Financial guarantees	1,134	295	1,429

35.5 Price risk

Price risk is the risk that the value of a financial instrument will fluctuate due to changes in market prices, whether those changes are caused by factors specific to the individual security or its issuer or factors affecting all securities traded in the market. The Company and the Group do not hold any quoted or marketable financial instruments, and hence is not exposed to risk from any movement in market prices.

36 FAIR VALUES MEASUREMENT

Definition of fair value

SFRS(I)s define fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Fair value measurement of financial instruments

Fair value hierarchy

The carrying values of financial assets and liabilities with a maturity of less than one year approximate their fair values because of the short period to maturity.

The fair values of the non-current financial liabilities (lease liabilities, loans and borrowings and finance lease liabilities) are calculated based on discounted expected future principal and interest cash flows. The discount rates used are based on market rates for similar instruments at the end of the financial year. As at the end of the financial year, the fair values of these non-current financial liabilities approximate their carrying amounts.

Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement, as follows:

- Level 1 – Quoted prices (unadjusted) in active market for identical assets or liabilities that the Company 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 2021

36 FAIR VALUES MEASUREMENT (CONTINUED)

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.

There was no transfer from Level 1 and Level 2 to Level 3 during the financial years ended 31 December 2021 and 2020.

37 CAPITAL MANAGEMENT

The Company's and the Group's objectives when managing capital are:

- (a) To safeguard the Company's and the Group's ability to continue as a going concern, so that it continues to provide returns for shareholders and benefits for other stakeholders;
- (b) To support the Company's and the Group's stability and growth; and
- (c) To provide capital for the purpose of strengthening the Company's and the Group's risk management capability.

The Group actively and regularly reviews and manages its capital structure to ensure optimal capital structure and shareholders returns, taking into consideration the future capital requirements of the Group and capital efficiency, prevailing and projected profitability, projected operating cash flows, projected capital expenditures and projected strategic investment opportunities. The Group currently does not adopt any formal dividend policy.

There were no changes in the Group's and the Company's approach to capital management during the financial year. The Group and the Company are not subject to externally imposed capital requirements.

38 PRIOR YEAR ADJUSTMENTS AND RECLASSIFICATIONS

During the financial year, a prior year adjustment was recorded to accelerate the recognition of the provision for legal claims owing to SPE based on available contemporaneous evidence prior to the finalisation of FY2020 audited financial statements.

Accordingly, the misstatement was corrected by retrospectively adjusting the comparative information for FY2020's statement of comprehensive income in accordance with SFRS(I) 8 *Accounting Policies, Changes in Accounting Estimates and Errors*.

The prior year adjustments, to the extent that they are applied retrospectively, have the following impact:

	As reported	Prior year adjustments	As restated
	S\$'000	S\$'000	S\$'000
Statement of financial position at 31 December 2020			
Other payables, non-current (Note 16)	(8,901)	(6,425)	(15,326)
Accumulated losses	151,217	5,166	156,383
Non-controlling interests (Note 8 (a))	7,356	1,259	8,615
	<u>158,573</u>	<u>6,425</u>	<u>164,998</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

38 PRIOR YEAR ADJUSTMENTS AND RECLASSIFICATIONS (CONTINUED)

	As represented	Prior year adjustments	As restated
	S\$'000	S\$'000	S\$'000
Consolidated statement of comprehensive income for the financial year ended 31 December 2020			
Profit from continuing operations, net of tax	1,347	–	1,347
Profit from discontinued operations, net of tax	11,896	(6,425)	5,471
Profit for the year	<u>13,243</u>	<u>(6,425)</u>	<u>6,818</u>
Profit/(loss) for the year attributable to:			
Owners of the Company:			
• Profit from continuing operations, net of tax	1,347	–	1,347
• Profit from discontinued operations, net of tax	11,476	(5,166)	6,310
	<u>12,823</u>	<u>(5,166)</u>	<u>7,657</u>
Non-controlling interests:			
• Profit from discontinued operations, net of tax	420	(1,259)	(839)
	<u>13,243</u>	<u>(6,425)</u>	<u>6,818</u>
Total comprehensive income/(loss) attributable to:			
• Owners of the Company	12,507	(5,166)	7,341
• Non-controlling interests	604	(1,259)	(655)
	<u>13,111</u>	<u>(6,425)</u>	<u>6,686</u>
Earnings per share – Basic and diluted:			
• From continuing and discontinued operations	1.98	(0.80)	1.18
• From continuing operations	0.21	–	0.21

39 APPOINTMENT OF INDEPENDENT REVIEWER

On 10 September 2019, the Audit Committee of the Company has appointed an independent reviewer to review, inter alia, the circumstances surrounding the payment of S\$3.88 million (the “Queried Payment”) made to a broker to secure the extension of the exploratory permit for the West Jambi concession and the Group’s corporate governance and internal controls related to the Queried Payment. The independent reviewer has submitted the draft report with its preliminary findings and recommendations to SGX-ST and will issue its independent review report when finalised.

40 SUBSEQUENT EVENTS

In February 2022, the Group secured a temporary bridging loan facility of S\$1.5 million from a financial institution.

On 8 March 2022, the Company announced that REL Oil & Gas Pte Ltd (“RELOG”) would dispose of all 12 issued and fully paid-up ordinary shares of Ramba Energy Investments Limited, the intermediate holding company of the oil and gas entities domiciled in Indonesia, for a consideration of US\$1 to Indonusa Oil Ltd pursuant to a Shares Sale and Purchase Agreement.

On 25 March 2022, the Company announced that it had entered into a placement agreement with SAC Capital Private Limited for the proposed placement of (i) up to an aggregate of 1,660,000,000 new ordinary shares of the Company at an issue price of S\$0.009 per share (the “Placement Shares”); and (ii) up to 1,660,000,000 detachable, transferrable and non-listed warrants (“Warrants”) at an issue price of S\$0.001 per Warrant, on the basis of one Warrant for each Placement Share, with each Warrant carrying the right to subscribe for one new ordinary share in the capital of the Company (each a “Warrant Share”) at an exercise price of S\$0.009 (the “Warrant Exercise Price”) for each Warrant Share.

STATISTICS OF SHAREHOLDINGS

AS AT 16 MARCH 2022

ANALYSIS OF SHAREHOLDINGS AS AT 16 MARCH 2022

Issued and fully paid-up shares (excluding treasury shares)	:	646,867,923
Class of shares	:	Ordinary shares
Voting rights	:	One vote per share
Number of Treasury Shares	:	1,807,215

DISTRIBUTION OF SHAREHOLDERS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 – 99	20	1.31	378	0.00
100 – 1,000	82	5.37	62,849	0.01
1,001 – 10,000	484	31.72	3,184,322	0.49
10,001 – 1,000,000	901	59.04	79,228,646	12.25
1,000,001 AND ABOVE	39	2.56	564,391,728	87.25
TOTAL	1,526	100.00	646,867,923	100.00

SUBSTANTIAL SHAREHOLDERS

	Direct Interest	%	Deemed Interest	%	Total Interest	%
Aditya Wisnuwardana Seky Soeryadjaya ⁽¹⁾	0	0.00	116,656,053	18.03	116,656,053	18.03
Edward Seky Soeryadjaya ⁽²⁾	0	0.00	107,871,400	16.68	107,871,400	16.68
Mohammad Soetrisno Bachir ⁽²⁾	0	0.00	107,871,400	16.68	107,871,400	16.68
Precious Treasure Global Inc. ⁽²⁾	0	0.00	107,871,400	16.68	107,871,400	16.68
Redmount Holdings Limited ⁽³⁾⁽⁴⁾	0	0.00	107,871,400	16.68	107,871,400	16.68
Telecour Limited	107,699,200	16.65	0	0.00	107,699,200	16.65
Clement Wang Kai ⁽⁵⁾	0	0.00	68,000,000	10.51	68,000,000	10.51
Wing Harvest Limited	68,000,000	10.51	0	0.00	68,000,000	10.51
Hisao Ishiyama ⁽⁶⁾	0	0.00	96,800,000	14.96	96,800,000	14.96
Eneco Investment Pte. Ltd.	96,800,000	14.96	0	0.00	96,800,000	14.96

NOTES:

- Mr Aditya Wisnuwardana Seky Soeryadjaya has a deemed interest in the 3,505,201 shares registered in the name of JP Morgan Nominees Private Limited of which 172,200 shares are held on trust by Redmount Holdings Limited ("Redmount"), 5,451,652 shares registered in the name of DB Nominees (Singapore) Pte Ltd, and a deemed interest in the 107,699,200 shares held by Telecour Limited ("Telecour") pursuant to Section 7(4) of the Companies Act, through his position as the sole Director and Shareholder of Telecour.
- Both Mr Mohammad Soetrisno Bachir ("Mr Bachir") and Mr Edward Seky Soeryadjaya ("Mr Soeryadjaya") control in equal proportion of shareholdings in the capital of Precious Treasure Global Inc. ("Precious"). Precious controls 100% of the total issued share capital of Redmount. Pursuant to Section 7(4) of the Companies Act, Mr Bachir and Mr Soeryadjaya are deemed interested in the shares held by Redmount.
- Redmount holds 100% of the total issued share capital of York Hill Group Limited, Luciano Group Limited, Chimsy Holdings Limited, Glenville Group Limited and Benegain Holdings Limited (collectively, "Subsidiaries"). The sum of 107,699,200 ordinary shares have been transferred from the Subsidiaries to Telecour, who now holds the Shares in trust for and on behalf of Redmount.
- Redmount, pursuant to a trust deed dated 4 February 2016, has a deemed interest in the 107,699,200 shares registered in the name of Telecour and 172,200 shares registered in the name of JP Morgan Nominees Private Limited, that are held in trust for Redmount.
- Clement Wang Kai is the sole director and sole shareholder of Wing Harvest Limited.
- Eneco Investment Pte. Ltd. is wholly-owned by Eneco Investment Inc., which is in turn wholly-owned by Mr. Hisao Ishiyama.

STATISTICS OF SHAREHOLDINGS

AS AT 16 MARCH 2022

PERCENTAGE OF SHAREHOLDING IN PUBLIC'S HANDS

Approximately 55.38% of the Company's shares are held in the hands of the public (on the basis of information available to the Company). Accordingly the Company has complied with Rule 723 of the Listing Manual of the SGX-ST.

TREASURY SHARES

The total number of treasury shares held as at 16 March 2022 is 1,807,215 shares, approximately 0.28% of the total number of issued shares (excluding treasury shares).

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	PHILLIP SECURITIES PTE LTD	227,813,396	35.22
2	ENECO INVESTMENT PTE LTD	96,800,000	14.96
3	BNP PARIBAS NOMINEES SINGAPORE PTE LTD	47,145,500	7.29
4	RAFFLES NOMINEES (PTE) LIMITED	23,912,600	3.70
5	SUMMIT GAIN CONSULTANTS LIMITED	19,800,000	3.06
6	CITIBANK NOMINEES SINGAPORE PTE LTD	19,292,660	2.98
7	DBS NOMINEES PTE LTD	15,731,445	2.43
8	UOB KAY HIAN PTE LTD	11,277,931	1.74
9	HSBC (SINGAPORE) NOMINEES PTE LTD	10,981,400	1.70
10	OCBC SECURITIES PRIVATE LTD	9,531,708	1.47
11	UNITED OVERSEAS BANK NOMINEES PTE LTD	7,277,880	1.13
12	LIN TING YIE @LAM TIN YIE	6,900,200	1.07
13	DBSN SERVICES PTE LTD	5,484,201	0.85
14	DB NOMINEES (SINGAPORE) PTE LTD	5,451,652	0.84
15	DBS VICKERS SECURITIES (S) PTE LTD	5,280,000	0.82
16	GOH BEE LAN	5,154,000	0.80
17	MAYBANK SECURITIES PTE. LTD.	3,568,500	0.55
18	LIM HOCK CHEE	3,100,000	0.48
19	ABN AMRO CLEARING BANK N.V.	2,857,100	0.44
20	PEH KOK WAH @ PEH WAH CHYE	2,807,100	0.43
	TOTAL	530,167,273	81.96

DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Pursuant to Rule 720(6) of the Listing Manual of the SGX-ST, the following are the information relating to the directors seeking re-election at the forthcoming Annual General Meeting as recommended by the Nominating Committee (“NC”) and the Board, as set out in Appendix 7.4.1 to the Listing Manual of the SGX-ST:

	MR COLIN PETER MORAN	MR TEO CHEOW BENG
Date of first appointment	28 June 2019	14 December 2018
Date of last re-appointment	23 June 2020	23 June 2020
Age	60	65
Country of principal residence	Australia	Singapore
The Board’s comments on this appointment (including rationale, selection criteria, board diversity consideration, and the search and nomination process)	The Board of Directors (the “ Board ”) concurs with the recommendation of Nominating Committee (the “ NC ”) and is of the view that based on his qualifications and work experience, Mr Moran will be able to contribute positively to the Group and the Board.	The Board concurs with the recommendation of the NC and is of the view that based on his qualifications and work experience, Mr Teo will be able to contribute positively to the Group and the Board.
Whether appointment is executive, and if so, the area of responsibility	Executive	Non-Executive
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Executive Director	Independent Director, Remuneration Committee Chairman, and member of the Audit Committee and the Nominating Committee.
Professional qualifications	Diploma in Business Studies from the Port Adelaide College of TAFE	Graduate Diploma in Business and Management
Working experience and occupation(s) during the past 10 years	Director of the following companies: 1. Richland Chemical Logistics Pte Ltd 2. RichLand Logistics Services Pte Ltd 3. RichLand Global Pte Ltd 4. Wowz Entertainment Pte Ltd 5. RWB Marine Australia Pty Ltd 6. Eneco Singapore Pte td 7. REL Oil & Gas Pte Ltd 8. Ramba Energy Investment Limited 9. Ramba Energy Indonesia Limited 10. Ramba Energy Exploration Limited	Singapore Police Force Director of Richland Global Pte. Ltd. and Richland Logistics Services Pte. Ltd.

DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	MR COLIN PETER MORAN	MR TEO CHEOW BENG
	11. Eneco Refresh Limited (Non-Executive Director) 12. Comoranich Family Trust 13. 1220 Umbrella Investments Pty Ltd Commissioner of the following companies: 1. PT Richland Indonesia 2. PT Richland Logistics Indonesia	
Shareholding interest in the listed issuer and its subsidiaries	1,031,906 shares	Nil
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	No	No
Conflict of Interest (including any competing business)	No	No
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes
Other Principal Commitments* Including Directorships#	<u>Past</u> Nil	<u>Past</u> Nil
Past (for the last 5 years)		
Present	<u>Present</u> 1. Richland Chemical Logistics Pte Ltd 2. RichLand Logistics Services Pte Ltd 3. RichLand Global Pte Ltd 4. Wowz Entertainment Pte Ltd 5. RWB Marine Australia Pty Ltd 6. Eneco Singapore Pte td 7. REL Oil & Gas Pte Ltd 8. Ramba Energy Investment Limited 9. Ramba Energy Indonesia Limited 10. Ramba Energy Exploration Limited 11. Eneco Refresh Limited (Non-Executive Director)	<u>Present</u> 1. Richland Global Pte. Ltd. 2. Richland Logistics Services Pte. Ltd.

DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	MR COLIN PETER MORAN	MR TEO CHEOW BENG
	12. Comoranich Family Trust 13. 1220 Umbrella Investments Pty Ltd 14. PT Richland Indonesia PT Richland Logistics Indonesia	
Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is “yes”, full details must be given.		
a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No	No
b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No	No
c) Whether there is any unsatisfied judgment against him?	No	No
d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No

DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	MR COLIN PETER MORAN	MR TEO CHEOW BENG
e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No
f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No
g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No
h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No
i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No

DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	MR COLIN PETER MORAN	MR TEO CHEOW BENG
<p>j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:</p> <p>i. any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or</p> <p>ii. any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or</p> <p>iii. any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or</p> <p>iv. any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere</p> <p>in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?</p>	No	No
<p>k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?</p>	No	No

APPENDIX 7.5

SUMMARY OF RESERVES AND RESOURCES

West Jambi KSO Block

Class and Category	Gross Attributable to Licence (MMstb / Bscf)	Net Attributable to Issuer ⁽¹⁾		Risk Factors ⁽²⁾	Remarks
		MMstb / Bscf	Change from previous update (%)		
Contingent Resources Class ⁽⁴⁾					
Oil Contingent Resources (MMstb)					
1C	0.69	0.69	0%	20%	Contingencies pertain to completion of KSO commitments and approval of PoD. SPE PRMS 2018 Project Maturity sub-class of "Development Unclassified"
2C	3.30	3.30	0%	20%	
3C	8.66	8.66	0%	20%	
Natural Gas Contingent Resources (Bscf)					
1C	10.98	10.98	0%	20%	Contingencies pertain to completion of KSO commitments and approval of PoD. SPE PRMS 2018 Project Maturity sub-class of "Development Unclassified"
2C	24.24	24.24	0%	20%	
3C	33.63	33.63	0%	20%	
Natural Gas Liquid Contingent Resources (MMstb)					
1C	0.09	0.09	0%	20%	Contingencies pertain to completion of KSO commitments and approval of PoD. SPE PRMS 2018 Project Maturity sub-class of "Development Unclassified"
2C	0.20	0.20	0%	20%	
3C	0.28	0.28	0%	20%	

- 1) Tabulated volumes are "Net Attributable to Issuer", which relate to Eneco's net working interest in the Asset (100%) and do not necessarily equate to net entitlement under the KSO license contract terms.
- 2) Risk factors relates to the Probability of Development (Pd) for the Project. The Pd of the petroleum resources is deemed low at this current time, based on the low maturity of understanding of the Asset. THREE60 Energy states a Pd of 20% and classifies as Contingent Resources Project Maturity Sub-Class "Development Unclassified", as per SPE PRMS 2018.
- 3) 1C: Low Estimate; 2C: Best Estimate; 3C: High Estimate Contingent Resources.
 - MMstb: Millions of stock tank barrels of liquids.
 - Bscf: Billions of standard cubic feet of gas.
 - "Change from previous update" compares our reporting to the December 31, 2018 QPR (REF: 1).

SIGNED:



Dr. Mike Reeder
THREE60 Energy
Director of Commercial Advisory
Certified Petroleum Geologist (DPA AAPG #6310)



Date: January 21, 2022

APPENDIX 7.5

SUMMARY OF RESERVES AND RESOURCES

Lemang PSC Block

Category	Gross Attributable to Licence ¹	Working Interest Attributable to Issuer ²	Net Entitlement Attributable to Issuer ^{3,4}	Risk Factors ⁵	Remarks
Contingent Resources – Akatara Gas Development ^{6,7} – Project Maturity Sub-class “Development Pending”					
Gas Contingent Resources (Bscf ⁸)					
1C	34.2	3.4	3.0	Note PRMS project maturity status	Planned development of Non Associated Gas (NAG) resources in UTAF and LTAF reservoirs. Subject to regulatory approval and FID.
2C	59.2	5.9	4.7		
3C	74.3	7.4	5.7		
Condensate Contingent Resources (Mstb ⁹)					
1C	582	58	52	Note PRMS project maturity status	Associated condensate yields (separated wet gas) from the planned Akatara Gas Development.
2C	1,025	103	77		
3C	1,472	147	93		
Liquid Petroleum Gas Contingent Resources (MT ¹⁰)					
1C	332.6	33.3	29.6	Note PRMS project maturity status	Associated liquid petroleum gas (LPG) extraction from the planned Akatara Gas Development.
2C	543.5	54.4	43.0		
3C	662.1	66.2	50.8		

Notes:

1. Tabulated volumes are Gross Attributable to Licence and include the other Contractor's share (operator Jadestone Energy's 90% Working Interest) and the Indonesian Government's share of the Contingent Resources.
2. Tabulated volumes are Working Interest volumes for Eneco's 10% Contractor participation in the PSC. These exclude Jadestone Energy's volumes but are not net to the Indonesian Government's entitlement to the Contingent Resources.
3. Tabulated volumes are Net Entitlement volumes for Eneco's 10% participation in the PSC. These exclude both Jadestone Energy's and the Indonesian Government's entitlements to the Contingent Resources. Net Entitlement Contingent Resources form the true volumes attributable to Eneco as per the terms and conditions of the PSC for the Asset.
4. Note that Eneco's working interest may reduce to 9% if the local Indonesian government exercises its 10% back-in right under the PSC at the time of Akatara Gas Development Project sanction. The 2C Net entitlement volumes at 9% working interest are Gas: 4.2 Bscf, Condensate: 69 Mstb, and LPG: 38.9 MT, respectively.
5. Our reporting of Contingent Resources is on an unrisks basis. Assessment of risk related to Contingent Resources development is made qualitatively by assigning resources to one of the SPE PRMS 2018 Project Maturity Sub-classes. THREE60 Energy estimates a Probability of Development (Pd) of 80%.
6. The Contingent Resources are classified Project Maturity Sub-class “Development Pending” as there remain contingencies on the final investment decision (FID) to undertake the gas development project, in addition to final approval of the development by the Joint Venture partners and the Indonesian Government.
7. 1C: Low; 2C: Best; 3C: High estimated Contingent Resources pertaining to the Akatara Gas Development discussed above.
8. Bscf: Billions of standard cubic feet of gas.
9. Mstb: Thousands of stock tank barrels of condensate.
10. MT: Thousands of metric tonnes of LPG or natural gas liquids.

SIGNED:



Dr. Mike Reeder

THREE60 Energy

Director of Commercial Advisory

Certified Petroleum Geologist (DPA AAPG #6310)



Date: January 3, 2022

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting (“AGM”) of Eneco Energy Limited (the “Company”) will be held by electronic means (via live webcast and telephone audio feed) on Thursday, 28 April 2022 at 2.00 p.m. (Singapore time) for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors’ Statement and the Audited Financial Statements of the Company and the Group for the financial year ended 31 December 2021 together with the Auditors’ Report thereon. **(Resolution 1)**
2. To re-elect the following Directors of the Company retiring pursuant to the Constitution of the Company:
 - (i) Colin Peter Moran (Regulation 111) **(Resolution 2)**
 - (ii) Teo Cheow Beng (Regulation 111) **(Resolution 3)**[See Explanatory Note (i)]
3. To approve the payment of Directors’ fees up to S\$181,500 for the financial year ending 31 December 2022. [FY2020: S\$181,500] **(Resolution 4)**
4. To re-appoint Messrs Foo Kon Tan LLP as the Auditors of the Company and to authorise the Directors of the Company to fix their remuneration. **(Resolution 5)**
5. To transact any other ordinary business which may properly be transacted at an Annual General Meeting.

AS SPECIAL BUSINESS

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

6. **Ordinary Resolution**
Authority to Issue Shares **(Resolution 6)**

That pursuant to Section 161 of the Companies Act 1967 (“Companies Act”) and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited (“SGX-ST”), the Directors of the Company be authorised and empowered 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) options, warrants, debentures or other instruments convertible into shares,at any time and upon such terms and conditions and for such purposes and to such persons as the Directors of the Company may in their absolute discretion deem fit; and
- (b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instruments made or granted by the Directors of the Company while this Resolution was in force,

(the “Share Issue Mandate”)

NOTICE OF ANNUAL GENERAL MEETING

provided that:

- (1) the aggregate number of shares (including shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) and Instruments to be issued pursuant to this Resolution shall not exceed 50% 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 and Instruments to be issued other than on a pro-rata basis to existing shareholders of the Company shall not exceed 20% 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);
- (2) (subject to such calculation as may be prescribed by SGX-ST) for the purpose of determining the aggregate number of shares and Instruments that may be issued under sub-paragraph (1) above, the percentage of issued shares and Instruments shall be based on the number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time of the passing of this Resolution, after adjusting for:–
 - (i) new shares arising from the conversion or exercise of the Instruments or any convertible securities;
 - (ii) new shares arising from exercising share options or vesting of share awards outstanding or subsisting at the time of the passing of the resolution, provided the options or awards were granted in compliance with Part VIII of Chapter 8; and
 - (iii) any subsequent bonus issue, consolidation or subdivision of shares.
- (3) in exercising the Share Issue Mandate conferred by this Resolution, the Company shall comply with the provision of the Listing Manual of SGX-ST for the time being in force (unless such compliance has been waived by SGX-ST) and the Constitution of the Company; and
- (4) unless revoked or varied by the Company in a general meeting, the Share Issue Mandate shall continue in force until: (i) the conclusion of the next AGM of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is earlier; or (ii) in the case of shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution, until the issuance of such shares in accordance with the terms of the Instruments.

[See Explanatory Note (ii)]

By Order of the Board

Ang Siew Koon
Company Secretary

12 April 2022

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes:

- (i) Mr Teo Cheow Beng will, upon re-election as Director of the Company, remain as the Chairman of the Remuneration Committee and as a member of the Audit Committee and Nominating Committee. He will be considered independent for the purpose of Rule 704(8) of the Listing Manual of the SGX-ST.
- (ii) The Ordinary Resolution 6 in item 6 above, if passed, will empower the Directors of the Company from the date of this AGM until the date of the next AGM of the Company, or the date by which the next AGM of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares, make or grant Instruments convertible into shares and to issue shares pursuant to such Instruments, up to a number not exceeding, in total, 50% of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company, of which up to 20% may be issued other than on a pro-rata basis to existing shareholders of the Company.

For the purpose of determining the aggregate number of shares that may be issued, the percentage of issued shares in the capital of the Company (excluding treasury shares and subsidiary holdings) will be calculated based on the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time this Ordinary Resolution is passed after adjusting for new shares arising from the conversion or exercise of the Instruments or any convertible securities or the exercise of share options or the vesting of share awards outstanding or subsisting at the time when this Ordinary Resolution is passed and any subsequent consolidation or subdivision of shares.

NOTICE OF ANNUAL GENERAL MEETING

Important Notice to Shareholders Regarding the Conduct of the Company's AGM

Pursuant to Part 4 of the COVID-19 (Temporary Measures) Act 2020 and the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020, the Company wishes to inform shareholders of the Company (the "Shareholders") that it will conduct its annual general meeting on Thursday, 28 April 2022 at 2.00 pm ("AGM") partly by way of electronic means pursuant to First Schedule of the COVID-19 Order, and the physical location for the AGM is purely to facilitate the conduct of the AGM by way of electronic means.

The Company will arrange for (i) a "live" webcast of the AGM, which allows Shareholders to view the proceedings of the AGM contemporaneously ("LIVE WEBCAST"); and (ii) audio only means (via telephone), which allows Shareholders to observe the proceedings of the AGM contemporaneously ("AUDIO FEED"). **Shareholders can ONLY participate in the AGM via LIVE WEBCAST or AUDIO FEED. The Company will not accept any physical attendance by Shareholders at the physical location of the AGM.**

Shareholders should note the following procedures and/or instructions to participate in the AGM LIVE WEBCAST or AUDIO FEED.

1. Proxy Voting

Voting at the AGM is by proxy ONLY. Shareholders who wish to vote on any or all of the resolutions at the AGM must appoint the Chairman of the AGM as your proxy to vote on your behalf by completing the proxy form attached to the Notice of AGM by downloading it from the Company's announcement on SGXNet or from the Company's website at www.enecoenergy.com. Shareholders should specifically indicate how they wish to vote for or vote against (or abstain from voting on) the resolutions set out in the Notice of AGM.

Shareholders must submit the completed and signed proxy form appointing the Chairman of the AGM as proxy (i) **by email to sg.is.proxy@sg.tricorglobal.com**; or (ii) **by post to the Company's Share Registrar, Tricor Barbinder Share Registration Services (A division of Tricor Singapore Pte. Ltd.), 80 Robinsons Road #11-02, Singapore 068898, by 2.00 p.m. on Monday, 25 April 2022** (being not less than seventy-two (72) hours before the time fixed for the AGM). Any incomplete proxy form will be rejected by the Company.

For SRS investors who wish to appoint the Chairman of the AGM as their proxy, they should approach their respective SRS Operators to submit their votes **by email to sg.is.proxy@sg.tricorglobal.com or post to the Company's Share Registrar, Tricor Barbinder Share Registration Services (A division of Tricor Singapore Pte. Ltd.), 80 Robinsons Road #11-02, Singapore 068898** at least seven (7) working days before the AGM.

2. Registration to attend the AGM

Shareholders who wish to attend the AGM can participate by registering at the link as follows:-

conveneagm.sg/enecoenergy2022/

by 2.00 p.m. on Sunday, 24 April 2022 (the "Registration Deadline") to enable the Company to verify the Shareholders' status. After the verification process, an email containing instructions to access the LIVE WEBCAST or AUDIO FEED (depending on the Shareholder's choice at the point of registration) will be sent to authenticated Shareholders by **12 noon on Tuesday, 26 April 2022**.

If the shareholders or their corporate representatives who have pre-registered by the Registration Deadline, but did not receive an email by 12 noon on Tuesday, 26 April 2022, they may contact the Company for assistance at 6236 3550/6236 3555.

Shareholders may attend the LIVE WEBCAST via your smart phones, tablets or laptops/computers, and the AUDIO FEED via a land or mobile phone line.

Shareholders who wish to attend the AGM via LIVE WEBCAST or AUDIO FEED are reminded that the AGM is private. Invitations to attend the LIVE WEBCAST or AUDIO FEED shall not be forwarded to anyone who is not a Shareholder of the Company or who is not authorised to attend the LIVE WEBCAST or AUDIO FEED. Recording of the LIVE WEBCAST and AUDIO FEED in whatever form is also strictly prohibited.

The Company would like to seek Shareholders' understanding in the event of any technical disruptions during the LIVE WEBCAST and AUDIO FEED.

3. Shareholders' Questions and Answers (Q&A)

Shareholders will not be able to ask questions at the AGM during the LIVE WEBCAST or AUDIO FEED. Therefore, it is important for shareholders to pre-register and submit their questions in advance of the AGM.

Shareholders can submit their questions related to the resolutions to be tabled for approval at the AGM to the Chairman of the Meeting at the link as follows:-

conveneagm.sg/enecoenergy2022/

Submission deadline for questions is **by 2.00 p.m. on Wednesday, 20 April 2022**.

Please note that substantial questions and relevant comments from Shareholders would be addressed by the Company (as may be determined by the Company at its sole discretion) and posted on SGXNet before the AGM. The Company will also address any subsequent clarifications sought, or follow-up questions, prior to, or at, the AGM in respect of substantial and relevant matters. The responses from the Board and management of the Company shall thereafter be published in the Company's Minutes of the AGM on SGXNet and the Company's website within one (1) month after the conclusion of the AGM.

Shareholders who have been appointed as proxies by relevant intermediaries under Section 181(1C) of the Companies Act 1967 of Singapore, such as SRS investors, should approach their respective agents, such as SRS Operators, to submit their questions in relation to any resolution set out in the Notice of AGM prior to the AGM and have their substantial queries and relevant comments answered.

4. Documents for the AGM

Documents relating to the business of the AGM, which comprise the Company's annual report for the financial year ended 31 December 2021, this Notice of AGM, and the proxy form for the AGM (collectively, the "AGM Documents"), have been published on SGXNet and the Company's website at www.enecoenergy.com on 11 April 2022.

NOTICE OF *ANNUAL GENERAL MEETING*

PERSONAL DATA PRIVACY

By submitting an instrument appointing the Chairman of the Meeting to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) 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, proxy lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines.

This page has been intentionally left blank

ENECO ENERGY LIMITED

Company Registration No. 200301668R
(Incorporated in the Republic of Singapore)

IMPORTANT:

1. The Annual General Meeting (“AGM”) is being convened, and will be held, partly by way of electronic means pursuant to First Schedule of the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. Printed copies of the Company’s annual report, the Notice of AGM, and this proxy form for the AGM (collectively, the “AGM Documents”) will **NOT** be sent to members of the Company. Instead, the AGM Documents, including the Notice of AGM, will be sent to members of the Company by electronic means via publication on SGXNet and the Company’s website at www.enecoenergy.com.
2. Alternative arrangements relating to attendance at the Meeting via electronic means (including arrangements by which the Meeting can be electronically via live webcast and telephone audio feed), submission of questions in advance of the Meeting, addressing of substantial queries and relevant comments, prior to, or at, the Meeting and voting by appointing the Chairman of the Meeting as proxy at the Meeting, are set out in the Notice of AGM.
3. Due to the current COVID-19 restriction orders in Singapore, a member of the Company will not be able to attend the Meeting in person. A member of the Company (whether individual or corporate) must appoint the Chairman of the Meeting as their proxy to attend, speak and vote on their behalf at the Meeting if such member wishes to exercise their voting rights at the Meeting. The accompanying proxy form for the AGM may be downloaded from SGXNet and at the Company’s website at www.enecoenergy.com.

PROXY FORM

(Please see notes overleaf before completing this Form)

I/We*, _____ (Name) _____ (NRIC/Passport No.)

of _____ (Address)

being a member/members of Eneco Energy Limited (the “Company”), hereby appoint the Chairman of the Meeting as *my/our proxy to attend and vote for *me/us on *my/our behalf at the Annual General Meeting (“AGM”) of the Company held by electronic means (via live webcast and telephone audio feed) on Thursday, 28 April 2022 at 2.00 p.m. (Singapore time) and at any adjournment thereof.

*I/We direct the Chairman of the Meeting as *my/our proxy to vote for or against or abstain the Ordinary Resolutions proposed at the Meeting as indicated hereunder.

Note: In the absence of specific directions in respect of a resolution, the appointment of the Chairman of the Meeting as your proxy for that resolution will be treated as invalid.

No.	Resolutions relating to:	**For	**Against	**Abstained
1.	Audited Financial Statements for the financial year ended 31 December 2021			
2.	Re-election of Mr Colin Peter Moran as a Director			
3.	Re-election of Mr Teo Cheow Beng as a Director			
4.	Approval of Directors’ fees amounting to S\$181,500 for the financial year ending 31 December 2022			
5.	Re-appointment of Messrs Foo Kon Tan LLP as Auditors and authority to Directors to fix remuneration			
6.	Authority to issue shares			

* Delete accordingly

** If you wish to exercise all your votes “For” or “Against”, please mark an “X” within the box provided. Alternatively, please indicate the number of votes as appropriate. If you mark “X” in the abstain box for a particular resolution, you are directing your proxy not to vote on that resolution.

Dated this _____ day of _____ 2022

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

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

*Delete where inapplicable

Notes:

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act 2001 of Singapore), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.
2. Shareholders must appoint the Chairman of the Meeting to act as proxy and direct the vote of the AGM. Please refer to the Notice of AGM for more details. This proxy form has been made available on SGXNet and at the Company's website at www.enecoenergy.com. Printed copies of the AGM Documents, including this proxy form will **NOT** be despatched to members.
3. The instrument appointing the Chairman of the Meeting, together with the power of attorney or other authority (if any) under which it is signed, or notarially certified copy thereof, must be deposited: (i) by email to sg.is.proxy@sg.tricorglobal.com; or (ii) by post to the Company's Share Registrar, Tricor Barbinder Share Registration Services (A division of Tricor Singapore Pte. Ltd.) at 80 Robinson Road, #11-02, Singapore 068898 by 2.00 pm on Monday, 25 April 2022 (being not less than seventy-two (72) hours before the time appointed for holding the AGM).

A member who wishes to submit an instrument of proxy must complete and sign the proxy form, before submitting it by post to the address provided above or before scanning and sending by email to the email address provided above.

AFFIX
STAMP

The Share Registrar of Eneco Energy Limited
TRICOR BARBINDER SHARE REGISTRATION SERVICES
(A division of Tricor Singapore Pte. Ltd.)
80 Robinson Road
#02-00
Singapore 068898

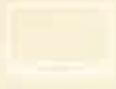
4. A Depositor shall not be regarded as a member of the Company entitled to attend the Annual General Meeting and to speak and vote thereat unless their name appears on the Depository Register seventy-two (72) hours before the time set for the Annual General Meeting.
5. An investor who buys shares using CPF monies ("CPF Investor") and/or SRS monies ("SRS Investor") (as may be applicable) who wish to appoint the Chairman of the Meeting as their proxy, they should approach their respective SRS Operators to submit their votes by email to sg.is.proxy@sg.tricorglobal.com or post to the Company's Share Registrar, Tricor Barbinder Share Registration Services, 80 Robinsons Road #11-02, Singapore 068898 at least seven (7) working days before the AGM.
6. The instrument appointing the Chairman of the Meeting must be under the hand of the appointor or of his 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 seal or under the hand of an officer or attorney duly authorised. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument.

Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 12 April 2022.

General:

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. In addition, in the case of Shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at seventy-two (72) hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.



SEARCH



ONLINE SHOPPING



E-MAIL



GLOBAL



NETWORK

Eneco Energy Limited

300 Tampines Avenue 5
#05-02

Singapore 529653

Tel: 6223 8022

Fax: 6223 3022

Website: www.enecoenergy.com

Company Reg No. 200301668R

