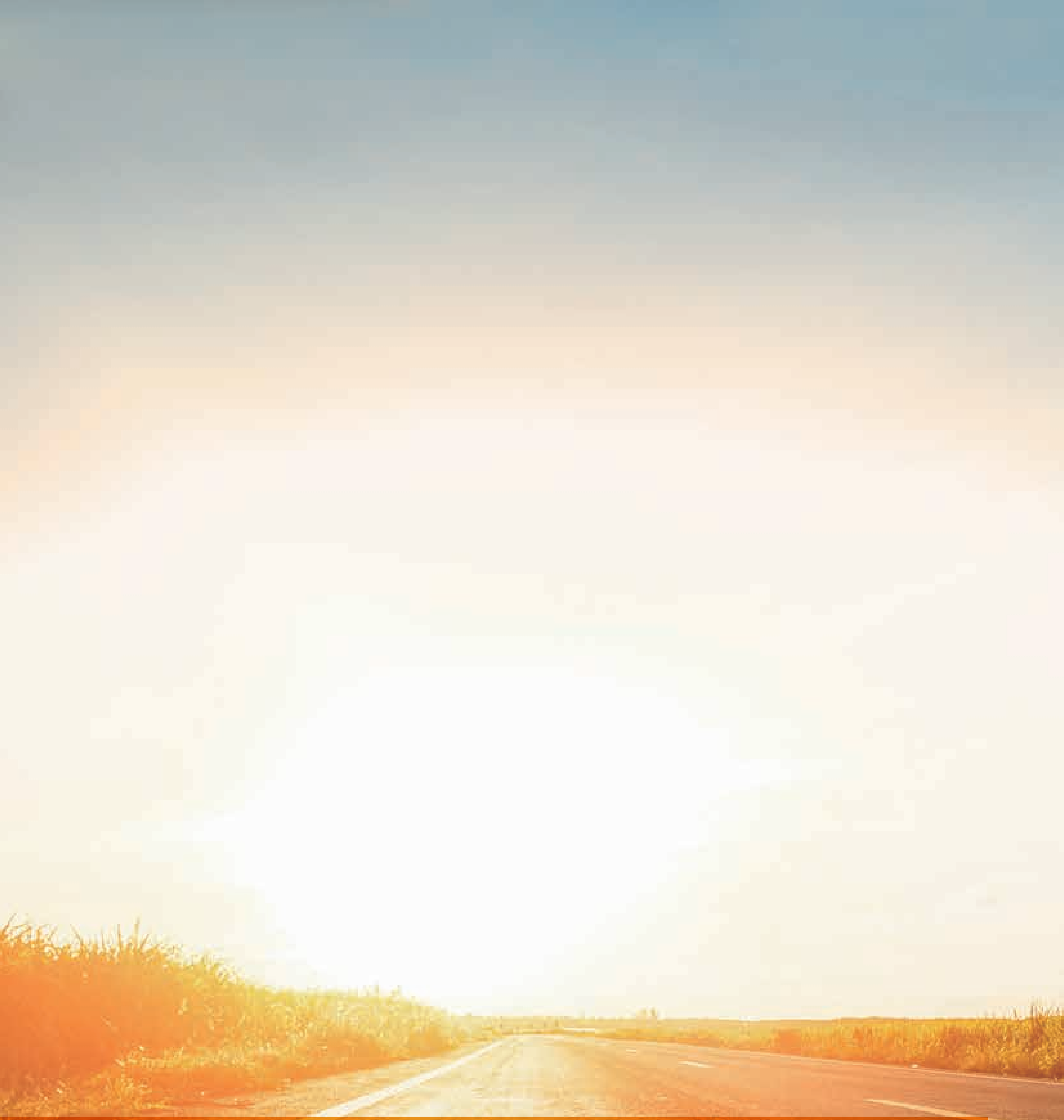
Eneco
ENERGY

NEW BEGINNINGS

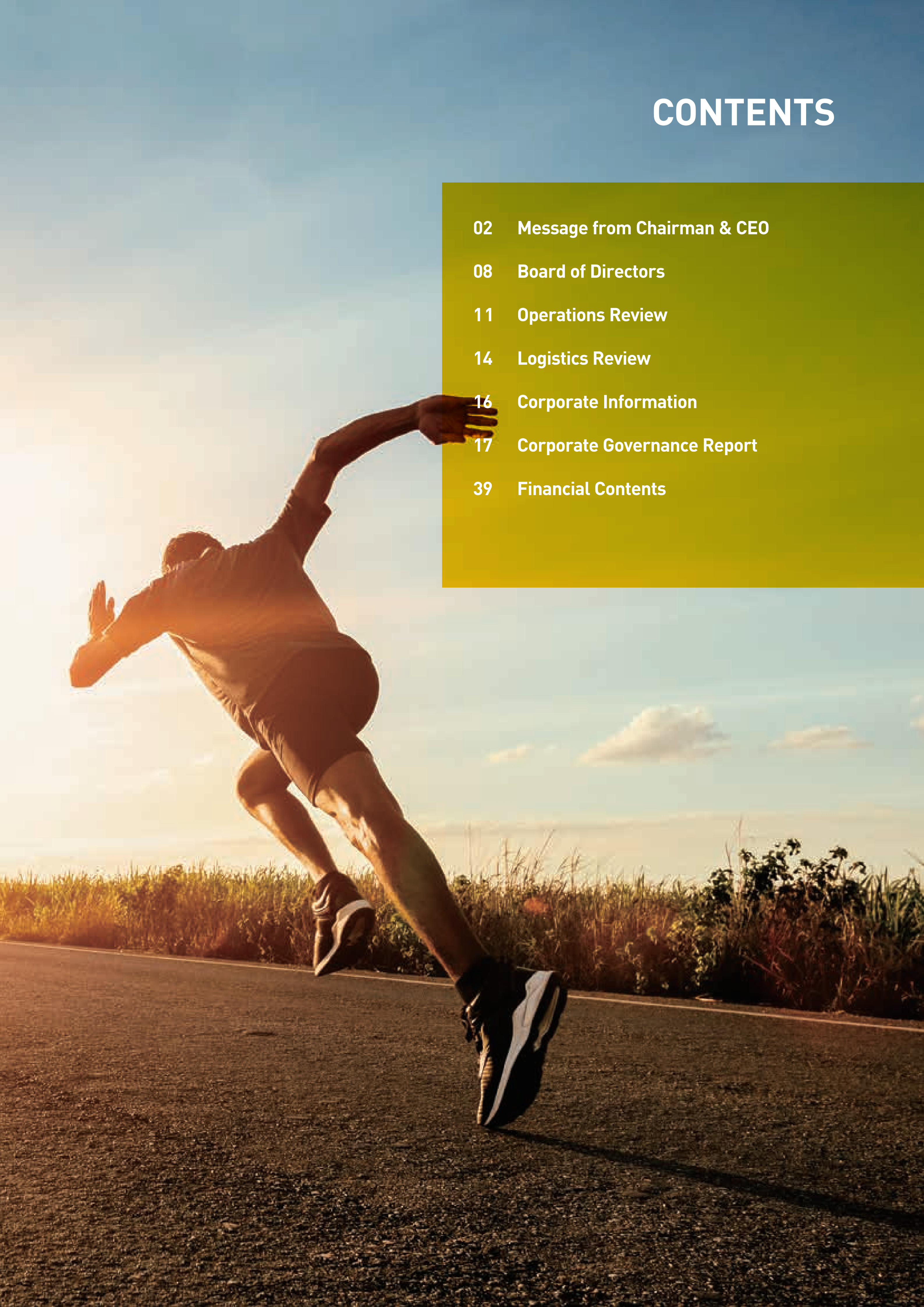
ANNUAL REPORT 2019



Eneco Energy Limited ("**Eneco Energy**" or "**The Group**") (formerly known as Ramba Energy Limited) is a Singapore Stock Exchange-listed Company engaged in two core business streams, namely Oil and Gas exploration and production in Indonesia and logistics services within Singapore and Indonesia. Eneco Energy ventured into the energy sector in 2008 and has been in the Logistics sector since inception in 1992 under the brand of RichLand Logistics.

Eneco Energy holds a 70% interest in the Jatirarangon TAC Block, located in West Java, Indonesia; a 100% interest in the West Jambi KSO Block, located in Sumatra, Indonesia; and its local subsidiary, PT Hexindo Gemilang Jaya holds a 10% interest in the Lemang PSC Block, also located in Sumatra, Indonesia. All of Eneco Energy's assets are located in onshore regions on the Western Indonesian islands of Java and Sumatra.

Eneco Energy's logistics business unit, RichLand Logistics provides supply chain services including domestic last mile distribution, just in time inbound to manufacturing milk runs, customs brokerage, third party contract logistics, warehouse management, spare parts to infield engineer exchange programs and reverse logistics for scrap and end of life products, in addition to its long running air cargo handling services. RichLand employs more than 700 full time and contract employees. RichLand manages more than 1,000,000 square feet of warehousing capacity, and transports more than 2 million tonnes of cargo annually.



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MESSAGE FROM CHAIRMAN & CEO

FOCUSING ON EXECUTION

MR. LOW CHAI CHONG
Chairman, Independent Director

MR. COLIN PETER MORAN
Chief Executive Officer and Executive Director

DEAR SHAREHOLDERS,

On behalf of the Board of Directors of Eneco Energy Limited ("**Eneco Energy**" or "**the Group**"), we wish to present the Eneco Energy annual report for the year ended 31 December 2019 ("**FY2019**").

FINANCIAL REVIEW

Eneco Energy recorded a revenue of S$41.2 million for FY2019, reflecting a decline of S$5.6 million as compared to the prior year ("**FY2018**"). Lower production from both the Jatirarangon and Lemang fields contributed $2.2 million of the decline with the balance of the decline coming from the Logistics business units due to softer volumes from its existing customers.

Whilst the Logistics segment was challenged with declines in volume from within its existing account base due to the soft economic conditions, it did manage to reduce the impact through the securing of several new accounts. Despite this effort Logistics produced a revenue for FY2019 of S$38.1 million as compared to the FY2018 of S$41.0 million.

Overall, the Group incurred a net loss after tax attributable to shareholders of S$26.5 million for FY2019 compared to S$41.7 million for FY2018.

The Group registered a net cash inflow from operating activities of S$2.5 million.

OIL & GAS SEGMENT

This segment poses a huge challenge and it was the key focus of the Board throughout 2019.

Our Gas field, Jatirarangon near Jakarta had declining output throughout the year and with its imminent expiry in May of 2020, will no longer form part of our portfolio as we move into the second half of 2020.

This expiration will allow the group to remove one of its negative cash flow fields from its portfolio. In June 2019 the Group completed its Farm-out of a 6% stake in the Lemang PSC which in turn left the Group with a 10% stake, held through its 80.4% owned Indonesian subsidiary PT Hexindo Gemilang Jaya ("**Hexindo**").

This Farm-out was triggered through a Call Option exercised by Mandala Energy Lemang Pte. Ltd. on 27 July 2018. Throughout the 2019 year, we witnessed declining oil output from the Lemang PSC under the operatorship of Mandala to a point whereby by the fourth quarter of 2019, the Operator decided to cease production due to the poor economics. The new direction of Mandala who is the Operator of Lemang PSC, is to switch the focus of the field from oil production to gas production. This will potentially require up to 2 years of project works and another round of significant capital injection, which the Board is reviewing with extreme caution.

Mandala, the Operator continues to pursue with the relevant authorities to convert the field to gas in an effort to achieve commercial sustainability for Lemang PSC.

Our third asset, the West Jambi KSO in Sumatra remains, at this stage, in a dormant state. The Board has taken the decision to divest this asset as it has assessed that the additional cash commitments for development do not fit with the required direction of the Company if we are to achieve our financial goals in the near future.

Throughout the 2020 year, the Board is focused on executing its plans within the Oil and Gas segment to uncouple its loss-making businesses in an effort to achieve a more sustainable financial performance for the Group and our Shareholders.

LOGISTICS SEGMENT

Our Logistics segment contributed S$38.1 million to the Group's revenue and recorded a segment profit of S$0.5 million for FY2019. The soft performance from our Indonesian business was the main contributor to the drag on profits in 2019.

MESSAGE FROM CHAIRMAN & CEO

The Group's wholly-owned logistics subsidiary, RichLand Logistics, continues to reposition itself and transition away from low value add, low margin contracts to contracts and services which have longer tenure, higher value add and are utilizing its unique in-house developed REVO App based technology. This will enable the Company to secure better value contracts over time and to protect its operating margins.

This transition has in some instances meant that underperforming contracts have been exited and that RichLand has sacrificed revenue growth for the sake of delivering sustainable margins and positive cash flow.

The soft economic environment within Singapore combined with ongoing high costs in terms of property, fuel and manpower continue to present significant headwinds. Customer pricing pressure and cost increases are constantly dragging on operating margins. Despite these challenges our operational drive and shift in customer mix has allowed us to deliver solid operating margins year on year against a backdrop of lower volumes from our existing customer base.

While the economic landscape is still fragile, RichLand Logistics Singapore is seeing encouraging signs and remains committed to growing its customer base. Our increased focus on growth has started to generate new customers and is building a stronger pipeline of new business opportunities. Our operating margins remain stable despite strong headwinds in our cost base within Singapore.

Our Logistics business in Indonesia has struggled since the loss of Richland's single largest customer at the start of 2018. This loss significantly impacted our scale and has challenged the team over the last 2 years. The new contract with Semen Baturaja in Sumatra, which commenced in November 2018, has unfortunately further compounded our losses as the customer's committed volumes have failed to materialise and have performed at less than 65% of contracted levels. The Management continues to work with Semen Baturaja to resolve this issue and is assessing all options available to it at this point in time. This contract and the sub scale of the Indonesian business, are the main reasons for Indonesia's underperformance. The Group is reviewing its strategy around its entire Indonesian business as it moves through 2020.

On a brighter note, new contracts secured within Singapore will help to strengthen our revenue base into 2020. In a challenging market we remain focused on cost control, margin management and new acquisition whilst being open minded

to alternative revenue growth opportunities. The firm continues to strengthen its operational capability which can be utilised across multiple segments of its customers' supply chain. Simultaneously, RichLand continues to adapt its technology, strive for innovation to drive service improvement and to strengthen productivity and efficiency.

ENECO FUSION PLASMA TECHNOLOGY

In support of our strong relationship with Eneco Investment Holdings of Japan we are delighted to update that Eneco Energy have secured a sales contract for two Fusion Plasma machines to be delivered to Laos in the year of 2020. This technology facilitates the bonding of Diesel and Water at the molecular level to reduce harmful Carbon emissions and reduce the total fuel cost to the purchaser. Eneco is the sole representative for this technology within 7 South East Asian countries and with the support of Eneco Japan, we will continue to seek for new opportunities to drive the sales of this wonderful technology within the region.

TAPPING OPPORTUNITIES AND BUILDING FUTURE VALUE

The 2019 year was certainly another year of challenges for the Group, which unfortunately saw the Group being placed onto the SGX Watchlist in the fourth quarter of 2019. This event, was unavoidable due to the scale of the issues within our Oil & Gas segment, the continuing depressed environment for the industry and our historic results. The Board are now focused on doing all possible to remove the Company from the Watchlist over the next 3 years. Our Indonesian business has been of particular challenge, whilst Singapore has proven yet again to be a solid performer. Our focus now is to secure scalable sustainability within our logistics revenue base.

We assure all shareholders that the Board and Management are focused on delivering a turnaround for the long-term benefit of all and look forward to your ongoing support as we steer through these rough waters together.

COVID-19 OUTBREAK

The onset and expansion of COVID-19 has caused stress throughout many industry sectors. Whilst not unaffected, we are pleased to report that our core Logistics business has so far, proven to be somewhat more resilient than many other industry groups. We have seen some softening in the first quarter of 2020 of volumes in our business , particularly in the air cargo volumes, fortunately this has not had any significant impact on our results to date.

Our business had implemented very early, the rolling work from home rosters and has provided all employees with the necessary health

MESSAGE FROM CHAIRMAN & CEO

and safety equipment to ensure the utmost safety of our staff and our clients whilst protecting the ongoing sustainability of our day to day business. Our Logistics business in Singapore has been granted the Essential services classification and as such we continue to operate daily.

Our general volumes have been relatively stable in the beginning of 2020 and we feel that the first quarter will reflect this stability in our business. As we roll forward the increased controls that are being implemented by various Governments may have some impact on the business. However, at this point in time we are unable to predict what the landscape may look like 3 months from now. We remain cautiously optimistic that we will be able to deliver results in the first half of 2020 which reflect the fact that Logistics is a necessary industry in times such as this.

In addition , the Group has taken numerous steps to improve our working capital position by negotiating for deferred repayment schedules on its hire purchase commitments in both countries where we operate, we have been a recipient of the first tranche of the JSS (Job Support Scheme), Foreign Worker Levy rebates and waivers, which are substantial as we have a workforce in Singapore of over 250 Singaporeans.

We have frozen wages for 2020 and have implemented a headcount freeze unless for critical replacement roles and have deferred any variable bonus element of 2019 until there is more clarity of the future. We wish to pass on a special note of appreciation to all of our staff and vendors that have kept RichLand running throughout this most challenging time.

A particular special note of appreciation to our Customers that have worked with us to help keep their Supply Chains running. We also feel it relevant at this point to also acknowledge the fantastic job that the Singapore Government have performed in addressing the needs of its people and the business community to help ensure the impact is lessened for all, it has been a shining example of how a Government has put the safety and well being of its people at the forefront of everything.

Yours Sincerely,
Mr. Low Chai Chong
Independent Non-Executive Chairman

Mr. Colin Moran
Chief Executive Officer and
Executive Director

BUILDING STRONG **BUSINESS PLATFORMS**

BOARD OF DIRECTORS

MR. COLIN MORAN
Chief Executive Officer and Executive Director

Mr. Moran joined the Board as the Executive Director on 28 June 2019 and was appointed as Chief Executive Officer of the Company on 05 July 2019. He is also the Chief Executive Officer for the Logistics Group which trades under the brand RichLand Logistics in Singapore and Indonesia. He will stand for re-election to the Company's Board of Directors at the forthcoming Annual General Meeting ("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.

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.

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.

MR. LOW CHAI CHONG
Chairman, Independent Director

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 28 June 2019 and will stand for re-election to the Company's Board of Directors at the forthcoming AGM. 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 a 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.

BOARD OF DIRECTORS

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 and was last re-elected to the Board of Directors on 28 June 2019. 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 and a Volunteer Mediator appointed by the State Courts of Singapore.

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. 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 28 June 2019. He 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 serviced 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 possessed 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.

BOARD OF DIRECTORS

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 June 2019. 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. He is currently the Head of Listing Preparation Office of Eneco Holdings, Inc..

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. He also acted as the Executive Officer, Planning Division of the Overseas Business Group for Tsuneishi Kamtecs between 2014 and 2015, which specialised in industrial waste management and recycling.

Mr. Yoshihara currently also sits on the Board of Refresh Group 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.

OPERATIONS REVIEW

A YEAR OF **PROGRESS**

OPERATIONS REVIEW

Eneco Energy Limited ("**Eneco Energy**" or the "**Group**") reported a revenue of S$41.2 million for the 12 months ended 31 December 2019 ("**FY2019**"), a decline of S$5.6 million as compared to FY2018. The revenue was mainly derived from the Group's Logistics segment, Richland Logistics, contributed S$38.1 million to the Group's FY2019 revenue, down from the S$41.0 million achieved in FY2018. The lower revenue in the Logistics segment was mainly due to lower sales volume from its existing customer base in Indonesia and Singapore.

The Oil and Gas segment contributed S$3.1 million to the Group's FY2019 revenue, compared to S$5.3 million for FY2018. The lower revenue in the Oil and Gas segment was due to low oil and gas production in Lemang and Jatirarangon fields respectively.

SEGMENTAL PROFIT

The Logistics segment reported a profit of S$0.5 million in FY2019 an improvement when compared to a loss of S$0.2 million in FY2018, the improvement was mainly driven by solid operating margins and cost control within its Singapore operation.

The Oil and Gas segment reported a loss of S$21.4 million compared to a loss of S$40.0 million in the 2018. This was largely due to lower: depreciation expense on oil and gas properties following the farm-out of 15% participating interest to Mandala in FY2018, lower foreign exchange loss, legal fee provision and a farm-out gain of its 6% participating interest in the Lemang PSC Block.

OPERATING COSTS AND EXPENSES

Overall, for FY2019, the Group registered a net loss after tax attributable to shareholders of S$26.5 million compared to a loss of S$41.7 million in FY2018.

The Group reduced its total costs and operating expenses to approximately S$73.6 million for FY2019 compared to S$93.1 million for FY2018. The above were mainly due to lower depreciation and amortisation expenses which decreased by S$4.8 million to S$8.0 million for FY2019, lower service costs and related expenses which decreased by S$7.0 million to S$14.4 million for FY2019, higher finance costs which increased by S$1.1 million to S$3.3 million for FY2019, and lower other operating expenses which decreased by S$7.0 million to S$25.5 million for FY2019.

BALANCE SHEET

In terms of financial position, the Group's net liability stood at S$22.0 million as at 31 December 2019, compared to net asset value of S$4.2 million as at 31 December 2018.

The changes in both assets and liabilities are as follows:

The Group's non-current assets decreased by S$16.5 million to S$33.4 million mainly due to the full impairment of net exploration and evaluation assets, which was classified as asset held for sale, the farm-out of 6% participating interest in Lemang PSC in 2019 and offset by higher right-of-use asset, which lead to the recognition of future lease payments in accordance with the adoption of SFRS(I) 16 Leases.

Current assets decreased by S$6.1 million to S$16.2 million, mainly due to decrease in trade and other receivables of S$2.3 million and a decrease in cash and bank balances of S$3.6 million.

Current liabilities increased by S$8.8 million to S$42.6 million, mainly due to the reclassification of loans and borrowings from non-current to current liability of S$4.6 million, higher lease liability of S$3.8 million recognised in accordance with the adoption of SFRS(I) 16 Leases, reclassification of Oil & Gas revenue-related tax liability of S$2.9 million to current liability and offset by a reduction in the trade and other payables of S$2.5 million.

Non-current liabilities decreased by S$5.2 million to S$29.1 million, mainly due to the reclassification of loans and borrowings and abandonment and site restoration liabilities to current liabilities of S$4.6 million and S$0.5 million respectively, to current liabilities, reclassification of Oil & Gas tax liability of S$2.9 million from non-current to current liabilities, lower other payables of S$2.7 million and offset by lease liabilities of S$5.9 million recognised in accordance with SFRs(I) 16 Leases.

OUTLOOK AND PLANS

The outlook for the Oil and Gas segment remains bleak. This is driven predominantly by the soft global demand for oil and, declining oil prices, in particular since the start of 2020. The Group continues to review the various challenges within the Oil and Gas segment of its business and is determined to resolve the issues at the earliest possible juncture in the best interest of its shareholders.

The Group will be handing back its Jatirarangon gas field in May 2020 as the permit to operate has reached its life expiry with the Indonesian Authority. The closure of this field will allow the Group to exit one of its sub-performing assets and further reduce the monthly losses within this sector.

We have appointed a third party Advisor to assist in the sale process of our West Jambi KSO as the Group seeks to divest this asset. We remain committed to this divestment process as it will greatly assist us in reducing our corporate debt and further reduce our monthly cash burn rate.

The Group remains in dispute with Mandala Energy, the operator of the Lemang PSC Block and is seeking options in an effort to unlock the current stalemate. We remain concerned over the Operator's plans which the operator has to convert the field to a gas field as these plans require extensive additional capital expenditure which we do not believe is justified at this stage in the field's commercial life cycle. We will continue to review our ongoing participation in such a field and will keep Shareholders abreast of our decisions as we move to restore the Group's financials to a satisfactory level in the future.

Within the Group's Logistics business, the base business in Singapore although challenging continues to deliver new customers and stability within it's operating margins year-on-year. Hence, we remain committed to supporting the Management as they strive to deliver sustainable performance that can support the Group going forward into 2020 and beyond.

Indonesia as a whole has presented the Group with various challenges and the Group remains committed to resolving these issues in 2020 to deliver an improved result for the business.

There is no doubt that 2020 will be a challenging year and we remain focused on delivering a turnaround in the Group's overall performance as we push forward under the guidance of the new Board and CEO.

As Eneco Energy continues to pursue further growth, the Group remains committed to financial prudence across all its operating segments.

LOGISTICS REVIEW

RESILIENCE IN A TOUGH YEAR

OVERVIEW

Employing over 700 staff in both Singapore and Indonesia, RichLand Logistics continues to be the main driver of the Group's revenue and cash flow. A wholly owned subsidiary of Eneco Energy, RichLand Logistics has been in operation since its inception in 1992 and today is recognized as a Supply Chain Management company with a portfolio of multinational clients which utilize its services across numerous elements of their supply chains within South East Asia.

RichLand has been at the forefront in the development of in-house application solutions (Apps) that can drive its operational visibility and effectiveness. It is today's technology that is helping RichLand combined with its asset ownership model to differentiate itself in the rapidly changing and competitive landscape. RichLand is recognised as a leading Supply Chain Management company in its chosen markets, with a strong operational drive to achieve optimal customer KPI performance by delivering solutions that truly help to change the way its customers look at their Supply Chain.

RichLand has developed strong positions for itself within several high growth sectors, namely Telecommunications, Consumer Technology, Fast Moving Consumer Goods and the rapidly developing Petrochemical Industry within Indonesia in addition to the industrial cement sector supporting large infrastructure programs throughout Sumatra. Its 150,000 square foot Telecommunications Infrastructure Hub in Singapore is a wonderful example of where RichLand has developed a leading industry position by consolidating several major customers in this field to achieve the most efficient cost structure while maintaining individual customer service focus.

Providing services that range from customs brokerage, container haulage, warehouse management and last mile distribution, RichLand is positioned to cover every aspect of a client's supply chain. Whether it be spare parts milk runs into production for high tech companies or automotive just-in-time inbound parts supply, RichLand has it covered.

RichLand has further strengthened its position in the telecommunications sector, hi tech manufacturing sector and the energy automation sector with new customer contracts, helping to support our transition program.

As an asset-based supply chain management company, RichLand believes it has a unique selling proposition against many of its non-asset-based competitors. The asset-based model enables RichLand to ensure maximum control over its service standards and customer satisfaction.

As we roll forward, RichLand will become an ever more important element of Eneco Energy's future as we strive for growth and expansion.

DELIVERING VALUE FOR FUTURE GAINS

FY2019 saw a decline in revenues mainly as a result of declining volumes within existing customers which outstripped the on boarding of new contract revenues during the same period. This was also due to the timing difference of revenue decline versus new start up schedules.

RichLand reported a revenue of S$38.1 million for the 12 months ended 31 December 2019 ("**FY2019**") as compared to S$41.0 million for FY2018. The decline was mainly due to lower sales volume from existing customers in Indonesia and Singapore. The Management at RichLand remain committed to driving growth in revenue with operating margins that are cash generating and sustainable. Our focus on growth within the third party contract logistics area is gaining momentum and continues to be a key element of RichLand's ability to survive the major shifts the industry is going through, particularly in Singapore.

RichLand believes that the common industry-wide challenges such as strong competition, rising property rental, manpower costs, and customer rate pressure must be proactively managed and dealt with on a day to day basis. Strategically, RichLand continues to find ways to deliver growth in higher margin activities despite these challenges.

Nonetheless, RichLand remains steadfast in its efforts to pursue further quality growth within its customer portfolio and new business pipeline whilst strengthening its capabilities within the supply chain management industry. RichLand continues to review its operations and remains focused on cost control, margin management and new business growth while exploring alternative non-organic revenue growth opportunities, including new service offerings, new partnerships and alliances or acquisitions that will drive value and improve its capabilities.

Technology is a key driver in delivering greater productivity and visibility to customers, enabling RichLand to sustain a competitive edge in the logistics sector. In order to meet customer demands for faster and more efficient solutions, RichLand continues to invest in new technology and App development. RichLand's proprietary Apps enable customers to access real time delivery data and dramatically enhances transparency and the speed of information flow. Given its well-developed IT strategy and platform, RichLand is prepared for future industry challenges.

Despite uncertainties in the global economic outlook for 2020, RichLand will continue to pursue innovation and talent development to enhance its current capabilities and strengthen its integrated service offerings to deliver long-term sustainable value for shareholders.

CORPORATE INFORMATION

REGISTERED OFFICE

300 Tampines Avenue 5
#05-02
Singapore 529653

Website: www.enecoenergy.com

BOARD OF DIRECTORS

Colin Moran
Chief Executive Officer/
Executive Director

Low Chai Chong
Chairman, Independent Director

Patrick Tan Tse Chia
Independent Director

Teo Cheow Beng
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 SECRETARY

Ang Siew Koon

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

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 Code of Corporate Governance 2018 issued on 6 August 2018 (the "**Code**") can be seen from the efforts of the Board and Management to promote and to maintain values which emphasis 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 2019 ("**FY2019**").

BOARD MATTERS

The Board's Conduct of its Affairs

Principle 1: 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

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.

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.

CORPORATE GOVERNANCE REPORT

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. 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 FY2019, the Board held a total of eight (8) 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 cum 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 FY2019 are disclosed in the table below:

Attendance Report of Directors

Name of Director	Board		AC		RC		NC		GM	
	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. Aditya Wisnuwardana Seky Soeryadjaya	8	8	–	–	–	–	–	–	3	3
Mr. Koji Yoshihara	8	8	–	–	–	–	–	–	3	2
Mr. Patrick Tan Tse Chia	8	8	5	5	2	2	2	2	3	3
Mr. Teo Cheow Beng	8	8	5	5	2	2	2	2	3	3
Mr. Low Chai Chong	8	8	5	5	2	2	2	2	3	3
Mr. Colin Peter Moran[1]	4	4	–	–	–	–	–	–	1	1

Note:
(1) Mr. Colin Peter Moran was appointed on 28 June 2019.

CORPORATE GOVERNANCE REPORT

In FY2019, 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.

In FY2019, one new Executive Director was appointed on 28 June 2019.

The Board Committees are as follows:

Name of Director	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 8 to 10 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 2019, the Board comprised the following Directors:

NON-EXECUTIVE AND NON-INDEPENDENT DIRECTOR
Mr. Koji Yoshihara

EXECUTIVE DIRECTORS
Mr. Aditya Wisnuwardana Seky Soeryadjaya (resigned on 21 February 2020)
Mr. Colin Peter Moran (appointed on 28 June 2019 as an Executive Director)

INDEPENDENT NON-EXECUTIVE DIRECTORS
Mr. Low Chai Chong (Chairman) (appointed as Chairman on 13 March 2019)
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 his 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 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 24, the NC, with the concurrence of the Board, considered Messrs Low Chai Chong, Patrick Tan Tse Chia, and Teo Cheow Beng independent for FY2019. 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 does not adopt a written Board Diversity Policy. 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.

The profiles of the Board are set out on pages 8 to 10 of the Annual 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.

CORPORATE GOVERNANCE REPORT

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. Aditya Wisnuwardana Seky Soeryadjaya ("**Mr. Aditya**"). Mr. Aditya subsequently relinquished his position as CEO to Mr. Colin Peter Moran with effect from 3 July 2019. 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 ID because the Chairman is independent.

CORPORATE GOVERNANCE REPORT

BOARD MEMBERSHIP

Principle 4: The Board has a formal and transparent process for the appointment and re-appointment 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 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.

The NC and the Board will review the requirement to plan for succession, in particular for the CEO and other Key Management Personnel as and when it deems fit.

Pursuant to the Company's Constitution, 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 CEO, 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.

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. Aditya Wisnuwardana Seky Soeryadjaya	Executive Director	30 June 2008	28 June 2019
Mr. Low Chai Chong	Chairman, Independent Director	14 December 2018	28 June 2019
Mr. Patrick Tan Tse Chia	Independent Director	14 December 2018	28 June 2019
Mr. Teo Cheow Beng	Independent Director	14 December 2018	28 June 2019
Mr. Koji Yoshihara	Non-Independent Non-Executive Director	14 December 2018	28 June 2019
Mr. Colin Peter Moran	Executive Director cum Chief Executive Officer	28 June 2019	N/A

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.

The Company has in place policies and procedures for the appointment of new Directors, including the description on the search and nomination procedures. 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.

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 Low Chai Chong and Teo Cheow Beng who are retiring pursuant to Regulation 111 of the Company's Constitution and the re-election of Mr. Colin Peter Moran who is retiring pursuant to Regulation 122 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, whether the appointment is executive or non-executive are set out on pages 144 to 149 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 2020 and following the review, the Board agreed that the extent of the Directors' attendance, participation and contributions to the Board up in FY2019 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.

CORPORATE GOVERNANCE REPORT

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

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

- Administering the Eneco Group Share Option Scheme ("**EGSOS**"), Eneco Group Performance Share Plan ("**EGPSP**") and any other incentive schemes which may be set up from time to time and to do all acts necessary in connection therewith.

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.

CORPORATE GOVERNANCE REPORT

The RC did not engage any external Human Resource Consultant in FY2019 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.

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.

The service contract entered into with the Executive Directors, namely Mr. Aditya Wisnuwardana Seky Soeryadjaya and 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 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.

CORPORATE GOVERNANCE REPORT

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 and Key Management Personnel's remuneration for the financial year ended 31 December 2019 is set out below:

Directors

Name	Salary (%)	Bonus/ Profit Sharing (%)	Benefits-In-Kind (%)	Share Options (%)	Share Awards (%)	Directors' Fees (%)[2]	Total (%)
S$500,001 to S$750,000							
Colin Peter Moran[4]	62.6	10.4	26.9	0.0	0.0	0.0	100
S$250,001 to S$500,000							
Aditya Wisnuwardana Seky Soeryadjaya[1] [3]	75.6	0	24.4	0.0	0.0	0.0	100
S$250,000 and below							
Low Chai Chong[2]	0.0	0.0	5.3	0.0	0.0	94.7	100
Patrick Tan Tse Chia[2]	0.0	0.0	0.0	0.0	0.0	100.0	100
Teo Cheow Beng[2]	0.0	0.0	0.0	0.0	0.0	100.0	100
Koji Yoshihara[2]	0.0	0.0	0.0	0.0	0.0	100.0	100

Notes:

(1) Son of substantial shareholder, Mr. Edward Seky Soeryadjaya.

(2) Directors' Fees for FY2019 were approved by Shareholders on 28 June 2019.

(3) Mr. Aditya Wisnuwardana Seky Soeryadjaya relinquished his position as CEO on 3 July 2019. His salary was pro-rated.

(4) Mr. Colin Peter Moran was appointed as Executive Director on 28 June 2019 and subsequently appointed as CEO with effect from 3 July 2019.

For FY2020, 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

CORPORATE GOVERNANCE REPORT

Top 4 Key Management Personnel of the Group

As at the date of this report, there are only four (4) Key Management personnel of the Group and the gross remuneration received by these 4 Key Management Personnel is as follows:–

Range	No. of Executives
S$250,000 and below	4

The aggregate total remuneration paid to the four (4) Key Management Personnel (who are not Directors or the CEO) for FY2019 was approximately S$653,000.

The Board believes that it is for the benefit of the Company and the Group that the remuneration of the Executive Director(s) is kept confidential due to its sensitive nature. Similarly, the remuneration of the top Executives (who are not Directors of the Company) was shown on a "**no-name**" basis due to the Company's concern over poaching of these Executives by competitors.

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 FY2019.

Remuneration of Employee Related to Director

There are no employees of the Company and its subsidiaries who are immediate family members of a Director or CEO during FY2019 whose remuneration exceeded S$100,000 during FY2019.

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 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 Officers have provided undertakings of compliance with the requirements of the SGX in accordance with Rule 720(1).

CORPORATE GOVERNANCE REPORT

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, compliance risks and information technology controls. The Group has in place a Risk Management Committee ("**RMC**") comprising 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.

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 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 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 2019, in addressing the financial, operational (including information technology risks) and compliance 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.

CORPORATE GOVERNANCE REPORT

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.

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; and

CORPORATE GOVERNANCE REPORT

- 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.

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 he is interested.

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$190,000 and S$48,000 respectively for the financial year ended 31 December 2019.

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 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.

CORPORATE GOVERNANCE REPORT

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 auditor 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, 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 the 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.

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. as its IA, to conduct the internal audits for FY2019.

The IA are adequately resourced with competent professionals and 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 follow up 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, 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 2020.

The AC reviews the adequacy and effectiveness of the internal audit function annually and as and when the circumstances require.

CORPORATE GOVERNANCE REPORT

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.

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.

The Annual Report is available to all Shareholders at the Company's website www.enecoenergy.com at least 14 days before the AGM to ensure that all Shareholders have adequate time to review the Annual Report before the AGM. The electronic documentation demonstrates the Group's commitment towards green and sustainable efforts. Upon request, hard copies will be provided to the Shareholders. Accompanying the electronic copies of AGM/Extraordinary General Meeting ("**EGM**") documents are proxy forms for shareholders so that the shareholders can appoint maximum of 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 stakeholders 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 sent to all shareholders. 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;

CORPORATE GOVERNANCE REPORT

- Quarterly announcements containing a summary of the financial information and affairs of the Group for that period;

- Notices of an 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://www.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.

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 FY2019.

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.

CORPORATE GOVERNANCE REPORT

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 Intermediary[1] 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.

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.

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 FY2019 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.

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1 A Relevant Intermediary is:

(a) a banking corporation licensed under the Banking Act (Cap. 19) 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 (Cap. 289) and who holds shares in that capacity; or

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

CORPORATE GOVERNANCE REPORT

There were no interested party transactions equal to or exceeding S$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 FY2019.

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 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.

USE OF PROCEEDS ARISING FROM PRIVATE PLACEMENT

The Company had successfully raised net proceeds of approximately S$9.82 million from a private placement on 14 December 2018.

The net proceeds have been fully utilised as at 31 December 2019 for use in payables for Oil & Gas entities, professional fees and general working capital.

RENOUNCEABLE NON-UNDERWRITTEN RIGHTS CUM WARRANTS ISSUE

The Company had on 16 September 2016 successfully completed the Rights cum Warrants Issue with a final acceptance of 56,618,703 Rights Shares and 56,618,703 Warrants. The Company issued 56,618,703 Warrants pursuant to a Rights cum Warrants exercise in 2016. Each Warrant shall carry the right to subscribe for one (1) ordinary share in the capital of the Company (the "**Warrant Shares**") at the exercise price of S$0.20 for each Warrant Share.

The warrants had expired on 18 September 2019, being the date immediately preceding the third anniversary of the date of issuance the Warrants on 19 September 2016. There was no exercise of Warrants during the year 2019.

FINANCIAL CONTENTS

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

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 2019.

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 positions of the Group and of the Company as at 31 December 2019 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 Chapter 50 (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:

Colin Peter Moran	–	Chief Executive Officer and Executive Director (Appointed on 28 June 2019)
Low Chai Chong	–	Independent Non-Executive Chairman
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. Low Chai Chong and Mr. Teo Cheow Beng retire and being eligible for, offer themselves for re-election at the forthcoming annual general meeting ("**AGM**").

In accordance with Regulation 122 of the Company's Constitution, Mr. Colin Peter Moran retires and being eligible for, offers himself for re-election at the forthcoming 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' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

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 1.1.2019 date of appointment, if later	**As at 31.12.2019**	**As at 1.1.2019 date of appointment, if later**	**As at 31.12.2019**
The Company				
Aditya Wisnuwardana Seky Soeryadjaya (Resigned on 21 February 2020)				
– Ordinary shares	54,956,853	**54,956,853**	107,699,200	**107,699,200**
– Warrants	46,000,000	**–**	–	**–**
Colin Peter Moran				
– Ordinary shares	1,031,906	**1,031,906**	–	**–**
Low Chai Chong				
– Ordinary shares	–	**–**	6,134,100	**6,134,100**

There were no changes in any of the above-mentioned interests in the Company between the end of the financial year and 21 January 2020.

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 date of appointment if later, 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.

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

Share Scheme (Continued)

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 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	Adjusted exercise price of the options	Balance at 1 January 2019	Options lapsed and cancelled	Balance at 31 December 2019
26/02/2014	S$0.5039	808,649	(808,649)	–
16/02/2015	S$0.2885	1,539,906	–	1,539,906
01/03/2016	S$0.1800	5,080,103	–	5,080,103
		7,428,658	(808,649)	6,620,009

Details of the options to subscribe for ordinary shares of the Company granted to the Director and eligible employee of the Company pursuant to the EGSOS are as follows:

Name of participant	Aggregate options granted since commencement of scheme to end of financial year	Options granted during the year	Aggregate options exercised since commencement of scheme to end of financial year	Aggregate options lapsed and cancelled since commencement of scheme to end of financial year	Aggregate options outstanding as at the end of financial year
Daniel Zier Johannes Jol^	8,237,632	–	–	(1,617,623)	6,620,009
	8,237,632	–	–	(1,617,623)	6,620,009

^ Daniel Zier Johannes Jol resigned as an Executive Director of the Company on 31 December 2018.

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

Share options (Continued)

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

– No options have been granted to the controlling Shareholders of the Company and their associates as disclosed above;

– No participants other than the Directors mentioned above have received 5% or more of the total options available under the plans;

– No options have been granted to Directors and employees of the Immediate and Ultimate Holding Company and its subsidiaries, excluding the Group;

– No options that entitle the holder to participate, by virtue of the options, in any share issue of any other corporation have been granted; and

– No options have been granted at a discount of more than 20% of the weighted average price on the day the options were granted.

Share Awards

No new share awards were granted during the financial year.

During the financial year, the Company vested 1,000,083 shares by way of allotment of new ordinary shares 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 an ex-employee has been fully vested.

As at 31 December 2019, details of share awards and bonus share awards granted to the Directors or eligible employees of the Company under the EGPSP are set out as below:

Name of participant	Balance as at 1 January 2019	Vested during the year	Balance as at 31 December 2019
Share award			
Daniel Zier Johannes Jol	309,009	(309,009)	–
	309,009	(309,009)	–
Bonus share award			
Daniel Zier Johannes Jol	691,074	(691,074)	–
	691,074	(691,074)	–

Warrants

The Company issued 56,618,703 Warrants pursuant to a Rights cum Warrants exercise in 2016. Each Warrant shall carry the right to subscribe for one (1) ordinary share in the capital of the Company (the "**Warrant Shares**") at the exercise price of S$0.20 for each Warrant Share.

The Warrants expired on 18 September 2019, being the date immediately preceding the third anniversary of the date of issuance the Warrants on 19 September 2016. No warrants were exercised during the year 2019.

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

Warrants (Continued)

The movement of warrants during the financial year was as follows:

Date of issue	Exercise price of warrants	Balance at 1 January 2019	Granted during the financial year	Exercised during the financial year	Expired during the financial year	Balance at 31 December 2019
19/09/2016	$0.20	56,618,703	–	–	(56,618,703)	–

Audit Committee

The Audit Committee ("**AC**") carried out its functions in accordance with Section 201B (5) of the Singapore Companies Act, Chapter 50, 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.

The AC convened five 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.

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

Audit Committee (Continued)

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.

On behalf of the Directors

LOW CHAI CHONG
Independent Non-Executive Chairman

COLIN PETER MORAN
Chief Executive Officer and Executive Director

Dated:
29 May 2020

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ENECO ENERGY LIMITED

Report on the Audit of the Financial Statements

Qualified 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 2019, 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 and other explanatory information.

In our opinion, except for the possible effects of the matters described in the Basis of Qualified Opinion section of our report, 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, Chapter 50 (the Act) and the Singapore Financial Reporting Standards (International) (SFRS(I)s) 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 2019 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 Qualified Opinion

1. Amount due from a broker

   As disclosed in the Basis for the Disclaimer of Opinion issued in the audited financial statements of the Company for the financial year ended 31 December 2018, Ramba Energy West Jambi Ltd ("REWJ"), a wholly-owned subsidiary of the Company, who is also the contractor to the West Jambi concession (the "Concession"), was required to furnish a banker's guarantee to the concession holder in order to secure the extension of the exploratory permit for the Concession which had expired in FY 2017. The ex-Chief Executive Officer and ex-Executive Director who is also the substantial shareholder of the Company had withdrawn $3.88 million (equivalent to US$2.83 million) (the "Queried Payment") from another subsidiary's bank account which was then advanced to the broker to secure the banker's guarantee in favour of REWJ. The amount was initially recorded as an amount due from the broker and Management subsequently made full impairment allowance on the amount after queries were raised about its recoverability. The predecessor auditors of the Company noted inconsistencies in the explanations and documents provided and were unable to obtain satisfactory audit evidence or explanations to ascertain the commercial rationale of such arrangement, and the nature, existence and recoverability of the amount. Accordingly, the predecessor auditors were unable to determine whether the payment was appropriately accounted for, presented, disclosed and whether the allowance recorded against the carrying amount was appropriate. The predecessor auditors have also reported their concerns on this matter to the Audit Committee ("AC") of the Company.

   On 10 September 2019, the AC appointed an independent reviewer, to review, inter alia, the circumstances surrounding the Queried Payment to the broker and the Group's corporate governance and internal controls related to the Queried Payment.

   As at the date of this audit report, the review by the independent reviewer is still ongoing. Accordingly, the matter arising remains unresolved.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ENECO ENERGY LIMITED

Basis of Qualified Opinion (Continued)

2. Access to accounting information of a joint arrangement

In September 2017, the Group through its 80.4%-owned subsidiary, PT Hexindo Gemilang Jaya ("PT Hexindo"), entered into an agreement to farm-out a 15% participating interest in Lemang Production Sharing Contract ("Lemang PSC") which included a call option granted by the Group to farm-out another 6% participating interest in Lemang PSC to Mandala Energy Lemang Pte. Ltd. ("Mandala"). The Group completed the initial farm-out of the 15% participating interest in Lemang PSC to Mandala in July 2018. Mandala subsequently exercised the call option to acquire the other 6% participating interest in Lemang PSC from PT Hexindo in July 2019.

As at 31 December 2019, PT Hexindo and Mandala each own 10% and 90% participating interests respectively, in the Lemang PSC. PT Hexindo continues to be in dispute with Mandala over its claim of the net funding cap balance of $4.5 million (equivalent to US$3.3 million) arising from the sale of the 6% participating interest to Mandala in July 2019 as disclosed in Note 9 to the financial statements.

Mandala, being the operator of the Lemang PSC Block, continues to issue default notices to PT Hexindo for failure to meet the cash call obligations since October 2019. Arising from this ongoing dispute, the Group's Management has not been furnished with the monthly statement of accounts of the Lemang PSC since September 2019 which are maintained by Mandala.

PT Hexindo recognises its interest in Lemang PSC in accordance with the accounting treatment of a joint operation under SFRS(I) 11 – *Joint Arrangements*. The auditors of PT Hexindo ("Component Auditors") were unable to gain access to the audit work papers of the auditors of Mandala. Accordingly, the Component Auditors were unable to perform and 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 2019.

3. Provision for legal claim

As disclosed in Note 16(D) to the financial statements, PT Hexindo has entered into a legal settlement with Super Power Enterprise Group Ltd ("SPE") whereby it agreed to pay US$10 million to SPE by way of assigning the proceeds from future sale of oil and gas from the Lemang PSC Block, subject to carve out provisions that allow PT Hexindo to first repay the other existing obligations identified to SPE, namely the repayment of advances from a joint venture partner and the loans and borrowings due to a third party. As at 31 December 2018, the Group has recorded a provision for legal claims measured at amortised cost amounting to $6.9 million (equivalent to US$5.1 million) which was based on a cashflow projection of Lemang PSC obtained from Mandala.

As at 31 December 2019, Management did not receive the cashflow projection of Lemang PSC from Mandala for the forecast period. Accordingly, we 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.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ENECO ENERGY LIMITED

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 were unable to obtain sufficient appropriate evidence about the matters as described in the Basis for Qualified Opinion section above. Accordingly, we were unable to conclude whether or not the other information is materially misstated with respect to these matters.

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. In addition to the matters described in the Basis for Qualified Opinion section, we have determined the matters described below to be the key audit matters to be communicated in our report.

1. Going concern assumption

   Note 2 to the financial statements provides more information on the going concern basis of preparation of the financial statements, and the material uncertainty which casts doubt on the ability of the Group and the Company to continue as a going concern.

   As disclosed in Note 21 to the financial statements, a third party has granted a US$10 million loan facility (the "Facility"), of which US$6.75 million has been disbursed, bearing an effective interest of 15% per annum, to the Group's wholly-owned subsidiary, Ramba Energy Lemang Ltd ("RELL") in FY 2015. The Facility was for working capital needs in relation to the exploration and development activities of the Group.

   As at 31 December 2019, $11.7 million (equivalent to US$8.7 million), which included the loan principal bearing an effective interest of 15% per annum, interest, default interest and marketing fees was outstanding. The loan is repayable over 24 instalments commencing from January 2019 with final repayment in December 2020. The Facility is currently secured by a fixed charge over the subsidiary's operating accounts operating accounts, a share charge over the Group's equity share in RELL, a corporate guarantee by the Company and a personal guarantee provided by a related party of the controlling shareholder. Since February 2019, the Group has temporarily suspended the repayment of the loan principal and related interest and marketing expenses to the said third party as discussions with the third party in respect of the restructuring of the loans are still ongoing. Accordingly, the Group and the Company are in breach of the loan covenants as at 31 December 2019.

   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.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ENECO ENERGY LIMITED

Key Audit Matters (Continued)

1. Going concern assumption (Continued)

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.

Management's basis for preparing the financial statements on a going concern basis as at 31 December 2019 is provided in Note 2, including the fact that the Group (i) managed to enter into a standstill and settlement agreement with the third party on 12 May 2020, which will eventually result in the full and final settlement of the outstanding loan and the release of the corporate guarantee extended by the Company and (ii) a subsidiary of the Company has been offered a working capital loan of $3 million from a major financial institution on favourable terms subsequent to the balance sheet date.

Our response and work performed:

We evaluated Management's assessment of the Group's and the Company's ability to continue as a going concern, relying on the sources of liquidity and funding available to the Group and the Company and more importantly, the conclusion and crystallisation of the standstill and settlement agreement with the third party. We challenged Management on the key assumptions used in the cash flows forecasts for the next 12 months from the balance sheet date. We also assessed if these forecasts are reasonable by performing sensitivity analysis 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 date.

Furthermore, we have obtained the legal confirmation and held discussion with the Company's legal counsel to assess the probability of crystallisation of the Group's contingent liabilities as disclosed in Notes 16 and 34 to the financial statements that may possibly have an adverse impact on the Group's and the Company's ability to continue as a going concern. In addition, we have sighted to the letter of offer of the additional credit facilities extended by the financial institution.

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

2. Classification and valuation of asset held-for-sale

On 17 January 2020, the Company announced the appointment of RISC A&D Pty Ltd ("RISC") as an advisor to the Group to package, market and sell its 100% participating interest in West Jambi Kerja Sama Operasi ("West Jambi KSO" or the "Asset") located in South Sumatra, Indonesia. The West Jambi KSO is wholly owned by REWJ. Management has obtained the Board's approval in December 2019 to proceed with the appointment of RISC to market the Asset (the "Transaction").

SFRS(I) 5 – *Non-current Assets Held for Sale and Discontinued Operations* requires Management to measure the Asset in accordance with SFRS(I) 1-36 – *Impairment of Assets* immediately before the initial classification of the Asset classified as "held-for-sale". Management has recorded a full impairment loss amounting to $17.2 million (equivalent to US$12.6 million) since the exploratory permit for the concession of the Asset had already expired 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 the balance sheet date.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ENECO ENERGY LIMITED

Key Audit Matters (Continued)

2. Classification and valuation of asset held-for-sale (Continued)

We considered the accounting treatment of the abovementioned transaction in the financial statements as a key audit matter because of the significance of the Asset and the appropriate application of SFRS(I) 5, specifically whether (i) the classification of the Asset is made in accordance with the requirements of SFRS(I) and (ii) the measurement of the Asset at the lower of fair value less costs to sell or their carrying amount.

Our response and work performed:

We have reviewed the minutes of Board's meetings to evaluate and determine the appropriate accounting treatment of the Transaction in accordance with SFRS(I) 5. We read the engagement letter entered between the Company and RISC on the proposed disposal of the Asset. We inquired with Management and RISC to obtain an understanding of the bases and considerations taken by RISC in arriving at the fair value less costs to sell of the Asset. We have considered the fact that the concession of the Asset had already expired and the Group has not furnished the required banker's guarantee to the concession holder.

Disclosure of the pertinent information has been set out in Notes 7 and 12 to the financial statements.

3. Recoverability of an amount due from Mandala

As highlighted in the preceding paragraphs, the Group continues to be in dispute with Mandala over the Group's claim of $4.5 million (equivalent to US$3.3 million) in respect of the net proceeds receivable after deducting funding cash calls from the disposal of an additional 6% participating interest in Lemang PSC Block to Mandala in July 2019 while Mandala continues to assert that the Group's legal position is not supported by the provisions as set out in the Farm In Agreement. Given the uncertainties and the potential downside that the Group may face in its pursuit to recover the outstanding amount, Management recorded a full impairment loss of $4.5 million (equivalent to US$3.3 million) in the statement of comprehensive income for the financial year ended 31 December 2019.

Impairment losses have been determined in accordance with SFRS(I) 9 – *Financial Instruments*, which is now based on expected credit loss ("ECL") model. This area was a key audit matter due to the amounts involved, as well as the inherent subjectivity that was involved in judgement made by the Group in relation to assumptions used in the ECL model.

Our response and work performed:

We obtained and read the legal advice furnished by the Company's Legal Counsel in respect of his assessment on the merits of the legal suit and inquired with the Board and the Management on their assessment and considerations over the costs and benefits and assessed the probability of recovering the amount due from Mandala.

Disclosure of the pertinent information has been set out in Note 9 to the financial statements.

Other Matter

The financial statements for the financial year ended 31 December 2018 were audited by another firm of Auditors whose report dated 10 June 2019 expressed a disclaimer of opinion on those financial statements.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ENECO ENERGY LIMITED

Responsibilities of Management and Those Charged with Governance 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.

In preparing the financial statements, Management is responsible for assessing the Group's and the Company'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.

Those charged with governance are responsible for overseeing the Group's and the Company'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 and the Company'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 and the Company'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 or the Company to cease to continue as a going concern.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ENECO ENERGY LIMITED

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

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

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

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

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

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the current year 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.

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, 29 May 2020

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2019

	Note	The Group 31 December 2019 $'000	The Group 31 December 2018 $'000 Restated	The Group 1 January 2018 $'000 Restated	The Company 31 December 2019 $'000	The Company 31 December 2018 $'000 Restated	The Company 1 January 2018 $'000
ASSETS							
Non-Current Assets							
Property, plant and equipment	4	**2,110**	10,777	7,254	**18**	19	56
Oil and gas properties	4	**6,473**	12,270	29,425	**–**	–	–
Right-of-use assets	5	**18,099**	–	–	**171**	–	–
Intangible assets	6	**86**	167	1,299	**–**	–	3
Investments in exploration and evaluation assets	7	**706**	19,170	21,403	**–**	–	–
Investments in subsidiaries	8	**–**	–	–	**9,228**	9,228	38,715
Other receivables	9	**5,592**	7,190	9,352	**–**	–	–
Fixed deposits	11	**318**	310	–	**–**	–	–
Deferred tax assets		**35**	35	55	**–**	–	–
		33,419	49,919	68,788	**9,417**	9,247	38,774
Current Assets							
Other receivables	9	**1,129**	1,847	12,663	**2,530**	3,595	62,199
Trade receivables	10	**9,737**	11,270	13,963	**–**	–	–
Prepaid operating expenses		**620**	829	1,141	**59**	78	94
Inventories		**164**	181	179	**–**	–	–
Fixed deposits	11	**–**	–	1,200	**–**	–	–
Cash and cash equivalents	11	**4,593**	8,231	10,711	**222**	4,166	139
		16,243	22,358	39,857	**2,811**	7,839	62,432
Assets held-for-sale	12	**–**	–	–	**–**	–	–
Total assets		**49,662**	72,277	108,645	**12,228**	17,086	101,206
EQUITY AND LIABILITIES							
Capital and Reserves							
Share capital	13	**148,367**	148,181	138,232	**148,367**	148,181	138,232
Treasury shares	14	**(935)**	(935)	(935)	**(935)**	(935)	(935)
Other reserves	15	**4,683**	4,706	222	**3,159**	3,673	4,511
Accumulated losses		**(165,794)**	(139,737)	(98,785)	**(140,233)**	(137,563)	(45,965)
Equity attributable to owners of the Company		**(13,679)**	12,215	38,734	**10,358**	13,356	95,843
Non-controlling interests	8	**(8,346)**	(8,037)	(4,389)	**–**	–	–
Total equity		**(22,025)**	4,178	34,345	**10,358**	13,356	95,843
Non-Current Liabilities							
Other payables	16	**16,590**	22,195	18,224	**–**	743	–
Lease liabilities	17	**11,456**	–	–	**58**	–	–
Finance lease liabilities	18	**–**	5,524	3,016	**–**	–	–
Provisions	19	**906**	1,092	1,415	**18**	19	–
Abandonment and site restoration liabilities	20	**118**	880	992	**–**	–	–
Loans and borrowings	21	**–**	4,619	9,022	**–**	–	–
		29,070	34,310	32,669	**76**	762	–
Current Liabilities							
Trade payables	22	**14,679**	15,027	18,299	**–**	–	–
Other payables	16	**12,283**	11,493	20,406	**1,684**	2,878	5,293
Lease liabilities	17	**5,638**	–	–	**25**	–	–
Finance lease liabilities	18	**–**	1,823	873	**–**	–	31
Provisions	19	**225**	621	1,564	**–**	–	39
Abandonment and site restoration liabilities	20	**501**	–	–	**–**	–	–
Loans and borrowings	21	**9,094**	4,619	–	**–**	–	–
Derivative liabilities		**–**	–	270	**–**	–	–
Income tax payable		**197**	206	219	**85**	90	–
		42,617	33,789	41,631	**1,794**	2,968	5,363
Total liabilities		**71,687**	68,099	74,300	**1,870**	3,730	5,363
Total equity and liabilities		**49,662**	72,277	108,645	**12,228**	17,086	101,206

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 2019

	Note	Year ended 31 December 2019 $'000	Year ended 31 December 2018 $'000
Revenue	23	**41,150**	46,772
Other income	24	**5,584**	1,650
Costs and operating expenses			
Service costs and related expenses		**(14,360)**	(21,350)
Royalties payment		**(139)**	(278)
Salaries and employee benefits	25	**(22,217)**	(23,921)
Depreciation and amortisation expenses		**(7,981)**	(12,757)
Finance costs	26	**(3,348)**	(2,255)
Other operating expenses		**(25,523)**	(32,548)
Loss before taxation	27	**(26,834)**	(44,687)
Taxation	28	**(90)**	(513)
Loss for the year		**(26,924)**	(45,200)
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation differences		**460**	4,896
Items that will not be reclassified subsequently to profit or loss			
Re-measurement of defined benefit obligation	31	**166**	272
Other comprehensive income for the year, net of tax		**626**	5,168
Total comprehensive loss for the year		**(26,298)**	(40,032)
Loss attributable to:			
Non-controlling interests		**(444)**	(3,494)
Shareholders of the Company		**(26,480)**	(41,706)
		(26,924)	(45,200)
Total comprehensive income attributable to:			
Non-controlling interests		**(25,989)**	(3,648)
Shareholders of the Company		**(309)**	(36,384)
		(26,298)	(40,032)
Loss per share attributable to owners of the Company (cents per share)			
Basic and diluted	29	**(4.09)**	(7.55)

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

The Group	Share capital $'000	Treasury shares $'000	Accumulated losses $'000	Other reserves $'000	Share based payment reserve $'000	Others $'000	Foreign currency translation reserve $'000	Gain on reissuance of treasury shares $'000	Capital reserve $'000	Attributable to owners of the Company $'000	Non-controlling interests $'000	Total equity $'000
	Attributable to owners of the Company											
At 1 January 2019	148,181	(935)	(139,737)	4,706	1,043	624	61	2,630	348	12,215	(8,037)	4,178
Loss for the year	–	–	(26,480)	–	–	–	–	–	–	(26,480)	(444)	(26,924)
Other comprehensive income												
Re-measurement of defined benefit obligations (Note 31)	–	–	–	166	–	166	–	–	–	166	–	166
Foreign currency translation	–	–	–	325	–	–	325	–	–	325	135	460
Total comprehensive (loss)/ income for the year, net of tax	–	–	(26,480)	491	–	166	325	–	–	(25,989)	(309)	(26,298)
Contributions by and distributions to owners												
Issuance of shares pursuant to EGPSP/EGSOS	91	–	212	(303)	(303)	–	–	–	–	–	–	–
Write-back of share issuance expenses	95	–	–	–	–	–	–	–	–	95	–	95
Expiry of employee share options	–	–	211	(211)	(211)	–	–	–	–	–	–	–
Total contributions by and distributions to owners	186	–	423	(514)	(514)	–	–	–	–	95	–	95
Total transactions with owners in their capacity as owners	186	–	423	(514)	(514)	–	–	–	–	95	–	95
At 31 December 2019	148,367	(935)	(165,794)	4,683	529	790	386	2,630	348	(13,679)	(8,346)	(22,025)

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

The Group	Share capital $'000	Treasury shares $'000	Accumulated losses $'000	Other reserves $'000	Share based payment reserve $'000	Others $'000	Foreign currency translation reserve $'000	Gain on reissuance of treasury shares $'000	Capital reserve $'000	Attributable to owners of the Company $'000	Non-controlling interests $'000	Total equity $'000
	Attributable to owners of the Company											
At 1 January 2018	138,232	(935)	(98,785)	222	1,881	352	(4,989)	2,630	348	38,734	(4,389)	34,345
Loss for the year	–	–	(41,706)	–	–	–	–	–	–	(41,706)	(3,494)	(45,200)
Other comprehensive income												
Re-measurement of defined benefit obligations (Note 31)	–	–	–	272	–	272	–	–	–	272	–	272
Foreign currency translation	–	–	–	5,050	–	–	5,050	–	–	5,050	(154)	4,896
Total comprehensive (loss)/ income for the year, net of tax	–	–	(41,706)	5,322	–	272	5,050	–	–	(36,384)	(3,648)	(40,032)
Contributions by and distributions to owners												
Issuance of shares	10,164	–	–	–	–	–	–	–	–	10,164	–	10,164
Share issuance expenses	(321)	–	–	–	–	–	–	–	–	(321)	–	(321)
Issuance of shares pursuant to EGPSP/EGSOS	106	–	315	(421)	(421)	–	–	–	–	–	–	–
Grant of equity settled share based payment to employees	–	–	–	22	22	–	–	–	–	22	–	22
Expiry of employee share options	–	–	439	(439)	(439)	–	–	–	–	–	–	–
Total contributions by and distributions to owners	9,949	–	754	(838)	(838)	–	–	–	–	9,865	–	9,865
Total transactions with owners in their capacity as owners	9,949	–	754	(838)	(838)	–	–	–	–	9,865	–	9,865
At 31 December 2018	148,181	(935)	(139,737)	4,706	1,043	624	61	2,630	348	12,215	(8,037)	4,178

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 2019

	Note	Year ended 31 December 2019 $'000	Year ended 31 December 2018 $'000
Cash Flows from Operating Activities			
Loss before tax		**(26,834)**	(44,687)
Adjustment for:			
Depreciation and amortisation expenses	32(B)	**7,981**	12,757
Loss on disposal of right-of-use assets	27	**214**	–
Gain on disposal of property, plant and equipment	27	**(97)**	(105)
Finance costs	26	**3,348**	2,255
Interest income from banks	24	**(26)**	(84)
Write-back of other payables	24	**(688)**	(244)
Impairment loss on intangible assets	27	**–**	993
Impairment loss on exploration and evaluation assets	27	**17,199**	540
Impairment loss on oil and gas properties	27	**–**	83
Impairment loss/(Write back) on doubtful trade receivables	27	**87**	(26)
Impairment loss on other receivables	27	**4,533**	19,149
Property, plant and equipment written-off	27	**1**	–
(Gain)/loss on farm-out of participating interest	24/27	**(3,538)**	896
Share based payment		**–**	22
Net fair value gain on oil options	27	**–**	(270)
Foreign exchange translation adjustments		**67**	4,713
Operating profit/(loss) before working capital changes		**2,247**	(4,008)
Change in inventories		**8**	(24)
Change in trade receivables		**1,446**	2,393
Change in other receivables		**(3,911)**	(6,538)
Change in prepaid operating expenses		**184**	260
Change in trade payables		**186**	(2,354)
Change in other payables and provisions		**3,590**	11,495
Cash generated from operations		**3,750**	1,224
Benefits paid		**(8)**	(618)
Interest income received		**26**	84
Income tax paid		**(28)**	(325)
Finance costs paid		**(1,241)**	(1,513)
Net cash generated from/(used in) operating activities		**2,499**	(1,148)
Cash Flows from Investing Activities			
Proceeds from disposal of property, plant and equipment		**148**	141
Proceeds from disposal of right-of-use assets		**533**	–
Purchase of property, plant and equipment and oil and gas properties	4	**(983)**	(11,046)
Purchase of right-of-use assets		**(130)**	–
Purchase of intangible assets	6	**(31)**	(50)
Net cash used in investing activities		**(463)**	(10,955)
Cash Flows from Financing Activities			
Net proceeds from issuance of new shares		**–**	10,164
Share issuance expenses		**–**	(321)
Decrease in fixed deposits pledged		**–**	890
Repayment of lease liabilities (2018: Finance lease)		**(5,666)**	(1,082)
Net cash (used in)/generated from financing activities		**(5,666)**	9,651
Net decrease in cash and cash equivalents		**(3,630)**	(2,452)
Cash and cash equivalents at beginning of year		**8,231**	10,711
Exchange difference on translation of cash and cash equivalents at beginning of year		**(8)**	(28)
Cash and cash equivalents at end of year	11	**4,593**	8,231

Note: Non-cash transaction

During the financial year, the Group acquired right-of-use assets with an aggregate cost of $1.77 million of which $1.64 million were acquired by means of finance leases. Cash payments of $130,000 were made to purchase the right-of-use assets.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

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.

	Lease liabilities $'000	**Finance lease liabilities $'000**	**Loans and borrowings $'000**	**Total $'000**
	(Note 17)	**(Note 18)**	**(Note 21)**	
At 1 January 2018	–	3,889	9,022	12,911
Cash flows:				
– Repayment of finance lease liabilities	–	(1,082)	–	(1,082)
Non-cash changes:				
– New finance leases	–	4,564	–	4,564
– Foreign exchange translation adjustments	–	(24)	216	192
	–	4,540	216	4,756
At 31 December 2018	–	7,347	9,238	16,585
Cash flows:				
– Repayment of lease liabilities	(5,666)	–	–	(5,666)
Non-cash changes:				
– Reclassification on adoption of SFRS(I) 16	7,347	(7,347)	–	–
– New leases on adoption of SFRS(I) 16	13,771	–	–	13,771
See Note 3.2(c)	21,118	(7,347)	–	13,771
– New leases acquired during the year	1,522	–	–	1,522
– Foreign exchange translation adjustments	120	–	(144)	(24)
	22,760	(7,347)	(144)	15,269
At 31 December 2019	**17,094**	**–**	**9,094**	**26,188**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

1 General information

The financial statements of Eneco Energy Limited ("the Company") and of the Group for the financial year ended 31 December 2019 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 incurred loss before income tax and total comprehensive loss of $26.8 million and $26.3 million (FY 2018 – $44.7 million and $40.0 million) respectively, for the financial year ended 31 December 2019. As at 31 December 2019, the Group reported a deficit in equity of $22.0 million and current liabilities have exceeded current assets by $26.4 million (FY 2018 – $11.4 million).

As disclosed in Note 21 to the financial statements, a third party has granted a US$10 million loan facility (the "Facility"), of which US$6.75 million has been disbursed, bearing an effective interest of 15% per annum, to the Group's wholly-owned subsidiary, Ramba Energy Lemang Ltd ("RELL") in FY 2015. The Facility was for working capital needs in relation to the exploration and development activities of the Group.

As at 31 December 2019, $11.7 million (equivalent to US$8.7 million), which included the loan principal bearing an effective interest of 15% per annum, interest, default interest and marketing fees was outstanding and is repayable over 24 instalments commencing from January 2019 with final repayment in December 2020. The Facility is currently secured by a fixed charge over the subsidiary's operating accounts, a share charge over the Group's equity share in RELL, a corporate guarantee by the Company and a personal guarantee provided by a related party of the controlling shareholder. Since February 2019, the Group has temporarily suspended the repayment of the loan principal and related interest expense to the said third party as discussions with the third party in respect of the restructuring of the loans are still ongoing. Accordingly, the Group and the Company are in breach of the loan covenants as at 31 December 2019.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2 Going concern (Continued)

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:

1. The Group and the Company will remain a going concern so long the loan previously entered with a third party can be restructured. On 12 May 2020, the Board announced the completion of the standstill and settlement agreement entered with the third party and on completion, it will result in a full and final settlement of the outstanding loan due to the third party and the release of corporate guarantee previously extended by the Company;

2. The Group's logistics segment in both Singapore and Indonesia is able to generate sufficient cash flows and the deficiencies in the Group's net assets and net current assets arose solely from the Group's oil and gas segment, domiciled in Indonesia. The Board is of the view that the Group's shareholdings in the entities which own the various oil and gas assets in Indonesia, are ringfenced through multiple layers of shareholdings and would not have an impact to the viability of the Company's financial position in the event of contingent or actual legal claims by third party creditors against these entities;

3. A wholly owned subsidiary of the Company has been offered a $3 million working capital loan from a major financial institution on favourable terms subsequent to the balance sheet date; and

4. Management has also considered various measures, which include but not limited to (a) the Jobs Support Scheme and its related enhancements, (b) waiver of monthly foreign worker levies due in April and May 2020 and levy rebates, and (c) enhanced rental waivers for industrial and office tenants of government agencies as announced in the Unity Budget on 18 February 2020, the Resilience Budget on 26 March 2020 and the Solidarity Budget on 6 April 2020 respectively.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

3.1 Basis of preparation (Continued)

The financial statements are presented in Singapore Dollar which is the Company's functional currency. All financial information is 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.

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 amount 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.

Significant accounting estimates and judgement

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) 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

3.1 **Basis of preparation** (Continued)

Significant accounting estimates and judgement (Continued)

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

(iii) Income tax

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 2019 are $0.2 million (2018 – $0.2 million) respectively.

(iv) Determination of the lease term

The Group leases transport equipment, offices and warehouse premises 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 exercise) 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. For leases of offices and warehouse premises 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 to 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.

(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.

3.1 Basis of preparation (Continued)

Significant accounting estimates and judgement (Continued)

(b) Key sources of estimation uncertainty (Continued)

(i) Impairment of non-financial assets (Notes 4, 5, 7 and 8)

The cost of property, plant and equipment and oil and gas properties are depreciated either on a straight-line basis over their estimated useful lives or using the unit-of-production method by reference to the ratio of production in the period and the related commercial reserve of the oil and gas fields. For property, plant and equipment, Management estimates the useful lives of these property, plant and equipment to be ranging from 3 years to 10 years. The Group reviews annually the estimated useful lives of property, plant and equipment 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 property, plant and equipment would increase depreciation expense and decrease non-current assets.

The Group and the Company assess whether there are any indicators of impairment for non-financial assets, comprising oil and gas properties, property, plant and equipment, right-of-use assets, investment in exploration and evaluation 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 oil and gas properties, property, plant and equipment, right-of-use assets, investment in exploration and evaluation assets and investments in subsidiaries are disclosed in Notes 4, 5, 7 and 8 respectively.

(ii) Impairment of asset classified as held-for-sale

Asset classified as held-for-sale relates to the Group's interest to the concessionary rights to West Jambi Block ("West Jambi concession" or the "Asset"), which is wholly-owned by the Group through its subsidiary, Ramba Energy West Jambi Limited ("REWJ"). As at the balance sheet date, the exploratory permit for the concession has expired and the Group has not furnished the banker's guarantee to the concession holder to obtain an extension of the exploratory permit.

In January 2020, the Board announced the appointment of an Advisor to the Group to package, market and sell its 100% participating interest in the West Jambi concession. The range of indicative values furnished by the Advisor was determined on the basis that the exploratory permit is valid until the end of the concession period and the banker's guarantee has been presented to the concession holder. The Directors, based on the current available information and discussion with the Advisor, are of the opinion that the fair value less cost to sell will be Nil. Accordingly, a full impairment loss of $17.2 million is recognised on the carrying amount of the Asset for the financial year ended 31 December 2019. (See Note 7)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

3.1 Basis of preparation (Continued)

Significant accounting estimates and judgement (Continued)

(b) Key sources of estimation uncertainty (Continued)

(iii) 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 ("IRIIL") and, if the IRIIL 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 Company is the lessee, the IRIIL 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 loss before tax for the year.

(iv) Deferred tax effects on adoption of SFRS(I) 16

In the jurisdictions that the Group operates in, tax deductions are available only for the lease payments as they are paid, and no tax deduction is allowed for the leased asset depreciation or finance cost. On 1 January 2019, these tax circumstances give rise to temporary differences on initial recognition of both the right-of-use asset and lease liability. Management has assessed the impact of deferred tax on the adoption of SFRS(I) 16 and concluded that it is not significant to the consolidated financial statements of the Company.

(v) Provision of expected credit losses of trade receivables

The Group uses a provision matrix to calculate expected credit losses ("ECLs") for trade receivables. The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust historical credit loss experience with forward-looking information. At each reporting date, historical default rates are updated and changes in the forward-looking estimates are analysed.

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 respectively. The carrying amount of trade receivables as at 31 December 2019 was $9.7 million (2018 – $11.3 million).

3.2 Adoption of new and amended standards and interpretations

On 1 January 2019, 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 except as discussed below:

Reference	Description
SFRS(I) 16	*Leases*
SFRS(I) INT 23	*Uncertainty over Income Tax Treatments*

Adoption of SFRS(I) 16 Leases

SFRS(I) 16 Leases supersedes SFRS(I) 1-17 – *Leases*, SFRS(I) INT 4 *Determining whether an Arrangement contains a Lease*, SFRS(I) INT 1-15 *Operating Leases – Incentives* and SFRS(I) INT 1-27 *Evaluating the Substance of Transactions involving the Legal Form of a Lease*, and pronounces new or amended requirements with respect to lease accounting. For lessee accounting, SFRS(I) 16 introduces significant changes by removing the distinction between operating and finance lease and requiring the recognition of a right-of-use asset and a lease liability at commencement for all leases, except for short-term leases and leases of low-value assets when such recognition exemptions are adopted. For lessor accounting, the requirements have remained largely unchanged. The impact of the adoption of SFRS(I) 16 on the Group's financial statements are discussed below.

The date of initial application of SFRS(I) 16 for the Group is 1 January 2019. The Group has elected to transit to SFRS(I) 16 using the modified retrospective approach which requires the Group to recognise the cumulative effect of initially applying SFRS(I) 16 as an adjustment to the opening balance of retained earnings at the date of initial application, without restatement of comparative under SFRS(I) 1-17.

(a) Definition of a lease

The new definition of a lease under SFRS(I) 16 mainly relates to the concept of "control" that determines whether a contract contains a lease on the basis of whether the customer has the right to control the use of an identified asset for a period of time in exchange for consideration, which is in contrast to the concept of "risks and rewards" under SFRS(I) 1-17.

The Group has elected to apply the practical expedient available on transition to SFRS(I) 16 not to reassess whether a contract is, or contains, a lease. Accordingly, the superseded definition of a lease under SFRS(I) 1-17 continues to be applied to those leases entered into, or modified, before 1 January 2019, and the Group applies the new definition of a lease and related guidance set out in SFRS(I) 16 only to those lease contracts entered into, or modified, on or after 1 January 2019. After the transition to SFRS(I) 16, the Group shall reassess whether a contract is, or contains, a lease only if the terms and conditions of the contract are changed.

The new requirements for identifying a lease under SFRS(I) 16 do not change significantly the scope of contracts that will meet the definition of a lease for the Group.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

3.2 Adoption of new and amended standards and interpretations (Continued)

Adoption of SFRS(I) 16 Leases (Continued)

(b) Lessee accounting

(i) Former operating leases

Before the adoption of SFRS(I) 16, the Group's non-cancellable operating lease payments in future reporting periods for office and warehouse premises and transport equipment, were not recognised as liabilities in the statement of financial position but were disclosed as commitments in the notes to the financial statements, and these lease payments were reported as rental expenses in the statement of comprehensive income, and presented under operating activities in the statement of cash flows. Under SFRS(I) 16, the Group recognises right-of-use assets and lease liabilities in the statement of financial position for these outstanding lease payments, report depreciation of right-of-use assets and interest expense on lease liabilities in the statement of comprehensive income, and presents these lease payments as principal repayment and interest paid separately under financing activities in the statement of cash flows.

Under SFRS(I) 16, lease incentives are recognised as part of the measurement of the right-of-use assets and lease liabilities whereas under SFRS(I) 1-17, they result in the recognition of a lease incentive liability, amortised as a reduction of rental expenses on a straight-line basis.

The Group has elected, as a practical expedient of SFRS(I) 16, not to separate non-lease components from lease components for all classes of underlying assets and instead account for each lease component and any associated non-lease components as a single lease component, except if the non-lease component is an embedded derivative according to SFRS(I) 9.

For short-term leases and leases of low-value assets, the Group has elected for exemption under SFRS(I) 16 from recognising their right-of-use assets and lease liabilities, and to report their lease expenses in the statement of comprehensive income on a straight-line basis.

On 1 January 2019, the Group has adopted the following SFRS(I) 16 transition provisions under the modified retrospective approach for each lease, or each portfolio of leases with reasonably similar characteristics formerly classified as operating lease under SFRS(I) 1-17:

- Recognises a lease liability at the present value of the remaining lease payments using the lessee's incremental borrowing rate for the underlying lease asset;
- Recognises a right-of-use asset, on a lease-by-lease basis:
  - for transport equipment that were under finance lease arrangement, at the carrying amount as if SFRS(I) 16 had been applied since the lease commencement date, but discounted using the lessee's incremental borrowing rate for the underlying lease asset instead of the interest rate implicit in the lease;
  - for office and warehouse premises, and transport equipment not under finance lease arrangement, at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position immediately before the date of initial application.

3.2 Adoption of new and amended standards and interpretations (Continued)

Adoption of SFRS(I) 16 Leases (Continued)

(b) Lessee accounting (Continued)

(i) Former operating leases (Continued)

- Applies SFRS(I) 1-36 *Impairment of Assets* to perform an impairment review of the right-of-use asset; and

- Adjusts any difference between the carrying amounts of the right-of-use asset and lease liability to the opening balance of retained earnings.

The Group has adopted the following SFRS(I) 16 practical expedients when applying the cumulative catch-up transition approach to leases formerly classified as operating lease under SFRS(I) 1-17:

- Applies a single discount rate to a portfolio of leases with reasonably similar characteristics;
- Adjusts the right-of-use asset at the date of initial application by the amount of provision for onerous leases recognised under SFRS(I) 1-37 *Provisions, Contingent Liabilities and Contingent Assets* in the statement of financial position immediately before the date of initial application, as an alternative to performing an impairment review under SFRS(I) 1-36;
- Elects not to recognise the right-of-use asset and lease liability for a lease with lease term ending within twelve months of the date of initial application;
- Excludes initial direct costs from the measurement of the right-of-use asset at the date of initial application; and
- Uses hindsight for determining the lease term when the contract contains options to extend or terminate the lease.

(ii) Former finance leases

On 1 January 2019, with regards to the Group's leases of motor vehicles that were formerly classified as finance lease under SFRS(I) 1-17, the carrying amounts of the leased assets and obligations under finance lease immediately before the date of the initial application become respectively the opening balance of the carrying amounts of right-of-use assets and lease liabilities under SFRS(I) 16. Subsequently, the Group accounts for these right-of-use assets and lease liabilities in accordance with SFRS(I) 16.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

3.2 Adoption of new and amended standards and interpretations (Continued)

Adoption of SFRS(I) 16 Leases (Continued)

(c) Financial impact of initial application of SFRS(I) 16

The Group's weighted average incremental borrowing rate applied to measure the Group's lease liabilities recognised in the statement of financial position on 1 January 2019 ranges from 3.7% to 12.8%. A reconciliation of the differences between the Group's operating lease commitments previously disclosed in the financial statements as at 31 December 2018 and the Group's lease liabilities recognised in the statement of financial position on 1 January 2019 is as follows:

Explanatory notes to reconciliations:

	$'000
Operating lease commitment disclosed as at 31 December 2018 (Note 33.1)	16,044
Less: Short-term leases exempted from recognition	(1,023)
Less: Leases of low-value assets exempted from recognition	(66)
Less: Discounting effect using weighted average incremental borrowing rate	(1,184)
Add: Obligations under finance lease at 31 December 2018 reclassified to lease liabilities	7,347
Lease liabilities recognised as at 1 January 2019	21,118

The effects of adoption of SFRS(I) 16 on the Group's financial statements as at 1 January 2019 are as follows:

	Increase/ (decrease) $'000
Assets	
Property, plant and equipment	(8,320)
Prepaid expense	(16)
Security deposits	(3)
Right of use assets	21,657
	13,318
Liabilities	
Lease liabilities	21,118
Finance lease liabilities	(7,347)
Other payables	(453)
	13,318

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

3.2 Adoption of new and amended standards and interpretations (Continued)

Adoption of SFRS(I) 16 Leases (Continued)

SFRS(I) INT 23 Uncertainty over Income Tax Treatments

The Group has adopted SFRS(I) INT 23 for the first time in the current financial year. SFRS(I) INT 23 sets out how to determine the accounting tax provision when there is uncertainty over income tax treatments. The Interpretation requires the Group to:

- Determine whether uncertain tax positions are assessed separately or as a Group; and
- Assess whether it is probable that a Tax Authority will accept an uncertain tax treatment used, or proposed to be used, by an entity in its income tax filings, as follows:

  – If yes, the Group should determine its accounting tax position consistently with the tax treatment used or planned to be used in its income tax filings; or

  – If no, the Group should reflect the effect of uncertainty in determining its accounting tax position using either the most likely amount or the expected value method.

There is no material impact to the Group's and the Company's financial statements.

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)
SFRS(I) 1-1, SFRS(I) 1-8	Amendments to SFRS(I) 1-1 and SFRS(I) 1-8: Definition of Material	1 January 2020

SFRS(I) 1-1, SFRS(I) 1-8 Amendments to SFRS(I) 1-1 and SFRS(I) 1-8: Definition of Material

The amendments are intended to make the definition of "material" in SFRS(I) 1-1 easier to understand and are not intended to alter the underlying concept of materiality in SFRS(I). The concept of "obscuring" material information with immaterial information has been included as part of the new definition. The threshold for materiality influencing users has been changed from "could influence" to "could reasonably be expected to influence". The definition of "material" in SFRS(I) 1-8 has been replaced by a reference to the definition of "material" in SFRS(I) 1-1. In addition, the other SFRS(I) and the Conceptual Framework, which contain a definition of "material" or refer to the term "material", have been updated to ensure consistency.

The amendments are applied prospectively for annual periods beginning on or after 1 January 2020, with earlier 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 2019

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.

3.4 Summary of significant accounting policies (Continued)

Consolidation (Continued)

Acquisitions from entities under common control

Business combinations arising from transfers of interests in entities that are under the control of the Shareholder that controls the Group are accounted for as if the acquisition had occurred at the beginning of the earliest comparative year presented or, if later, at the date that common control was established. For this purpose, comparatives are restated. The assets and liabilities acquired are recognised at the carrying amounts recognised previously in the Group controlling shareholder's consolidated financial statements. The components of equity of the acquired entities are added to the same components within Group equity and any gain/loss arising is recognised directly in equity.

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.

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, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

3.4 Summary of significant accounting policies (Continued)

Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost or valuation less accumulated depreciation and accumulated impairment losses, if any. Depreciation on other items of property, 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 property, 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 property, 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 property, 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 property, 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 property, 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

3.4 Summary of significant accounting policies (Continued)

Oil and gas properties (Continued)

(a) E&E assets (Continued)

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 profit or loss 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, together with the E&E expenditures incurred in finding commercial reserves that were transferred from "Intangible 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 2019

3.4 Summary of significant accounting policies (Continued)

Leases

Lease – Policy applicable after 1 January 2019

(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 2019

3.4 **Summary of significant accounting policies** (Continued)

Leases (Continued)

Lease – Policy applicable after 1 January 2019 (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 cases 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 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 2019

3.4 Summary of significant accounting policies (Continued)

Leases (Continued)

Lease – Policy applicable after 1 January 2019 (Continued)

(ii) The Group as a lessor

Generally, the accounting policies applicable to the Group as a lessor in the comparative period were not different from SFRS(I) 16, except for the classification of the sublease entered into that resulted in a finance lease classification.

When the Group acts as a lessor it determines at least 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.

Lease – Policy applicable before 1 January 2019

(i) The Group as a lessee

(a) Operating lease

Leases where substantially all risks and rewards incidental to ownership are retained by the lessors are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessors) are recognised in the statement of comprehensive income on a straight-line basis over the period of the lease. Contingent rents are recognised as an expense in the statement of comprehensive income when incurred.

(b) Finance lease

Leases where the Group assumes substantially all risks and rewards incidental to ownership of the leased assets are classified as finance leases. The leased assets and the corresponding lease liabilities (net of finance charges) under finance leases are recognised on the statement of financial position as plant and equipment and finance lease liabilities respectively, at the inception of the lease, based on the lower of the fair value of the leased assets and the present value of the minimum lease payments.

Each lease payment is apportioned between the interest expense and the reduction of the outstanding lease liability. The interest expense is recognised within "finance costs" in the statement of comprehensive income on a basis that reflects a constant periodic rate of interest on the finance lease liability.

3.4 Summary of significant accounting policies (Continued)

Leases (Continued)

Lease – Policy applicable before 1 January 2019 (Continued)

(ii) The Group as a lessor

(a) Operating lease

Leases where the Group retains substantially all risks and rewards incidental to ownership are classified as operating leases. Rental income from operating leases (net of any incentives given to the lessees) is recognised in the statement of comprehensive income on a straight-line basis over the lease term. Contingent rents are recognised as income in the statement of comprehensive income when earned.

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 2019

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

Non-current assets 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 are remeasured in accordance with the Group's accounting policies. Thereafter, the assets classified as held-for-sale are generally measured at the lower of their carrying amount and fair value less costs to sell. 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.

Investments in exploration and evaluation assets once classified as held-for-sale, are not depreciated.

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 profit or loss, 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.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated cost necessary to make the sale.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

3.4 Summary of significant accounting policies (Continued)

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.

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"), and 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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

3.4 Summary of significant accounting policies (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Subsequent measurement (Continued)

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 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).

Impairment of financial assets

The Group and the Company assesses 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

3.4 Summary of significant accounting policies (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

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.

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 profit or loss 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 respectively.

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.

3.4 Summary of significant accounting policies (Continued)

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 2019

3.4 Summary of significant accounting policies (Continued)

Financial guarantees

The Company has issued a corporate guarantee to a third party for bank facilities of its subsidiaries. This guarantee is a financial guarantee contract as it requires the Company to reimburse the third party if the subsidiary fails to make principal or interest payments when due in accordance with the terms of their facilities. Intra-Group transactions are eliminated on consolidation.

Financial guarantee contracts are initially measured at fair value plus transaction costs and subsequently measured at the higher of:

(a) premium received on initial recognition less the cumulative amount of income recognised in accordance with the principles of SFRS(I) 15; and

(b) the amount of expected loss computed using the impairment methodology under SFRS(I) 9.

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.

A provision for restructuring is recognised for the expected costs associated with the restoration of leasehold building. The provision is based on the best estimate of the direct expenditures to be incurred which are both necessarily entailed by the restoration and not associated with the on-going activities of the Group.

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.

3.4 Summary of significant accounting policies (Continued)

Provisions (Continued)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

3.4 Summary of significant accounting policies (Continued)

Employee benefits

Defined contribution plan

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

Defined benefit plan

The net defined benefit liability or asset is the aggregate of the present value of the defined benefit obligation (derived using a discount rate based on high quality corporate bonds) at the end of the reporting period reduced by the fair value of plan assets (if any), adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. The cost of providing benefits under the defined benefit plans is determined separately for each plan using the projected unit credit method.

Defined benefit costs comprise the following:

– Service cost
– Net interest on the net defined benefit liability or asset
– Remeasurements of net defined benefit liability or asset

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognised as expense in profit or loss. Past service costs are recognised when plan amendment or curtailment occurs.

Net interest on the net defined benefit liability or asset is the change during the period in the net defined benefit liability or asset that arises from the passage of time which is determined by applying the discount rate based on high quality corporate bonds to the net defined benefit liability or asset. Net interest on the net defined benefit liability or asset is recognised as expense or income in profit or loss.

Remeasurements comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling (excluding net interest on defined benefit liability) are recognised immediately in other comprehensive income in the period in which they arise. Remeasurements are recognised in retained earnings within equity and are not reclassified to profit or loss in subsequent periods.

Plan assets are assets that are held by a long-term employee benefit fund or qualifying insurance policies. Plan assets are not available to the creditors of the Group, nor can they be paid directly to the Group. Fair value of plan assets is based on market price information. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations).

The Group's right to be reimbursed of some or all of the expenditure required to settle a defined benefit obligation is recognised as a separate asset at fair value when and only when reimbursement is virtually certain.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

3.4 Summary of significant accounting policies (Continued)

Employee benefits (Continued)

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.

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 profit or loss, 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 profit or loss 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 profit or loss 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.

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 profit or loss 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

3.4 Summary of significant accounting policies (Continued)

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.

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.

3.4 Summary of significant accounting policies (Continued)

Income taxes (Continued)

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 the 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 good or service. 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.

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 upon completion of delivery on a monthly basis.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

3.4 Summary of significant accounting policies (Continued)

Revenue (Continued)

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.

Leasing income

Leasing income arising from rental of transport equipment and it is accounted for based on the usage of the transport equipment.

Rental income

Rental income adjusted for rent-free incentives is recognised on a straight-line basis over the lease terms.

Government grant

Government grant is recognised in profit or loss upon cash receipt. Grants are deducted against the related expenses.

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 of 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 the 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 2019

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 resources 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 2019

4 Property, plant and equipment/Oil and gas properties

The Group	Office equipment $'000	Furniture, and fittings $'000	Renovation $'000	Office containers $'000	Tools and equipment $'000	Transport equipment $'000	Property, plant and equipment Total $'000	Oil and gas properties $'000	Total $'000
Cost									
At 1 January 2018	3,552	1,976	1,641	39	210	17,272	24,690	59,821	84,511
Additions	92	198	803	13	22	4,366	5,494	10,116	15,610
Farm-out of participating interests (Note 27)	–	–	–	–	–	–	–	(17,165)	(17,165)
Disposals	(55)	(494)	(395)	–	(7)	(316)	(1,267)	–	(1,267)
Change in ASR provision (Note 20)	–	–	–	–	–	–	–	290	290
Written off	(479)	(993)	(281)	–	(30)	–	(1,783)	–	(1,783)
Net exchange differences	–	(24)	(51)	–	–	(176)	(251)	8,124	7,873
At 31 December 2018	3,110	663	1,717	52	195	21,146	26,883	61,186	88,069
Reclassification to right-of-use assets on adoption of SFRS(I) 16 (Note 5)	–	–	–	–	–	(9,314)	(9,314)	–	(9,314)
Adjusted balance at 1 January 2019	**3,110**	**663**	**1,717**	**52**	**195**	**11,832**	**17,569**	**61,186**	**78,755**
Additions	**260**	**128**	**144**	**–**	**2**	**312**	**846**	**137**	**983**
Farm-out of participating interests (Note 24)	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(8,428)**	**(8,428)**
Disposals	**(10)**	**–**	**(7)**	**–**	**(3)**	**(843)**	**(863)**	**–**	**(863)**
Change in ASR provision (Note 20)	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(230)**	**(230)**
Written off	**(3)**	**–**	**–**	**–**	**–**	**–**	**(3)**	**–**	**(3)**
Net exchange differences	**–**	**–**	**9**	**–**	**–**	**130**	**139**	**(682)**	**(543)**
At 31 December 2019	**3,357**	**791**	**1,863**	**52**	**194**	**11,431**	**17,688**	**51,983**	**69,671**
Accumulated depreciation and impairment loss									
At 1 January 2018	3,337	1,762	1,348	25	181	10,783	17,436	30,396	47,832
Depreciation for the year (Note 27)	146	156	158	4	21	1,342	1,827	10,513	12,340
Impairment loss (Note 27)	–	–	–	–	–	–	–	83	83
Farm-out of participating interests (Note 27)	–	–	–	–	–	–	–	(413)	(413)
Disposals	(55)	(476)	(395)	–	(4)	(301)	(1,231)	–	(1,231)
Written off	(479)	(993)	(281)	–	(30)	–	(1,783)	–	(1,783)
Net exchange differences	9	(3)	(36)	–	(4)	(109)	(143)	8,337	8,194
At 31 December 2018	2,958	446	794	29	164	11,715	16,106	48,916	65,022
Reclassification to right-of-use assets on adoption of SFRS(I) 16 (Note 5)	**–**	**–**	**–**	**–**	**–**	**(994)**	**(994)**	**–**	**(994)**
Adjusted balance at 1 January 2019	**2,958**	**446**	**794**	**29**	**164**	**10,721**	**15,112**	**48,916**	**64,028**
Depreciation for the year (Note 27)	**144**	**122**	**234**	**6**	**20**	**639**	**1,165**	**1,952**	**3,117**
Farm-out of participating interests (Note 24)	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(4,594)**	**(4,594)**
Disposals	**(8)**	**–**	**(7)**	**–**	**(3)**	**(794)**	**(812)**	**–**	**(812)**
Written off	**(2)**	**–**	**–**	**–**	**–**	**–**	**(2)**	**–**	**(2)**
Net exchange differences	**–**	**(2)**	**2**	**–**	**–**	**115**	**115**	**(764)**	**(649)**
At 31 December 2019	**3,092**	**566**	**1,023**	**35**	**181**	**10,681**	**15,578**	**45,510**	**61,088**
Net book value									
As at 31 December 2019	**265**	**225**	**840**	**17**	**13**	**750**	**2,110**	**6,473**	**8,583**
As at 31 December 2018	152	217	923	23	31	9,431	10,777	12,270	23,047

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

4 **Property, plant and equipment/Oil and gas properties** (Continued)

As at 31 December 2018, property, plant and equipment with a carrying amount of $8.3 million were held under finance leases and were pledged as collaterals under "finance lease liabilities" (Note 18). Included in the additions in FY2018 were new finance leases acquired amounting to $4.5 million.

Impairment loss on oil and gas properties

In the current financial year, the recoverable 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 which was determined based on fair value less costs of disposal by making reference to the recent sale transaction of 6% participating interest in Lemang PSC Block to Mandala in July 2019. No impairment loss was recognised in FY2019 as the recoverable amount exceeds the carrying amount as at 31 December 2019.

In the previous financial year, Management carried out an annual review of recoverable amounts of the Group's oil and gas properties in the Jatirarangon TAC and Lemang PSC Blocks. An impairment loss of $83,000 representing the write down of Jatirarangon's production equipment properties to its recoverable amount was recognised in "other operating expenses" (Note 27). The recoverable amount of the Jatirarangon TAC Block was determined based on the value-in-use calculations while the recoverable amount of the Lemang PSC Block was determined based on fair value less costs of disposal calculations by making reference to the sale transaction of 15% participating interest in Lemang PSC Block to Mandala in July 2018.

The Company	**Renovations**	**Transport equipment**	**Office equipment**	**Total**
	$'000	**$'000**	**$'000**	**$'000**
Cost				
At 1 January 2018	50	508	135	693
Additions	18	–	1	19
Written off	(31)	–	(20)	(51)
Disposals	–	(316)	–	(316)
At 31 December 2018	**37**	**192**	**116**	**345**
Additions	**–**	**–**	**8**	**8**
Disposals	**–**	**(192)**	**(3)**	**(195)**
At 31 December 2019	**37**	**–**	**121**	**158**
Accumulated depreciation				
At 1 January 2018	50	471	116	637
Depreciation for the year	3	21	17	41
Written off	(31)	–	(20)	(51)
Disposals	–	(301)	–	(301)
At 31 December 2018	**22**	**191**	**113**	**326**
Depreciation for the year	**4**	**–**	**3**	**7**
Disposals	**–**	**(191)**	**(2)**	**(193)**
At 31 December 2019	**26**	**–**	**114**	**140**
Net book value				
At 31 December 2019	**11**	**–**	**7**	**18**
At 31 December 2018	15	1	3	19

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

5 Right-of-use assets

The Group	Leasehold buildings $'000	Transport equipment $'000	Office equipment $'000	Total $'000
Cost				
Adoption of SFRS(I) 16:				
– Initial application	12,494	843	–	13,337
– Reclassification from property, plant and equipment (Note 4)	–	9,314	–	9,314
At 1 January 2019	**12,494**	**10,157**	**–**	**22,651**
Additions	**389**	**1,338**	**45**	**1,772**
Disposals	**–**	**(977)**	**–**	**(977)**
Net exchange differences	**4**	**115**	**–**	**119**
At 31 December 2019	**12,887**	**10,633**	**45**	**23,565**
Accumulated depreciation				
Adoption of SFRS(I) 16:				
– Reclassification from property, plant and equipment (Note 4)	–	994	–	994
At 1 January 2019	**–**	**994**	**–**	**994**
Depreciation for the year (Note 27)	**3,063**	**1,623**	**12**	**4,698**
Disposals	**–**	**(230)**	**–**	**(230)**
Net exchange differences	**1**	**3**	**–**	**4**
At 31 December 2019	**3,064**	**2,390**	**12**	**5,466**
Carrying amount				
At 31 December 2019	**9,823**	**8,243**	**33**	**18,099**
At 1 January 2019	12,494	9,163	–	21,657

The Company	Transport equipment $'000	Total $'000
Cost		
Adoption of SFRS(I) 16:		
– Initial application	210	210
At 1 January 2019 and 31 December 2019	**210**	**210**
Accumulated depreciation		
At 1 January 2019	**–**	**–**
Depreciation for the year	**39**	**39**
At 31 December 2019	**39**	**39**
Carrying amount		
At 31 December 2019	**171**	**171**
At 1 January 2019	**210**	**210**

As at 31 December 2019, the Group's and the Company's right-of-use assets amounting to $7.2 million and $0.2 million respectively, were pledged as collaterals for finance lease liabilities as disclosed under Note 17. The Company has also extended a corporate guarantee of up to $1 million to a financial institution.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

5 **Right-of-use assets** (Continued)

At transition in applying SFRS(I) 16, at lease commencement, the Group and the Company recognise right-of-use assets and lease liabilities for all leases (except for short-term leases and leases of low value assets).

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

	FY 2019 $'000
Interest expense on lease liabilities (Note 26)	**1,122**
Rental of transport equipment and International Organisation for Standardisation ("ISO") tanks on short term leases (Note 27)	**694**
Rental of offices, warehouses and leasehold buildings on short term leases (Note 27)	**611**

6 **Intangible assets**

The Group	Goodwill $'000	Computer software $'000	Total $'000
Cost			
At 1 January 2018	993	1,997	2,990
Additions	–	50	50
Farm-out of participating interests (Note 27)	–	(140)	(140)
Net exchange differences	–	9	9
At 31 December 2018	**993**	**1,916**	**2,909**
Additions	**–**	**31**	**31**
Farm-out of participating interests (Note 24)	**–**	**(63)**	**(63)**
Net exchange differences	**–**	**(3)**	**(3)**
At 31 December 2019	**993**	**1,881**	**2,874**
Accumulated amortisation and impairment losses			
At 1 January 2018	–	1,691	1,691
Amortisation for the year	–	128	128
Impairment loss (Note 27)	993	–	993
Farm-out of participating interests (Note 27)	–	(75)	(75)
Net exchange differences	–	5	5
At 31 December 2018	**993**	**1,749**	**2,742**
Amortisation for the year (Note 27)	**–**	**92**	**92**
Farm-out of participating interests (Note 24)	**–**	**(43)**	**(43)**
Net exchange differences	**–**	**(3)**	**(3)**
At 31 December 2019	**993**	**1,795**	**2,788**
Net book value			
At 31 December 2019	**–**	**86**	**86**
At 31 December 2018	–	167	167

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

6 Intangible assets (Continued)

Impairment loss recognised in FY 2018

In the previous year, an impairment loss was recognised to write down the goodwill arising from the acquisition of PT Hexindo's cash generating unit ("CGU") as the recoverable value was less than the carrying value of the underlying assets of the CGU. The recoverable amount was determined based on fair value less costs of disposal calculations by making reference to a recent sale transaction. The impairment loss on goodwill and exploration and evaluation assets of $993,000 and $540,000 had been recognised in 'other operating expenses' (Note 27). The fair value hierarchy of the recoverable amount of the CGU is determined as Level 2.

Sensitivity to changes in assumptions

The estimated recoverable amount approximates its carrying amount and, consequently, any adverse change in any key assumptions would result in a further impairment loss.

The Company	**Software $'000**
Cost	
At 1 January 2018, 31 December 2018 and 31 December 2019	**196**
Accumulated amortisation and impairment	
At 1 January 2018	193
Amortisation	3
At 31 December 2018 and 2019	**196**
Net book value	
At 31 December 2019	**–**
At 31 December 2018	–

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

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	**$'000**
Cost	
At 1 January 2018	21,649
Farm-out of participating interests (Note 27)	(1,899)
Net exchange differences	514
At 31 December 2018	**20,264**
Farm-out of participating interests (Note 24)	**(1,119)**
Net exchange differences	**(306)**
At 31 December 2019	**18,839**
Accumulated amortisation and impairment loss	
At 1 January 2018	246
Amortisation during the year (Note 27)	289
Impairment loss recognised during the year (Note 27)	540
Net exchange differences	19
At 31 December 2018	**1,094**
Amortisation during the year (Note 27)	**74**
Impairment loss recognised during the year (Note (a) & (Note 27))	**17,199**
Net exchange differences	**(234)**
At 31 December 2019	**18,133**
Net book value	
At 31 December 2019	**706**
At 31 December 2018	19,170

As at 31 December 2018, the carrying amount included the Group's concessionary rights to West Jambi Kerja Sama Operasi ("West Jambi concession") located in South Sumatra, Indonesia, which is wholly owned by the Group, through its subsidiary, Ramba Energy West Jambi Limited. The exploratory permit for this concession has expired.

The details of the impairment loss recognised in FY 2018 are disclosed in Note 6 to the financial statements.

Note (a):

On 17 January 2020, the Company announced the appointment of an external party as an Advisor to the Group to package, market and sell its West Jambi concession. Management has obtained the Board's approval in December 2019 to proceed with the appointment of the Advisor to market the Asset.

As at 31 December 2019, Management recorded a full impairment loss amounting to $17.2 million (equivalent to US$12.6 million) in respect of the carrying amount of the West Jambi concession since the exploratory permit for the West Jambi concession has already expired and Management has not furnished the banker's guarantee to the concession holder. The West Jambi concession with a carrying amount of $Nil was transferred to "Assets held-for-sale" as at the balance sheet date. (Note 12)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

8 Investments in subsidiaries

The Company	31 December 2019 $'000	31 December 2018 $'000	1 January 2018 $'000
		(Restated)	(Restated)
Unquoted shares, at cost	**9,926**	9,926	9,926
Loans extended to subsidiaries (non-trade) (Note (a))	**93,581**	92,641	31,505
Impairment loss	**(94,279)**	(93,339)	(2,716)
	9,228	9,228	38,715
Impairment loss:			
Balance at beginning of year	**(93,339)**	(2,716)	(2,745)
Allowance for the year	**(972)**	(90,570)	(141)
Exchange differences	**32**	(53)	170
Balance at end of year	**(94,279)**	(93,339)	(2,716)

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, 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.

During the current financial year, the Company recorded an impairment loss of $1.0 million (2018 (restated): $90.6 million; 2017 (restated): $0.1 million) on the non-trade loans extended to its subsidiaries based on the recoverable amount of the cash generating units determined based on fair value less cost to sell using the residual net assets value approach.

Details of the subsidiaries are set out below:

Name	Country of incorporation/ principal place of business	Effective equity interest		Principal activities
		2019 %	2018 %	
Held by the Company				
REL Oil & Gas Pte Ltd*	Singapore	**100**	100	Investment holding
RichLand Global Pte Ltd*	Singapore	**100**	100	Investment holding
Eneco Singapore Pte Ltd* (f.k.a. RBC Properties Pte Ltd)	Singapore	**100**	100	Dormant

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

8 Investments in subsidiaries (Continued)

Name	Country of incorporation/ principal place of business	Effective equity interest		Principal activities
		2019 %	2018 %	
Held through RichLand Global Pte Ltd				
RichLand Logistics Services Pte Ltd*	Singapore	**100**	100	Provision of transportation management and airport cargo terminal handling
RichLand Project Logistics Pte. Ltd.*	Singapore	**100**	100	Dormant
RichLand Chemical Logistics Pte Ltd*	Singapore	**100**	100	Dormant
PT. RichLand Indonesia**	Indonesia	**99**	99	Investment holding
Held through PT. RichLand Indonesia				
PT. RichLand Logistics Indonesia**	Indonesia	**^100**	^100	Provision of transportation and logistics services
Held through RichLand Project Logistics Pte Ltd				
PT. RichLand Indonesia**	Indonesia	**1**	1	Investment holding
Held through RichLand Logistics Services Pte Ltd				
RichLand Commercial Properties Pte Ltd*	Singapore	**100**	100	Dormant
Held through REL Oil & Gas Pte Ltd				
Ramba Energy Investment Limited##	British Virgin Islands	**100**	100	Investment holding
Held through Ramba Energy Investment Limited				
Ramba Energy Indonesia Limited##	British Virgin Islands	**100**	100	Investment holding
Held through Ramba Energy Indonesia Limited				
Ramba Energy Exploration Ltd##	British Virgin Islands	**100**	100	Investment holding
Ramba Exploration Indonesia Limited@@##	British Virgin Islands	**–**	100	Dissolved in 2019

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

8 Investments in subsidiaries (Continued)

Name	Country of incorporation/ principal place of business	Effective equity interest		Principal activities
		2019 %	2018 %	
Held through Ramba Energy Exploration Ltd				
Ramba Energy West Jambi Limited** ("REWJ")	British Virgin Islands	**100**	100	Exploration and production of oil and gas
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
Ramba Energy Corridor Limited@@##	British Virgin Islands	**–**	100	Dissolved in 2019
Held through Ramba Energy Lemang Limited				
PT Hexindo Gemilang Jaya** ("PT Hexindo")	Indonesia	**80.4**	80.4	Exploration and production of oil and gas

^ 51% of the shares are being held by PT Lumbung Surya Putra, which in turn has pledged the 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

@@ Dissolved in 2019

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 compiled with Listing Rules 712 and 715 with regard to the appointment of the auditing firm for the Company.

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

The NCI of PT Hexindo has an effective interest of 19.6% (2018 – 19.6%) as at the end of the reporting period.

	PT Hexindo Gemilang Jaya	
	2019 $'000	2018 $'000
Loss allocated to NCI during the reporting period	**(444)**	(3,494)
Accumulated NCI at the end of the reporting period – accumulated losses	**(8,346)**	(8,037)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

8 Investments in subsidiaries (Continued)

(b) Summarised financial information about subsidiary with material NCI

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

Summarised statement of financial position

	PT Hexindo	
	2019	2018
	$'000	$'000
Current		
Assets	**384**	3,986
Liabilities	**(4,504)**	(11,028)
Net current liabilities	**(4,120)**	(7,042)
Non-current		
Assets	**11,038**	18,392
Liabilities	**(49,502)**	(52,354)
Net non-current liabilities	**(38,464)**	(33,962)
Net liabilities	**(42,584)**	(41,004)

Summarised statement of comprehensive loss

	PT Hexindo	
	2019	2018
	$'000	$'000
Revenue	**2,300**	3,790
Loss before income tax, representing loss net of tax	**2,261**	17,825
Other comprehensive income	**–**	1,060
Total comprehensive loss	**2,261**	18,885

Other summarised information

	PT Hexindo	
	2019	2018
	$'000	$'000
Net cash flow used in operations	**(1,898)**	(8,782)
Acquisition of oil and gas properties	**–**	9,915

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

8 Investments in subsidiaries (Continued)

(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 2019 %	2018 %	Description
Jatirarangon TAC Block (Expiry: year 2020)	Ramba Energy Jatirarangon Limited (Indonesia)	**70**	70	Oil and gas exploration and production
Lemang PSC Block (Expiry: year 2037)	PT Hexindo Gemilang Jaya (Indonesia)	**10**	16	Oil and gas exploration and production

For each contract area where the Group and other partners jointly hold interests in, the respective interests are accounted for as joint operations. Refer to Notes 24 and 27 for more details on the farm-out of the Group's 6% and 15%of participating interest in Lemang PSC Block in FY 2019 and FY 2018 respectively.

9 Other receivables

	The Group 31 December 2019 $'000	The Group 31 December 2018 $'000	The Company 31 December 2019 $'000	The Company 31 December 2018 $'000
Non-current				
Value added tax receivables (Note A)	**5,592**	7,190	**–**	–
Other receivables	**9,008**	9,008	**–**	–
Impairment loss recognised	**(9,008)**	(9,008)	**–**	–
Other receivable, net (Note C)	**–**	–	**–**	–
	5,592	7,190	**–**	–
Current				
Amount due from subsidiaries (Note B)	**–**	–	**2,515**	3,512
Other receivables	**18,369**	13,892	**–**	–
Impairment loss recognised	**(18,369)**	(13,892)	**–**	–
Other receivable, net (Note C)	**–**	–	**–**	–
Refundable deposits	**578**	860	**1**	68
Sundry receivables	**532**	944	**14**	15
Disbursements due from customers	**19**	43	**–**	–
	1,129	1,847	**2,530**	3,595
Total other receivables	**6,721**	9,037	**2,530**	3,595
Comprises of:				
Financial assets	**1,129**	1,847	**2,530**	3,595
Non-financial assets	**5,592**	7,190	**–**	–
	6,721	9,037	**2,530**	3,595

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

9 **Other receivables** (Continued)

Note A:

It relates to reimbursable Value Added Tax ("VAT") receivable from the Indonesian Tax Authorities on oil and gas activities, which is reimbursable upon full recovery of the cost recovery pool.

Note B:

Amounts due from subsidiaries are non-trade in nature, unsecured, non-interest bearing, repayable on demand and are expected to be settled in cash or offset against intercompany balances.

Note C: Other receivables that had been fully impaired

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	2019 $'000	2018 $'000
Other receivables – nominal amounts	**27,322**	22,900
Allowance for doubtful other receivables		
Balance at beginning of year	**(22,900)**	(3,393)
Impairment loss recognised (Note 27)	**(4,533)**	(19,149)
Exchange differences	**111**	(358)
Balance at end of year	**(27,322)**	(22,900)
Net balance	**–**	–

As at 31 December 2019, the cumulative impairment losses provision in the statement of financial position amounting $27.3 million (2018 - $22.9 million) recognised arose from the following:

Advances extended to a former joint venture partner (Non-current)

The advances extended to a former joint venture partner was non-trade in nature, unsecured and non-interest bearing. It was repayable from the sales proceeds of 60% of the joint venture partner's participating share of crude oil and natural gas. The advance to the former joint venture partner was classified as non-current, as repayment was not expected to be received within the next 12 months, based on the budgeted oil lifting and sales. The Group recorded a full impairment loss of $5,132,000 (equivalent to US$3,750,000) in the previous financial year.

Amount due from a broker (Non-current)

The amount due from a broker related to cash which has been placed as collateral with a broker to secure a bank guarantee in order to apply for the extension of the exploratory permit for West Jambi concession as mentioned in Note 7 to the financial statements. The Group has made full allowance of $3,876,000 (equivalent to US$2,832,000) for the amount due from the broker in the previous financial year.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

9 Other receivables (Continued)

Amounts due from a joint venture partner (Current)

In July 2019, the Group's subsidiary, PT Hexindo Gemilang Jaya ("PT Hexindo"), completed the farm-out of an additional 6% participating interest in Lemang PSC Block to a joint venture partner cum operator for a total consideration of $9.5 million (Note 24). The net proceeds receivable after deducting funding cash calls due from the joint venture partner amounted to $4,477,000 (equivalent to US$3,323,000) as at 30 September 2019. The Group continues to be in dispute with the joint venture partner over its claim in respect of the abovementioned proceeds receivable while the joint venture partner purported that the Group's legal claim is not supported by the provisions set out in the Farm In Agreement. Given the uncertainties and the potential downside that the Group may face in its pursuit to recover the outstanding amount, Management recorded a full impairment loss of $4.5 million, after setting off the cash call payables of $0.52 million to the joint venture partner in the current financial year.

In the previous year, the Group recognised a full allowance of $3,473,000 (equivalent to US$2,538,000) for the impairment loss on advances made to a joint venture partner of Ramba Energy Jatirarangon Limited.

Amounts due from/cash calls due from the NCI holder (Current)

In the previous financial year, the Group recognised a full allowance on a non-trade balance of $9,329,000 (equivalent to US$6,817,000) with a non-controlling interest ("NCI") holder of PT Hexindo). The amount due from the NCI holder included a loan of US$6,600,000, bearing an interest rate of 10% per annum and repayable by February 2018.

Cash call advanced to a former joint venture partner (Current)

The amount was non-trade in nature, unsecured, non-interest bearing and expected to be repayable within the next twelve months. In the previous financial year, the joint venture partner had farmed out its participating interest in full. The Group recorded an impairment of $1,090,000 (equivalent to US$796,524) for the cash call advanced to the former joint venture partner.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

10 Trade receivables

	The Group		The Company	
	31 December 2019 $'000	31 December 2018 $'000	31 December 2019 $'000	31 December 2018 $'000
Third party customers	**9,816**	11,270	**–**	–
Allowance for doubtful trade receivables				
Balance at beginning of year	**–**	581	**–**	–
Write-back during the year (Note 27)	**–**	(26)	**–**	–
Impairment loss recognised (Note 27)	**87**	–	**–**	–
Amounts written off	**–**	(535)	**–**	–
Exchange differences	**(8)**	(20)	**–**	–
Balance at end of year	**79**	–	**–**	–
Net trade receivables	**9,737**	11,270	**–**	–

Trade receivables are non-interest bearing and are generally on 30-105 (2018: 30-90) days' terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Trade receivables that are past due but not impaired

The Group has trade receivables amounting to $2,114,000 (2018 – $2,652,000) 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:

The Group	2019 $'000	2018 $'000
Trade receivables past due but not impaired:		
Less than 30 days	**1,570**	1,616
30 to 60 days	**384**	774
61 to 90 days	**109**	258
91 to 120 days	**51**	4
More than 120 days	–	–
	2,114	2,652

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.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

11 Cash and bank balances

	The Group		The Company	
	31 December 2019 $'000	31 December 2018 $'000	31 December 2019 $'000	31 December 2018 $'000
Cash on hand and at bank	**4,593**	8,231	**222**	4,166
Fixed deposits	**318**	310	**–**	–
Cash and bank deposits	**4,911**	8,541	**222**	4,166
Restricted cash	**(318)**	(310)	**–**	–
Cash and cash equivalents	**4,593**	8,231	**222**	4,166

Fixed deposits earn interest at 2% (2018 – 2%) per annum. Restricted cash represents the amount of fixed deposits pledged to certain banks to secure banking facilities.

Cash and bank balances 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 2019 $'000	31 December 2018 $'000	31 December 2019 $'000	31 December 2018 $'000
Indonesia Rupiah ("IDR")	**27**	3	**–**	–
Singapore Dollar ("SGD")	**20**	–	**–**	–
United States Dollars ("USD")	**94**	56	**–**	–

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

12 Assets held for sale

On 17 January 2020, the Company announced the appointment of an independent third party as an Advisor to the Group to package, market and sell its 100% participating interest in the West Jambi concession.

SFRS(I) 5 – Non-current Assets Held for Sale and Discontinued Operations requires Management to measure the West Jambi concession in accordance with SFRS(I) 1-36 – Impairment of Assets immediately before the initial classification of the West Jambi concession classified as "assets held-for-sale". Accordingly, Management has recorded a full impairment loss amounting to $17.2 million (equivalent to US$12.6 million) since the exploratory permit for the concession of the West Jambi concession had already expired 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.

13 Share capital

The Company	No. of ordinary shares (With no par value)		Amount	
	2019	**2018**	**2019**	**2018**
	'000	**'000**	**$'000**	**$'000**
Issued and fully paid:				
At beginning of year	**647,675**	549,556	**148,181**	138,232
New share issuance for share awards	**1,000**	1,319	**91**	106
New share issuance	**–**	96,800	**–**	10,164
Write back of/share issuance expense	**–**	–	**95**	(321)
At end of year	**648,675**	647,675	**148,367**	148,181

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	
	2019	**2018**	**2019**	**2018**
	'000	**'000**	**$'000**	**$'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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

15 Other reserves

	The Group		The Company	
	31 December 2019 $'000	31 December 2018 $'000	31 December 2019 $'000	31 December 2018 $'000
Share based payment reserve	**529**	1,043	**529**	1,043
Foreign currency translation reserve	**386**	61	**–**	–
Capital reserve	**348**	348	**–**	–
Gain on reissuance of treasury shares	**2,630**	2,630	**2,630**	2,630
Others	**790**	624	**–**	–
	4,683	4,706	**3,159**	3,673

(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 (Note 30(b)). 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.

(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) 1-27 – Consolidated and Separate 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 obligation.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

16 Other payables

	The Group			The Company	
	31 December 2019 $'000	31 December 2018 $'000	1 January 2018 $'000	31 December 2019 $'000	31 December 2018 $'000
		(Restated)	(Restated)		
Non-current					
Amount due to a director (Note C)	**–**	743	–	**–**	743
Amount due to non-controlling interests	**–**	–	1,977	**–**	–
Deferred rent payable	**–**	425	–	**–**	–
Production bonus	**246**	242	228	**–**	–
Advances from a joint venture partner (Note A)	**7,522**	8,891	8,686	**–**	–
Sundry payables (Note D)	**8,822**	8,961	4,581	**–**	–
Other revenue related tax payable	**–**	2,933	2,752	**–**	–
	16,590	22,195	18,224	**–**	743
Current					
Advances from a joint venture partner (Note A)	**–**	558	2,686	**–**	–
Cash calls advanced by a joint venture partner (Note B)	**657**	3,668	7,251	**–**	–
Amount due to subsidiaries (Note C)	**–**	–	–	**67**	927
Amount due to a director (Note C)	**743**	600	2,297	**743**	600
Accrued salaries and employee benefits	**2,702**	2,918	3,897	**176**	131
Sundry payables (Note E)	**5,223**	3,731	4,202	**698**	1,220
Other revenue related tax payable	**2,958**	**–**	**–**	–	–
Deferred rent payable	**–**	18	73	**–**	–
	12,283	11,493	20,406	**1,684**	2,878
Total other payables	**28,873**	33,688	38,630	**1,684**	3,621
Comprises of:					
Financial liabilities	**28,873**	33,670	38,453	**1,684**	3,621
Non-financial liabilities	**–**	18	177	**–**	–
	28,873	33,688	38,630	**1,684**	3,621

Note A: Advances from a joint venture partner

The advances from a joint venture partner were non-trade in nature, unsecured and non-interest bearing. It is repayable from the sales proceeds of 60% of the Group's participating interest share of crude oil and natural gas. The non-current portion of the advances from joint venture is not expected to be repaid within the next 12 months, based on the budgeted oil lifting and sales.

Note B: Cash calls advanced from a joint venture partner

As at 31 December 2019, the cash calls advances from a joint venture partner are non-trade in nature, unsecured and non-interest bearing. The outstanding amount as at 31 December 2018 had been used to set off against the proceeds receivable arising from the Group's sale of the additional 6% participating rights in the Lemang PSC Block to the joint venture partner in July 2019.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

16 Other payables (Continued)

Note C: Amounts due to a Director/subsidiaries

The amounts due to a Director/subsidiaries are non-trade in nature, unsecured, non-interest bearing, repayable on demand and are to be settled in cash.

Note D: Sundry payables (Non-current)

As at 31 December 2019, sundry payables comprise (a) a legal claim of $1.9 million (equivalent to US$1.4 million) (2018: $2 million (equivalent to US$1.4 million) by Verona Capital Pty. Ltd., and a legal settlement sum of $13.7 million (equivalent to US$10 million), payable to Super Power Enterprise Group Ltd ("SPE"), recorded at amortised cost of $6.9 million (2018 - $7.0 million) respectively. The Group has incurred legal settlement sum of $4.2 million in the previous financial year. The Group does not expect the amounts to be repaid within the next 12 months.

In March 2015, SPE commenced arbitration proceedings against PT Hexindo. PT Hexindo and SPE entered into a contractual joint venture established under a joint operating agreement ("JOA") on 13 October 2009. Under the JOA, PT Hexindo and SPE each held 51% and 49% participating interest in Lemang PSC respectively.

SPE's interest in the Lemang PSC was however forfeited by the Government of Indonesia as a result of a supposed breach in the JOA, which resulted in the eventual substitution of another third party, Eastwin Global Investment Limited ("Eastwin"). SPE alleged that the forfeiture and subsequent substitution with Eastwin were unlawful and the forfeiture provisions relied upon by PT Hexindo were allegedly penal and unenforceable. SPE also sued PT Hexindo for damages, less any compensation due to PT Hexindo, plus interest up to the date of the award.

Arising from the arbitration, the proceedings found in favour of SPE and granted them a partial final award on 1 August 2016. In response, PT Hexindo filed an originating summons in the High Court of Singapore, to set aside the partial final award granted to SPE.

During that financial year, PT Hexindo entered into a legal settlement, whereby it agreed to pay US$10 million to 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, namely the repayments of advances from joint venture partner (Note A) and loans and borrowings (Note 21).

Eastwin has previously agreed to indemnify PT Hexindo against any claims from SPE arising from the substitution. As at 31 December 2019, the Group has not recognised the indemnity receivable on its statement of financial position due to uncertainty of recovery.

Note E: Sundry payables (Current)

The current portion of sundry payables relates to interest accrual on the loan from a third party amounting to $1.9 million as set out in Note 21, land clearance accruals, amounts owing to a joint venture partner and value-added taxes payable.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

16 **Other payables** (Continued)

Note E: Sundry payables (Current) (Continued)

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 2019 $'000	31 December 2018 $'000	31 December 2019 $'000	31 December 2018 $'000
Indonesia Rupiah ("IDR")	**174**	44	**–**	–

17 **Lease liabilities**

	The Group 2019 $'000	The Company 2019 $'000
Undiscounted lease payments due:		
– Not later than one year	**6,474**	**29**
– Later than one year and not later than five years	**12,261**	**60**
Less: Unearned interest costs	**(1,641)**	**(6)**
Lease liabilities	**17,094**	**83**
Presented as:		
– Non-current	**11,456**	**58**
– Current	**5,638**	**25**
	17,094	**83**

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 $5.7 million. Information about the Group's leasing activities are further disclosed in Note 33.1.

Interest expense on lease liabilities of $1.1 million is recognised within "finance costs" in the consolidated statement of comprehensive income.

As at 31 December 2019, 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 **Finance lease liabilities**

As at 31 December 2018, the Group purchased certain office and transport equipment under finance lease agreements. There were no restrictions placed upon the Group by entering into these leases. The effective interest rates ranged from 3.0% to 12.8% per annum. Interest rates were fixed at the contract date, and do not expose the Group to interest rate risk. All leases were on a fixed repayment basis and no arrangements had been entered into for contingent rental payments.

The Group's obligations under finance leases are secured by the lessors' title to the leased assets. Finance leases were reclassified to lease liabilities (Note 17) on 1 January 2019 arising from the adoption of SFRS(I) 16. The impact of the adoption is disclosed in Note 3.2.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

18 Finance lease liabilities (Continued)

Future minimum lease payments under finance leases together with the present value of the net minimum lease payments are as follows:

	The Group 2018 $'000	The Company 2018 $'000
Minimum lease payments payable:		
– Due not later than one year	2,390	–
– Due later than one year and not later than five years	6,257	–
Less: Finance charges allocated to future period	(1,300)	–
Obligations under finance leases	7,347	–
Present value of minimum lease payments:		
Due not later than one year	1,823	–
Due later than one year and not later than five years	5,524	–
	7,347	–

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

19 Provisions

	The Group		The Company	
	31 December 2019 $'000	31 December 2018 $'000	31 December 2019 $'000	31 December 2018 $'000
Current				
Provision for cargo and motor vehicles claims	**215**	521	**–**	–
Provision for reinstatement costs	**10**	100	**–**	–
	225	621	**–**	–
Non-Current				
Provision for employee benefits (Note 31)	**638**	824	**–**	–
Provision for reinstatement costs	**268**	268	**18**	19
	906	1,092	**18**	19

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

The Group	2019 $'000	2018 $'000
Balance at 1 January	**521**	512
Provision (written-back)/made during the year	**(73)**	176
Utilised during the year	**(233)**	(167)
Balance at 31 December	**215**	521

19 Provisions (Continued)

As at 31 December 2019, Management is of the view that the expected timing of the settlement of these claims is not determinable.

Movements in provision for reinstatement costs for leased units during the financial year are as follows:

	The Group		The Company	
	31 December 2019 $'000	31 December 2018 $'000	31 December 2019 $'000	31 December 2018 $'000
Balance at 1 January	**368**	1,127	**19**	39
(Write-back)/provision made during the year, net	**(42)**	(273)	**(1)**	(20)
Utilised during the year	**(48)**	(486)	**–**	–
Balance at 31 December	**278**	368	**18**	19

It is expected that most of these costs will be incurred upon termination of the leases.

20 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 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 2019 was 5.10% to 6.63% (2018 – 3.86% to 5.27%) 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 2019

20 Abandonment and site restoration liabilities (Continued)

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

The Group	2019 $'000	2018 $'000
Balance at 1 January	**880**	992
Farm-out of participating interests (Notes 24 and 27)	**(69)**	(47)
(Write-back)/additions during the year (Note 4)	**(230)**	290
Accretion during the year (Note 26)	**44**	37
Exchange differences	**(11)**	32
Changes in assumption	**5**	(418)
Less: cash set aside during the year	**–**	(6)
Balance at 31 December	**619**	880
Presented as:		
– Non-current	**118**	880
– Current	**501**	–
	619	880

21 Loans and borrowings

The Group	2019 $'000	2018 $'000
Loan	**9,094**	9,238
Presented as:		
– Non-current	**–**	4,619
– Current	**9,094**	4,619
	9,094	9,238

In 2015, a third party granted a US$10,000,000 loan facility at an interest rate of 10% per annum, to Ramba Energy Lemang Limited ("RELL"). The facility is for working capital needs in relation to the exploration and development activities of the Group.

On 6 June 2017, RELL restructured the aforementioned loan facility with the said third party where the loan facility commitment remained at US$10,000,000 but with an interest rate of 15% per annum. In total, $9.0 million (equivalent to US$6.75 million) was outstanding as at 31 December 2019 and is repayable over 24 instalments commencing from January 2019 with final repayment in December 2020.

The loan is secured by way of a fixed charge over the subsidiary's operating accounts, a share charge over the Group's equity share in RELL, a corporate guarantee given by the Company and a personal guarantee provided by a related party of the controlling Shareholder of the Company, Mr. Edward Seky Soeryadjaya.

As at the date of the audit report, Management has commenced discussions with the external lender in relation to the restructuring of the Group's loans and borrowings amounting to $9.1 million. The Group had temporarily suspended the repayment of loan principal and interest expense since February 2019 as the discussions with the external lender are still ongoing.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

21 Loans and borrowings (Continued)

In addition, the Company entered into call options agreements with the said third party, whereby:

(a) the Company granted up to 15 million call options which are exercisable from 1 January 2018 to 31 December 2018, at an exercise price equal to 90% of the trailing volume weighted average price ("VWAP") of each share for the trading day immediately preceding the exercise date. Upon the exercise of these call options, the Company will pay the third party an amount equal to the number of call options multiplied by VWAP less exercise price; and

(b) the Company granted up to 20 million call options which are exercisable from 1 January 2018 to 31 December 2020, at an exercise price equal to 120% of the trailing VWAP of each share for the trading day immediately preceding the exercise date. Upon the exercise of these call options, the third party will pay to the Company an amount equal to the number of call options multiplied by exercise price and the Company will issue the number of shares equal to the call options exercised.

In respect of (a), there was no exercise of the cash-settled call options as of 31 December 2018 and accordingly the cash-settled call options had lapsed.

The facility also mandated that an oil hedge over a portion of the Group's net entitlement be taken during the term of the facility period. In the previous year, the Group ceased the oil hedge following the expiry of the of the last hedge contract.

The loan is denominated in the functional currency of a wholly-owned subsidiary of the Group.

22 Trade payables

	The Group		The Company	
	31 December 2019 $'000	31 December 2018 $'000	31 December 2019 $'000	31 December 2018 $'000
Third party suppliers	**8,809**	8,588	**–**	–
Accrued operating expenses	**5,870**	6,439	**–**	–
	14,679	15,027	**–**	–

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

Trade and other payable balances 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 2019 $'000	31 December 2018 $'000	31 December 2019 $'000	31 December 2018 $'000
Indonesia Rupiah ("IDR")	**1,524**	1,280	**–**	–
United States Dollars ("USD")	**252**	178	**–**	–

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

23 Revenue

The Group	2019 $'000	2018 $'000
Disaggregation of revenue by nature:		
– Logistics services, recognised over time	**38,068**	40,967
– Oil and gas sales, recognised at a point in time	**3,082**	5,303
– Property rental income, recognised over time	**–**	502
	41,150	46,772

24 Other income

The Group	2019 $'000	2018 $'000
Leasing income	**–**	18
Diesel consumed by service partners	**74**	54
Port rebate	**437**	480
Interest income from banks	**26**	84
Write-back of other payables	**688**	244
Gain on farm-out of participating interest (Note A)	**3,538**	–
Others	**821**	770
	5,584	1,650

Note A: Gain on farm-out of participating interest

On 16 September 2017, the Group through its 80.4% owned subsidiary, PT Hexindo Gemilang Jaya entered into an agreement to farm-out 15% participating interest which included a call option granted by the Group to farm-out another 6% participating interest in the Lemang Production Sharing Contract ("Lemang PSC") to Mandala. The call option is effective from 1 January 2018 to 31 December 2018. On 10 July 2018, the Group completed its farm-out of the 15% participating interest.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

24 Other income (Continued)

Note A: Gain on farm-out of participating interest (Continued)

On 27 July 2018, Mandala has exercised the call option. On 1 July 2019, the Group completed its farm-out of the 6% participating interest. Upon completion, PT Hexindo Gemilang Jaya owns 10% in the Lemang PSC. The effects of the disposal of 6% participant interest in the current financial year were as follows:

The Group	Note	2019 $'000
Gross consideration		9,508
Oil and gas properties	4	3,834
Intangible assets	6	20
Investment in exploration and evaluation assets	7	1,119
Prepaid operating expenses		9
Trade and other receivables		1,691
Inventories		9
Trade and other payables		(588)
Provision for employee benefits	31	(36)
Abandonment and site restoration liabilities	20	(69)
Net assets farmed-out (excluding amount due to Mandala)		5,989
Cumulative exchange differences in respect of the net interest disposed		19
Gain on farm-out of participating interest		3,538
Consideration transferred for the farm-out		
Gross consideration		9,508
Less: Transfer tax and finance charges on past cash calls		(555)
Less: Amount due to Mandala, net		(3,905)
Net consideration receivable from Mandala		5,048

As at 31 December 2019, the above consideration receivable of $5.0 million after setting off the cash call payables of $0.52 million up to 30 September 2019 to Mandala, has been fully impaired due to the ongoing dispute with Mandala over the expiry date of the net consideration receivable (See Note 9).

25 Salaries and employee benefits

The Group	2019 $'000	2018 $'000
Salaries and bonuses (including Directors' fees)	17,961	19,506
Central Provident Fund contributions	1,352	1,520
Share based payments	–	22
Other benefits	2,904	2,873
	22,217	23,921

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

25 Salaries and employee benefits (Continued)

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:

	2019		2018	
	No. $'000	WAEP $	No. $'000	WAEP $
Outstanding at 1 January	**7,429**	**0.24**	8,833	0.28
– Lapsed and cancelled	**(809)**	**0.50**	(1,404)	0.51
Outstanding at 31 December	**6,620**	**0.20**	7,429	0.24
Exercisable at 31 December	**6,620**	**0.20**	7,429	0.24

- No options were granted during the financial year.
- No options were exercised during the financial year.
- The range of exercise prices for options outstanding at the end of the year was $0.18 to $0.50 (2018 – $0.18 to $0.50). The weighted average remaining contractual life of these options is 1.40 years (2018 – 2.2 years).

Share awards

During the financial year, there were 1,000,083 (2018 – 1,319,163) 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 (2018 – 1,000,083).

26 Finance costs

The Group	2019 $'000	2018 $'000
Interest expense on loans and borrowings	**2,021**	1,381
Finance charges on overdue cash calls	**161**	705
Finance charges on lease obligations (2018: Finance lease obligations)	**1,122**	132
Accretion of interest on abandonment and site restoration liabilities (Note 20)	**44**	37
	3,348	2,255

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

27 Loss before taxation

The following items have been included in the arriving at other operating expenses:

The Group	2019 $'000	2018 $'000
Audit fees paid/payable to:		
– Auditors of the Company	**106**	184
– Other Auditors	**84**	140
Non-audit fees paid/payable:		
– Auditors of the Company	**48**	40
Amortisation of intangible assets (Note 6)	**92**	128
Amortisation of investments in exploration and evaluation assets (Note 7)	**74**	289
Depreciation expense of property, plant and equipment and oil and gas properties (Note 4)	**3,117**	12,340
Depreciation of right-of-use assets (Note 5)	**4,698**	–
Gain on disposal of property, plant and equipment	**(97)**	(105)
Impairment loss on oil and gas properties (Note 4)	**–**	83
Impairment loss on intangible assets (Note 6)	**–**	993
Impairment loss on investment in exploration and evaluation assets (Note 7)	**17,199**	540
Impairment loss/(Write back) on doubtful trade receivables (Note 10)	**87**	(26)
Impairment loss on doubtful other receivables (Note 9)	**4,533**	19,149
Loss on farm-out of participating interest (Note A)	**–**	896
Loss on disposal of right-of-use assets	**214**	–
Net foreign exchange (gains)/losses	**(189)**	5,079
Property, plant and equipment written-off	**1**	–
Rental expenses – offices, warehouses and leasehold buildings	**611**	4,004
Legal settlement and other professional fees	**482**	4,533
Lease of transport equipment and ISO tanks	**694**	1,313
Upkeep of transport equipment	**4,758**	5,143
Net fair value gain on oil options	**–**	(270)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

27 Loss before taxation (Continued)

Note A: Loss on farm-out of participating interest

In the previous financial year, the Group completed the disposal of its 15% participating interest in the Lemang PSC to Mandala. The effects of the disposal were as follows:

The Group	Note	2018 $'000
Gross consideration		**15,584**
Oil and gas properties	4	**16,752**
Intangible assets	6	**65**
Investment in exploration and evaluation assets	7	**1,899**
Prepaid operating expenses		**52**
Trade and other receivables		**948**
Inventories		**22**
Trade and other payables		**(2,833)**
Provision for employee benefits	31	**(372)**
Abandonment and site restoration liabilities	20	**(47)**
Net assets farmed-out (excluding amount due to Mandala)		**16,486**
Cumulative exchange differences in respect of the net interest disposed		**6**
Loss on farm-out of participating interest		**(896)**
Consideration transferred for the farm-out		
Gross consideration		**15,584**
Less: Transfer tax and finance charges on past cash calls		**(2,183)**
Less: Amount due to Mandala, net		**(10,973)**
Net consideration receivable from Mandala		**2,428**

As at 31 December 2018, the net consideration receivable from Mandala has been offset against the Group's share of cash calls payable to Mandala in full.

28 Taxation

The Group	2019 $'000	2018 $'000
Current taxation:		
– Current year	**88**	246
– Under provision/(overprovision) in respect of prior years	**2**	(93)
Withholding tax expense	**–**	360
	90	513

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

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:

The Group	2019 $'000	2018 $'000
Loss before tax	**(26,834)**	(44,687)
Tax at domestic rates applicable to losses in the countries in which the Group operates	**(8,923)**	(10,282)
Adjustments for tax effects of:		
Tax effect on non-deductible expenses	**8,021**	3,772
Income not subject to taxation	**(6)**	(928)
Tax exempt profits/rebates	**(17)**	(215)
Under provision/(over provision) of current taxation in respect of prior years	**2**	(93)
Deferred tax assets not recognised	**995**	7,885
Withholding tax expense	**–**	360
Others	**18**	14
	90	513

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:

	2019	2018
The Group		
Singapore	**17%**	17%
Indonesia	**25%–44%**	25%–44%

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

As at the end of the reporting period, the Group has unutilised tax losses of approximately $25,270,000 (2018 – $22,418,000) 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.

NOTES TO THE FINANCIAL STATEMENTS

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28 Taxation (Continued)

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:

The Group	2019 $'000	2018 $'000
Can be utilised up to:		
– 1 year or less	**–**	101
– 1 to 5 years	**3,159**	1,820
	3,159	1,921

As at 31 December 2019 and 31 December 2018, 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.

29 Basic and diluted loss per share

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

The Group	2019 $'000	2018 $'000
Loss net of tax attributable to owners of the Company used in the computation of basic/diluted loss per share	**(26,480)**	(41,706)

	No. of shares 2019	No. of shares 2018
Weighted average number of ordinary shares for basic/diluted loss per share computation	**646,840,523**	552,752,308
Basic/diluted loss per share attributable to owners of the Company (cents per share)	**(4.09)**	(7.55)

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

Diluted loss per share is calculated on the same basis as basic loss per share as there are no dilutive potential ordinary shares as at 31 December 2019 and 31 December 2018.

There are 6,620,009 (2018 – 7,428,658) share options granted under the EGSOS and nil (2018 – 56,618,703) warrants that have not been included in the calculation of diluted earnings per share because they are anti-dilutive.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

30 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:

	2019 $'000	2018 $'000
Legal, secretarial fees, share registrar and corporate communication services payable to a firm of which a Director is the partner of the firm	**2**	652
Rental of office space payable to a firm related to the controlling Shareholder of the Company	**32**	33

(b) Compensation of Key Management Personnel

The Group	2019 $'000	2018 $'000
Directors' fees	**165**	234
Directors' remuneration	**957**	1,088
Share based payments	**–**	77
Central Provident Fund contributions	**–**	12
	1,122	1,411
Key Management Personnel's remuneration	**653**	1,002
Share based payments	**–**	8
Central Provident Fund contributions	**29**	–
	682	1,010
	1,804	2,421

Directors' interests in share-based payment scheme

There is no share option or share award granted in 2019 and 2018.

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 under the EGSOS and EGPSP amounted to 6,620,009, Nil and Nil (2018 – 7,428,658, 309,009 and 691,074) respectively.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

31 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 PT Padma Raya Aktuaria (2018 – PT Padma Raya Aktuaria).

The Group	2019 $'000	2018 $'000
Defined benefit obligations at 31 December	**638**	824

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

	Funded pension plan		Unfunded post-employment benefits	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Present value of defined benefit obligations	**–**	238	**638**	824
Fair value of plan assets	**–**	(238)	**–**	–
Net liability arising from defined benefit obligations	**–**	–	**638**	824

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

The Group	Funded pension plan		Unfunded post-employment benefits	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
At 1 January	**238**	233	**824**	1,340
Interest costs	**–**	–	**39**	249
Current service costs	**–**	–	**186**	423
Past services costs (reversed)/charged	**(234)**	–	**(67)**	89
	(234)	–	**158**	761
Actuarial gain arising from changes in assumptions	**–**	–	**(166)**	(272)
Benefits paid	**–**	–	**(159)**	(618)
Farm-out of participating interests (Notes 24 & 27)	**–**	–	**(36)**	(372)
Exchange differences	**(4)**	5	**17**	(15)
At 31 December	**–**	238	**638**	824

All the Group's plan assets are in the Indonesian entities' equities as at 31 December 2019 and 31 December 2018. The Group expects to contribute $194,000 (2018 – $618,000) to the defined benefit pension plans in the next financial year.

Benefits amounting to $151,000 (2018: Nil) were paid by the joint venture partner. The weighted average duration of the defined benefit obligations was 11.5 years.

31 Defined benefit plan (Continued)

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

	2019	2018
The Group		
Discount rates:	**5–7.5%**	8.25%
Expected annual rate of return on plan assets	**N.A.**	7.5%
Future annual salary increases:	**7–10%**	7.5%
Mortality rate reference:	**Indonesian Mortality Table III**	Indonesian Mortality Table III
Disability rate:	**10% of mortality rate**	10% of mortality rate
Retirement age:	**55 – 60**	55

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.

32 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 comprises transportation management and air cargo terminal handling services;

III. The rental segment relates to the property rental business; and

IV. 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 2019

32 Segment information (Continued)

	Note	Oil and gas 2019 $'000	Oil and gas 2018 $'000	Logistics 2019 $'000	Logistics 2018 $'000	Rental 2019 $'000	Rental 2018 $'000	Corporate 2019 $'000	Corporate 2018 $'000	Eliminations/ adjustments 2019 $'000	Eliminations/ adjustments 2018 $'000	Total 2019 $'000	Total 2018 $'000
Revenue:													
Sales to external customers	23	**3,082**	5,303	**38,068**	40,967	**–**	502	**–**	–	**–**	–	**41,150**	46,772
Other income	24	**3,972**	–	**1,347**	1,580	**–**	12	**265**	58	**–**	–	**5,584**	1,650
Inter-segment sales	A	**–**	–	**54**	–	**–**	488	**22**	59	**(76)**	(547)	**–**	–
Total		**7,054**	5,303	**39,469**	42,547	**–**	1,002	**287**	117	**(76)**	(547)	**46,734**	48,422
Segment loss		**(21,387)**	(39,976)	**499**	(218)	**–**	(61)	**(2,598)**	(2,177)	**–**	–	**(23,486)**	(42,432)
Finance costs	26											**(3,348)**	(2,255)
Loss before tax												**(26,834)**	(44,687)
Income tax	28											**(90)**	(513)
Net loss for the year												**(26,924)**	(45,200)
Interest income from bank	24	**–**	–	**16**	76	**–**	4	**10**	4	**–**	–	**26**	84
Depreciation and amortisation expenses	B	**2,075**	10,895	**5,861**	1,777	**–**	42	**45**	43	**–**	–	**7,981**	12,757
Other non-cash expenses	C	**21,629**	20,715	**94**	(8)	**–**	5	**–**	(56)	**–**	–	**21,723**	20,656
Other segment information													
Segment assets	D	**13,855**	39,894	**35,287**	27,968	**–**	35	**485**	4,345	**35**	35	**49,662**	72,277
Segment liabilities	E	**41,343**	45,250	**25,467**	16,917	**–**	93	**1,722**	2,700	**3,155**	3,139	**71,687**	68,099
Additions to non-current assets		**138**	10,139	**1,268**	5,501	**–**	2	**218**	18	**–**	–	**1,624**	15,660

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

32 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:

The Group	2019 $'000	2018 $'000
Amortisation of intangible assets	**92**	128
Amortisation of investments in exploration and evaluation assets	**74**	289
Depreciation expense of property, plant and equipment and oil and gas properties	**3,117**	12,340
Depreciation of right-of-use assets	**4,698**	–
	7,981	12,757

C Other non-cash expenses comprised the following:

The Group	2019 $'000	2018 $'000
Impairment loss on oil and gas properties	**–**	83
Impairment loss on intangible assets	**–**	993
Impairment loss on investment in exploration and evaluation assets	**17,199**	540
Impairment loss/(Write back) on doubtful trade receivables	**87**	(26)
Impairment loss on doubtful other receivables	**4,533**	19,149
Gain on disposal of property, plant and equipment	**(97)**	(105)
Property, plant and equipment written off	**1**	–
Share-based payment	**–**	22
	21,723	20,656

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 2019

32 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	Indonesia	Total
2019	**$'000**	**$'000**	**$'000**
Revenue	**29,322**	**11,828**	**41,150**
Non-current assets	**16,229**	**17,190**	**33,419**
2018			
Revenue	31,722	15,050	46,772
Non-current assets	5,970	43,949	49,919

Information about major customers

Revenue from 5 major customers amounted to $18,940,000 (2018 – 5 customers amounted to $22,339,000) arising from revenue of the logistics segment.

Revenue from 1 major customer amounted to $3,082,000 (2018 – 1 customer amounted to $5,025,000) arising from revenue of the oil and gas segment.

33 Commitments

33.1 Operating lease commitments (non-cancellable)

(A) Where the Group is the lessee

At the end of the previous reporting period, the Group was committed to making the following rental payments in respect of non-cancellable operating leases of properties and transport equipment with an original term of more than one year:

The Group	**2018** **$'000**
Not later than one year	4,399
Later than one year and not later than five years	11,645
	16,044

These leases have remaining uncancellable lease terms of between 1 to 5 years (2018 – 1 to 5 years) with renewal options negotiable before the lease expires and escalation clauses in the contracts. There were no restrictions placed upon the Group by entering into these leases.

As disclosed in Note 3.2, the Group has adopted SFRS(I) 16 on 1 January 2019. These operating lease commitments as at 31 December 2018 have been recognised as right-of-use assets and lease liabilities on the statement of financial position as at 1 January 2019, except for short-term leases and low value assets.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

33 Commitments (Continued)

33.2 Capital commitments

The Group	2019 $'000	2018 $'000
Capital commitments contracted but not provided for in the financial statements	–	14,834

In the previous financial year, the capital commitments in respect of oil and gas exploration relates to committed work programmes at the Group's oil and gas properties. These work commitments are expected to be carried out over the next 1 to 2 years (2018 – 1 to 2 years).

34 Contingencies

Contingent liabilities

(a) **Legal dispute**

On 30 September 2019, Mandala issued a cash call for 1 October 2019 to the Group's 80.4% owned subsidiary, PT Hexindo, being its share of the anticipated cash requirements for October 2019 under the terms of the Amended and Restated Joint Operating Agreement for the Lemang PSC Block dated 4 October 2015 ("JOA"). PT Hexindo did not pay this amount in view of the remaining net consideration receivable from Mandala upon farm out of its 6% participating interest.

On 10 October 2019, Mandala issued a Default Notice to PT Hexindo, declaring that the latter is in default under the JOA as a result of the non-payment. Mandala issued similar cash calls and Default Notices to PT Hexindo from November 2019 and thereafter. PT Hexindo did not pay similarly for the reason that there is a remaining net consideration receivable due from Mandala to PT Hexindo and the latter takes the position that any amount due under the cash calls should be offset against the amount due from Mandala to PT Hexindo.

Notwithstanding this, Management has made full impairment loss on the receivable (See Note 9) and has accrued for the cash call payables up to 31 December 2019 (See Note 16). The Group is in communication with Mandala to find ways to resolve the disputes and in the meantime, neither Mandala nor the Group have commenced legal actions against one another.

(b) **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 $703,000 (2018 – $834,000); and

(ii) Guarantee to a vendor and customers for a performance bond of $864,000 (2018 – $805,000).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

34 Contingencies (Continued)

Contingent liabilities (Continued)

(c) **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.

(d) **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 damage 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.

35 **Financial risk management** (Continued)

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 respective Heads of Finance and Operational Heads in the respective entities.

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 forwarding-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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

35 Financial risk management (Continued)

35.1 Credit risk (Continued)

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 determined 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 write-off 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 receivable due. Where recoveries are made, these are recognised in profit or loss.

The following are credit risk management practices and 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 in accordance to 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 and other receivables is insignificant. Information regarding loss allowance movement of trade receivables is disclosed in Note 10. During the financial year, the Group provide impairment loss of $87,000 (2018: Nil) on trade receivables which are more than 120 days past due as the Group does not expect to receive future cash flows.

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.

35 Financial risk management (Continued)

35.1 Credit risk (Continued)

(i) Trade receivables (Continued)

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:

	2019		2018	
The Group	**$'000**	**%**	**$'000**	**%**
By country:				
Singapore	**7,425**	**76.3**	8,847	78.5
Indonesia	**2,312**	**23.7**	2,423	21.5
	9,737	**100.0**	11,270	100.0

At the end of the reporting period, approximately 45% (2018 – 52%) and 10% (2018 – 7%) of the Group trade receivables were due from 4 (2018 – 5) and 1 (2018 – 1) major customers who are located in Singapore and Indonesia respectively.

(ii) Other receivables

The Group provides ECL for 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.

Financial assets that are neither past due nor 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 impaired

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

35 Financial risk management (Continued)

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 loan due to a third party (Note 21) 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, 100% (2018 – 98%) of the Group's sales are denominated in the respective Group's entities' functional currencies.

Sensitivity analysis for foreign currency risk

A 5% (2018 – 5%) strengthening/weakening of IDR and USD 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

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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 56.3% (2018 – 38.8%) of the Group's loans and borrowings (Note 21) 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.

The Group	Less than 1 year $'000	1 to 5 years $'000	Total $'000
31 December 2019			
Financial assets:			
Other receivables	1,129	–	1,129
Trade receivables	9,737	–	9,737
Cash and bank deposits	4,593	318	4,911
Total undiscounted financial assets	15,459	318	15,777
Financial liabilities:			
Other payables	12,283	16,590	28,873
Trade payables	14,679	–	14,679
Provisions	225	906	1,131
Lease liabilities	6,474	12,261	18,735
Loans and borrowings	13,862	–	13,862
Total undiscounted financial liabilities	47,523	29,757	77,280
Total net undiscounted financial liabilities	(32,064)	(29,439)	(61,503)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

35 Financial risk management (Continued)

35.4 Liquidity risk (Continued)

Analysis of financial instruments by remaining contractual maturities (Continued)

The Group	**Less than 1 year $'000**	**1 to 5 years $'000**	**Total $'000**
31 December 2018			
Financial assets:			
Other receivables	1,847	–	1,847
Trade receivables	11,270	–	11,270
Cash and bank deposits	8,231	310	8,541
Total undiscounted financial assets	21,348	310	21,658
Financial liabilities:			
Other payables	11,475	22,195	33,670
Trade payables	15,027	–	15,027
Provisions	621	1,092	1,713
Finance lease liabilities	2,390	6,257	8,647
Loans and borrowings	6,024	6,028	12,052
Total undiscounted financial liabilities	35,537	35,572	71,109
Total net undiscounted financial liabilities	(14,189)	(35,262)	(49,451)

The Company	**Less than 1 year $'000**	**1 to 5 years $'000**	**Total $'000**
31 December 2019			
Financial assets:			
Other receivables	**2,530**	**–**	**2,530**
Cash and cash equivalents	**222**	**–**	**222**
Total undiscounted financial assets	**2,752**	**–**	**2,752**
Financial liabilities:			
Other payables	**1,684**	**–**	**1,684**
Provisions	**–**	**18**	**18**
Lease liabilities	**29**	**60**	**89**
Total undiscounted financial liabilities	**1,713**	**78**	**1,791**
Total net undiscounted financial assets/(liabilities)	**1,039**	**(78)**	**961**
31 December 2018			
Financial assets:			
Other receivables	3,595	–	3,595
Cash and cash equivalents	4,166	–	4,166
Total undiscounted financial assets	7,761	–	7,761
Financial liabilities:			
Other payables	2,878	743	3,621
Provisions	–	19	19
Total undiscounted financial liabilities	2,878	762	3,640
Total net undiscounted financial assets/(liabilities)	4,883	(762)	4,121

35 Financial risk management (Continued)

35.4 Liquidity risk (Continued)

The table below shows the contractual expiry by maturity of the Group's and the Company's capital and operating lease commitments. The maximum amounts of the commitments are allocated to the earliest period in which the commitments could be called.

The Group	Less than 1 year $'000	1 to 5 years $'000	Total $'000
31 December 2018			
Capital commitments	300	14,534	14,834
Operating lease commitments (net)	4,399	11,645	16,044
Total commitments	4,699	26,179	30,878

The Company	Less than 1 year $'000	1 to 5 years $'000	Total $'000
31 December 2018			
Operating lease commitments	38	6	44

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 $'000	1 to 5 years $'000	Total $'000
31 December 2019			
Financial guarantees	1,263	304	1,567
31 December 2018			
Financial guarantees	1,123	516	1,639

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 any movement in market prices.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

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 order that 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.

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 2019 and 2018.

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.

37 Capital management (Continued)

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's adjustments and reclassifications

The Company

The Company had previously extended loans to its subsidiaries which were unsecured and non-interest bearing. These non-trade loans extended to subsidiaries are unsecured, non-interest bearing with repayment terms at the discretion of the subsidiaries.

During the current financial year, Management reclassified the loans extended to its subsidiaries to investments in subsidiaries to conform to current year's presentation and made certain prior year's adjustments to the carrying amount of the Company's investments in subsidiaries as Management has determined that the non-trade loans totalling $19,953,000 that were previously extended to theses related subsidiaries in Indonesia are no longer recoverable as at 31 December 2018 and accordingly, a full impairment loss was recorded in the previous financial year.

Management corrected the material prior period's error identified above retrospectively by restating the comparative amounts for the prior period's statement of comprehensive income in accordance with SFRS (I) 1-8 *Accounting Policies, Changes in Accounting Estimates and Errors*.

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38 Prior year's adjustments and reclassifications (Continued)

The prior year adjustment, to the extent that they are applied retrospectively, have the following impact:

The Group	As reported $'000	Prior year's adjustments/ (reclassifications) $'000	As restated $'000
Statement of financial position			
At 31 December 2018			
Deferred tax liabilities	2,933	(2,933)[3]	–
Other payables (non-current) (Note 16)	19,262	(2,933)[3]	22,195
Statement of financial position			
At 1 January 2018			
Deferred tax liabilities	2,752	(2,752)[3]	–
Other payables (non-current) (Note 16)	15,472	(2,752)[3]	18,224
The Company			
Statement of financial position			
At 31 December 2018			
Investments in subsidiaries	9,426	(198)[1]	9,228
Loans to subsidiaries	19,755	(19,755)[1]	–
Accumulated losses	(117,610)	(19,953)[2]	(137,563)
Statement of financial position			
At 1 January 2018			
Investments in subsidiaries	9,426	29,289[1]	38,715
Loans to subsidiaries	29,289	(29,289)[1]	–

(1) – Denotes the reclassification of loans extended to subsidiaries to investments in subsidiaries.

(2) – Denotes the reclassification of (1) to investments in subsidiaries and the subsequent impairment loss of $20.0 million recognised on the investments in subsidiaries.

(3) – Denotes the reclassification of sales tax payable from deferred tax liabilities to other payables.

39 Subsequent events

COVID-19 outbreak

The COVID-19 outbreak subsequent to the reporting period is expected to impact the business of the Group. On 3 April 2020, the Government of Singapore announced the COVID-19 circuit breaker, where closure of workplace premises and additional safe distancing measures will be implemented from 7 April 2020.

As the situation relating to the spread remains uncertain, it is currently not possible to ascertain the full financial impact it may have on the financial performance of the Group for the financial year ended 31 December 2020.

Receipt of Writ of Summons and Statement of Claims

On 20 April 2020, the Company announced that it was served with two Writ of Summons and Statement of Claims issued by the High Court of the Republic of Singapore on 17 April 2020, which were filed by two former employees (the "Plaintiffs") against the Company.

The Plaintiffs are claiming a sum of US$478,392 and US$378,086 respectively. The majority of the sums claimed, relate to years of service severance payments that the Plaintiffs believe they are entitled to while previously employed by one of the Company's overseas subsidiaries during the period from 2010 to 2018.

The Company plans to defend its position and has referred the claims to its Legal Advisors for the appropriate actions.

39 Subsequent events (Continued)

Standstill and Settlement Deed

On 12 May 2020, the Board announced that the Group has entered into a Standstill and Settlement Deed (the "Deed") with Mercuria Asset Holdings (Hong Kong) Limited and Mercuria Energy Trading Pte Ltd (collectively known as the "Mercuria Entities").

Pursuant to the Deed, the Group will pay the Mercuria Entities a settlement sum of S$3 million ("Settlement Sum") by 30 June 2020 where each of the Group's entities will be fully released and discharged from its liabilities and obligations owing by the Group's entities to the Mercuria Entities, including the security granted in favour of the Mercuria Entities.

In addition to the payment of the Settlement Sum, the Group agrees that they will use their best efforts to procure the consummation of the disposal of West Jambi KSO as soon as practicable.

If the West Jambi KSO is sold by 31 December 2020, the sale proceeds are to be distributed in the following order of priority:

(a) The first S$3 million of the sale proceeds shall be paid to the Mercuria Entities after deducting tax and agent's fees;

(b) An amount equal to the costs and expenses incurred by the Mercuria Entities in addressing any claims against the Group in connection with the Settlement Sum and/or the outstanding amount up to a maximum sum of US$85,000 to be paid to the Mercuria Entities only upon the sale of West Jambi KSO; and

(c) Any sale proceeds above the first $3 million shall be shared equally between the Mercuria Entities and the Group (being the Company and its subsidiaries).

If the disposal of West Jambi KSO takes place after 31 December 2020 but on or before 30 June 2021, the Group shall, jointly and severally, pay to the Mercuria Entities an amount in cash equal to 50% of the sale proceeds received in respect of such disposal.

If the disposal of West Jambi KSO takes place after 30 June 2021 but on or before 31 December 2021, the Group shall, jointly and severally, pay to the Mercuria Entities an amount equal to 25% of the Sale Proceeds received in respect of such disposal.

If there is no disposal of the West Jambi KSO by 31 December 2021, the Group shall be released and discharged from all other obligations under the Deed and will no longer be liable or responsible to the Mercuria Entities.

Expiry of interest in Jatirarangon Technical Assistance Contract

On 21 May 2020, the Board announced that the Group's interest in the Jatirarangon Technical Assistance Contract ("Jati TAC") has expired with effect from midnight of 21 May 2020. As part of the closure, Pak Bambang Satya Murti, the current head of the Group's oil and gas business in Indonesia, will be retiring from service with effect from 31 May 2020.

STATISTICS OF SHAREHOLDINGS

AS AT 11 MAY 2020

ANALYSIS OF SHAREHOLDINGS AS AT 11 MAY 2020

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 BY SIZE OF SHAREHOLDINGS AS AT 11 MAY 2020

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 – 99	20	1.31	378	0.00
100 – 1,000	81	5.32	62,449	0.01
1,001 – 10,000	485	31.84	3,194,322	0.49
10,001 – 1,000,000	897	58.90	78,969,146	12.21
1,000,001 AND ABOVE	40	2.63	564,641,628	87.29
TOTAL	**1,523**	**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:

(1) 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, 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 pursuant to Section 7(4) of the Companies Act, through his position as the sole Director and Shareholder of Telecour.

(2) 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 Holdings Limited ("**Redmount**"). Pursuant to Section 7(4) of the Companies Act, Mr. Bachir and Mr. Soeryadjaya are deemed interested in the shares held by Redmount.

(3) Redmount Holdings Limited ("**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 Limited, who now holds the Shares in trust for and on behalf of Redmount.

(4) Redmount Holdings Limited ("**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 Limited and 172,200 shares registered in the name of JP Morgan Nominees Private Limited, that are held in trust for Redmount.

(5) Mr. Clement Wang Kai is the sole director and sole shareholder of Wing Harvest Limited.

(6) 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 11 MAY 2020

PERCENTAGE OF SHAREHOLDING IN PUBLIC'S HANDS

Approximately 55.54% 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 11 May 2020 is 1,807,215 shares, approximately 0.28% of the total number of issued shares (excluding Treasury Shares).

TWENTY LARGEST SHAREHOLDERS

NO.	SHAREHOLDER'S NAME	NUMBER OF SHARES HELD	%
1	RHB SECURITIES SINGAPORE PTE LTD	214,552,700	33.17
2	ENECO INVESTMENT PTE LTD	96,800,000	14.96
3	BNP PARIBAS NOMINEES SINGAPORE PTE LTD	47,145,500	7.29
4	CITIBANK NOMINEES SINGAPORE PTE LTD	22,159,660	3.43
5	RAFFLES NOMINEES (PTE) LIMITED	20,735,600	3.21
6	SUMMIT GAIN CONSULTANTS LIMITED	19,800,000	3.06
7	DBS NOMINEES PTE LTD	17,065,445	2.64
8	PHILLIP SECURITIES PTE LTD	11,565,196	1.79
9	UOB KAY HIAN PTE LTD	11,277,931	1.74
10	HSBC (SINGAPORE) NOMINEES PTE LTD	10,981,400	1.70
11	OCBC SECURITIES PRIVATE LTD	9,531,708	1.47
12	UNITED OVERSEAS BANK NOMINEES PTE LTD	7,363,280	1.14
13	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	7,140,000	1.10
14	DBSN SERVICES PTE LTD	5,484,201	0.85
15	DB NOMINEES (SINGAPORE) PTE LTD	5,451,652	0.84
16	GOH BEE LAN	5,154,000	0.80
17	LIN TING YIE @LAM TIN YIE	4,906,200	0.76
18	MAYBANK KIM ENG SECURITIES PTE. LTD	3,568,500	0.55
19	LIM HOCK CHEE	3,100,000	0.48
20	ABN AMRO CLEARING BANK N.V.	2,857,100	0.44
	TOTAL	**526,640,073**	**81.42**

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. LOW CHAI CHONG	MR. TEO CHEOW BENG	MR. COLIN PETER MORAN
Date of Appointment	14 December 2018	14 December 2018	28 June 2019
Date of last re-appointment	28 June 2019	28 June 2019	N/A
Age	57	63	58
Country of principal residence	Singapore	Singapore	Singapore
The Board's comments on this appointment (including rationale, selection criteria, 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. Low Chai Chong will be able to contribute positively to the Group.	The Board concurs with the recommendation of the NC and is of the view that based on his qualifications and work experience, Mr. Teo Cheow Beng will be able to contribute positively to the Group.	The Board concurs with the recommendation of the NC and is of the view that based on his qualifications and work experience, Mr. Colin Peter Moran will be able to contribute positively to the Group.
Whether appointment is executive, and if so, the area of responsibility	Non-Executive	Non-Executive	Executive
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Independent Director, Board Chairman, Audit Committee Chairman, and member of the Nominating Committee and the Remuneration Committee.	Independent Director, Remuneration Committee Chairman, and member of the Audit Committee and the Nominating Committee.	Executive Director cum Chief Executive Officer
Professional qualifications	Bachelor of Laws (Honours), National University of Singapore	Graduate Diploma in Business and Management	Diploma in Business Studies from the Port Adelaide College of TAFE
Working experience and occupation(s) during the past 10 years	Senior Partner, Dentons Rodyk & Davidson LLP	Singapore Police Force	Director of RichLand Logistics Pte Ltd and RichLand Global Pte Ltd
Shareholding interest in the listed issuer and its subsidiaries	6,134,100 shares held by his spouse, Tam Siew Foong	Nil	1,031,906 shares
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	No

DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	MR. LOW CHAI CHONG	MR. TEO CHEOW BENG	MR. COLIN PETER MORAN
Conflict of Interest (including any competing business)	No	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	Yes
Other Principal Commitments* Including Directorships# Past (for the last 5 years) Present	Past Nil Present 1) Dentons Rodyk & Davidson LLP 2) Rodyk Services Pte Ltd 3) Rodyk IP Services Sdn Bhd 4) Moya Asia Holding Ltd 5) Pollux Properties Ltd	Past Nil Present Nil	Past Nil Present 1) RichLand Commercial Properties Pte. Ltd. 2) RichLand Chemical Logistics Pte. Ltd. 3) RichLand Logistics Services Pte. Ltd. 4) RichLand Global Pte. Ltd. 5) RichLand Project Logistics Pte. Ltd. 6) Wowz Entertainment Pte. Ltd. 7) OPEX International Pte. Ltd. 8) Eneco Singapore Pte. Ltd. 9) REL Oil & Gas Pte. Ltd. 10) PT RichLand Indonesia 11) 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	No

DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	MR. LOW CHAI CHONG	MR. TEO CHEOW BENG	MR. COLIN PETER MORAN
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	No
c) Whether there is any unsatisfied judgment against him?	No	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	No

DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	MR. LOW CHAI CHONG	MR. TEO CHEOW BENG	MR. COLIN PETER MORAN
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	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	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	No

DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	MR. LOW CHAI CHONG	MR. TEO CHEOW BENG	MR. COLIN PETER MORAN
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	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	No
j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:– i. any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or 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 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	No	No	No

DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	MR. LOW CHAI CHONG	MR. TEO CHEOW BENG	MR. COLIN PETER MORAN
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 in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?			
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?	No	No	No

APPENDIX 7.5
SUMMARY OF RESERVES AND RESOURCES

The data contained in this report was compiled from the Qualified Person Report of 2018. As there has been no material development on this field in the year 2019, the Board believes the data continues to provide a fair representation of the asset held at year-end.

Lemang PSC Block

Category	Gross Attributable to Licence (MMstb/Bscf)	Net Attributable to Issuer[1]		Risk Factors[3]	Remarks
		(MMstb/Bscf)	Change from previous update[2] (%)		
RESERVES					
Oil Reserves					
1P	0.14	0.02	N/A	–	
2P	0.21	0.03	N/A	–	
3P	0.24	0.04	N/A	–	
Natural Gas Reserves					
1P	N/A	N/A	N/A	–	
2P	N/A	N/A	N/A	–	
3P	N/A	N/A	N/A	–	
Natural Gas Liquid Reserves					
1P	N/A	N/A	N/A	–	
2P	N/A	N/A	N/A	–	
3P	N/A	N/A	N/A	–	
CONTINGENT RESOURCES					
Oil					
1C	N/A	N/A	N/A	N/A	
2C	N/A	N/A	N/A	N/A	
3C	N/A	N/A	N/A	N/A	
Natural Gas					
1C	36.9	4.8	N/A	80%	
2C	58.6	7.2	N/A	80%	
3C	79.3	9.3	N/A	80%	
Natural Gas Liquid					
1C	1.5	0.2	N/A	80%	
2C	2.0	0.2	N/A	80%	
3C	2.6	0.3	N/A	80%	

Notes:

(1) Net Attributable to Issuer means the volumes reported under these columns are based on Eneco Energy Limited net entitlement, which exclude the Indonesian Government's share under the PSC

(2) This is the first engagement between Eneco Energy Limited and RPS pertaining to annual reserves and resources audit. Net Attributable to Issuer is Net Entitlement but previous report prepared by LEAP is based on Working Interest hence unable to calculate the changes from Previous Update

(3) Applicable to Resources. "**Risk Factor**" for Contingent Resources means the estimated chance, or probability, that the volumes will be commercially extracted.

1P: Proved
2P: Proved + Probable
3P: Proved + Probable + Possible

1C: Low Estimate Contingent Resource
2C: Best Estimate Contingent Resource
3C: High Estimate Contingent Resource

MMstb: Millions of Stock Tank Barrels
Bscf: Billions of Standard Cubic Feet

Name of Qualified Person: Gordon Taylor
Date: May 8th 2019

Professional Society Membership: Fellow, Geological Society, Chartered Geologist (C.Geol)
Member, Institute Materials, Minerals & Mining,
Chartered Engineer (C.Eng)

APPENDIX 7.5
SUMMARY OF RESERVES AND RESOURCES

The data contained in this report was compiled from the Qualified Person Report of 2018. As there has been no material development on this field in the year 2019, the Board believes the data continues to provide a fair representation of the asset held at year-end. This Block will be returned to Pertamina, Indonesian state-owned oil and natural gas corporation in May 2020 as it has reached the end of its TAC contract.

Jatirarangon TAC Block

Category	Gross Attributable to Licence (MMstb/Bscf)	Net Attributable to Issuer[1]		Risk Factors[3]	Remarks
		MMstb/Bscf	Change from previous update[2] (%)		
RESERVES					
Oil Reserves					
1P	N/A	N/A	N/A	–	
2P	N/A	N/A	N/A	–	
3P	N/A	N/A	N/A	–	
Natural Gas Reserves					
1P	0.0	0.0	N/A	–	
2P	0.0	0.0	N/A	–	
3P	0.0	0.0	N/A	–	
Natural Gas Liquid Reserves					
1P	N/A	N/A	N/A	–	
2P	N/A	N/A	N/A	–	
3P	N/A	N/A	N/A	–	
CONTINGENT RESOURCES					
Oil					
1C	N/A	N/A	N/A	N/A	
2C	N/A	N/A	N/A	N/A	
3C	N/A	N/A	N/A	N/A	
Natural Gas					
1C	0.09	0.06	N/A	10%	
2C	0.12	0.07	N/A	10%	
3C	0.14	0.08	N/A	10%	
Natural Gas Liquid					
1C	N/A	N/A	N/A		
2C	N/A	N/A	N/A		
3C	N/A	N/A	N/A		

Notes:

(1) Net Attributable to Issuer means the volumes reported under these columns are based on Eneco Energy Limited net entitlement, which exclude the Indonesian Government's share under the PSC.

(2) This is the first engagement between Eneco Energy Limited and RPS pertaining to annual reserves and resources audit. Net Attributable to Issuer is Net Entitlement but previous report prepared by LEAP is based on Working Interest hence unable to calculate the changes from Previous Update.

(3) Applicable to Resources. "**Risk Factor**" for Contingent Resources means the estimated chance, or probability, that the volumes will be commercially extracted.

1P: Proved
2P: Proved + Probable
3P: Proved + Probable + Possible

1C: Low Estimate Contingent Resource
2C: Best Estimate Contingent Resource
3C: High Estimate Contingent Resource

MMstb: Millions of Stock Tank Barrels
Bscf: Billions of Standard Cubic Feet

Name of Qualified Person: Gordon Taylor
Date: May 8th 2019

Professional Society Membership: Fellow, Geological Society, Chartered Geologist (C.Geol)
Member, Institute Materials, Minerals & Mining,
Chartered Engineer (C.Eng)

APPENDIX 7.5
SUMMARY OF RESERVES AND RESOURCES

The data contained in this report was compiled from the Qualified Person Report of 2018. As there has been no material development on this field in the year 2019, the Board believes the data continues to provide a fair representation of the asset held at year-end.

West Jambi KSO Block

Category	Gross Attributable to Licence (MMbbl/Bcf)	Net Attributable to Issuer[1]		Factors[3]	Remarks
		MMbbl/Bcf	Change from Previous Update (%)[2]		
RESERVES					
Oil Reserves (MMbbl)					
1P	–	–	–	–	
2P	–	–	–	–	
3P	–	–	–	–	
Natural Gas Reserves (Bcf)					
1P	–	–	–	–	
2P	–	–	–	–	
3P	–	–	–	–	
Natural Gas Liquid Reserves (MMbbl)					
1P	–	–	–	–	
2P	–	–	–	–	
3P	–	–	–	–	
CONTINGENT RESOURCES					
Oil Contingent Resources (MMbbl)					
1C	0.69	0.69	0%	N/A	Contingencies pertain to completion of KSO commitments and approval of PoD. SPE PRMS 2018 Project Maturity sub-class of "**Development Unclarified**"
2C	3.30	3.30	0%	N/A	
3C	8.66	8.66	0%	N/A	
Natural Gas Contingent Resources (Bcf)					
1C	10.98	10.98	0%	N/A	Contingencies pertain to completion of KSO commitments and approval of PoD. SPE PRMS 2018 Project Maturity sub-class of "**Development Unclarified**"
2C	24.24	24.24	0%	N/A	
3C	33.63	33.63	0%	N/A	
Natural Gas Liquid Contingent Resources (MMbbl)					
1C	0.09	0.09	0%	N/A	Contingencies pertain to completion of KSO commitments and approval of PoD. SPE PRMS 2018 Project Maturity sub-class of "**Development Unclarified**"
2C	0.20	0.20	0%	N/A	
3C	0.28	0.28	0%	N/A	

Notes:

(1) Tabulated values are "***Net Attributable to Issuer***", which relate here to Eneco Energy Limited's (ENECO's) **Net Working Interest** in the Asset (100%) and include the Indonesian State's share of volumes. They do not equate to ENECO's Net Entitlement share under the Kerja Sama Operasi (KSO) license contract terms. No conceptual Plan of Development (PoD) has been created to exploit the discovered petroleum resources at the West Jambi Field and, therefore, no discounted cash flow has been constructed from which ENECO's Net Entitlement Volumes may be estimated.

(2) "***Change from Previous Update***" compares our reporting to the December 31, 2017 Reserves and Contingent Resources Report (QPR compiled for ENECO {as Ramba Energy Limited} by LEAP Energy). This table must be read in conjunction with the Qualified Person's Report (QPR) prepared by LEAP Energy.

(3) No quantitative "***Risk Factors***" have been applied to any of the discovered Contingent Resources estimates. Qualitative risk is stated per SPE PRMS 2018 Project Maturity Sub-Category as "**Development Unclarified**".

- 1P: Proved; 2P: Proved + Probable; 3P: Proved + Probable + Possible Reserves.
- 1C: Low Estimate; 2C: Best Estimate; 3C: High Estimate Contingent Resources.
- MMbbl: Millions of stock tank barrels.
- Bcf: Billions of standard cubic feet.

Name of Qualified Person:	Dr. Mike Reeder	
Date:	May 8, 2019	
Professional Society Membership:		Member of the American Association of Petroleum Geologists (AAPG) Certified Petroleum Geologist (CPG) with the AAPG (#6310) Member of the Society of Petroleum Engineers (SPE)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Virtual Annual General Meeting ("**AGM**") of Eneco Energy Limited (the "**Company**") will be held by electronic means (via live webcast and telephone audio feed) on Tuesday, 23 June 2020 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 2019 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) Low Chai Chong (Regulation 111) **(Resolution 2)**
(ii) Teo Cheow Beng (Regulation 111) **(Resolution 3)**
(iii) Colin Peter Moran (Regulation 122) **(Resolution 4)**

[See Explanatory Note (i)]

3. To approve the payment of Directors' fees of up to S$181,500 for the financial year ending 31 December 2020 (FY2019: S$165,000).
(Resolution 5)

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 6)

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 7)**

That pursuant to Section 161 of the Companies Act, Cap. 50 ("**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

NOTICE OF ANNUAL GENERAL MEETING

(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***")

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

29 May 2020

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes:

(i) Mr. Low Chai Chong will, upon re-election as Director of the Company, remain as the Board Chairman of the Company, Chairman of the Audit Committee, and as a member of the Remuneration Committee and Nominating Committee and he will be considered independent for the purpose of Rule 704(8) of the Listing Manual of the SGX-ST.

Mr. Teo Cheow Beng will, upon re-election as Director of the Company, remain as Chairman of the Remuneration Committee and as a member of the Audit Committee and Nominating Committee and he will be considered independent for the purpose of Rule 704(8) of the Listing Manual of the SGX-ST.

(ii) The Ordinary Resolution 7 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.

IMPORTANT NOTICE TO SHAREHOLDERS REGARDING THE CONDUCT OF THE COMPANY'S AGM ON TUESDAY, 23 JUNE 2020 AT 2.00 P.M.

The Board of Directors (the "**Board**") of Eneco Energy Limited (the "**Company**") refers to the following:

1. the implementation by the Singapore Government on 3 April 2020 of an elevated set of safe distancing measures as "circuit breakers" to pre-empt the trend of increasing local transmission of COVID-19;

2. Part 4 of the COVID-19 (Temporary Measures) Act 2020 ("**COVID-19 Act**") which was passed by the Parliament on 07 April 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 published on 13 April 2020 ("**COVID-19 Order**") which was gazetted on 13 April 2020 which provides, among others, legal certainty for alternative arrangements to enable issuers to hold general meetings where personal attendance is provided for in written law or certain legal instruments; and

3. the Joint Statement by the Accounting and Corporate Regulatory Authority, the Monetary Authority of Singapore and the Singapore Exchange Regulation issued on 13 April 2020 (and updated on 27 April 2020) titled "Additional Guidance on the Conduct of General Meetings During Elevated Safe Distancing Period" ("**Joint Statement**"), providing a checklist (which provides further guidance on COVID-19 Act and COVID-19 Order) to guide listed and non-listed entities on the conduct of general meetings during the period when elevated safe distancing measures are in place.

In light of the above developments and the evolving COVID-19 situation, the Company wishes to inform shareholders of the Company (the "**Shareholders**") that it will conduct its AGM on Tuesday, 23 June 2020 at 2.00 p.m. partly by way of electronic means pursuant to First Schedule of the COVID-19 Order and the Joint Statement, and the physical location for the AGM is purely to facilitate the conduct of the AGM by way of electronic means.

The Company will be applying for the automatic time-limited exemption granted by the Ministry of Trade and Industry to issuers to have temporary operations in the same physical location for the purpose of holding the AGM, for the duration of the AGM. The Company will ensure that it complies with all regulations, in particular, on the number of persons at the same physical location of the AGM not exceeding six (6); and the safe distancing measures contained in the COVID-19 (Temporary Measures) (Control Order) Regulations 2020 or the Infectious Diseases (Measures to Prevent Spread of COVID-19 Regulations 2020 (and any subsequent advisories or regulations as may be issued).

The Company will arrange for (i) a "live" webcast of the AGM, which allows Shareholders to view the proceedings of the AGM ("**LIVE WEBCAST**"); and (ii) "live" audio only means (via telephone), which allows Shareholders to observe the proceedings of the AGM ("**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, and any Shareholder seeking to attend the AGM physically in person will be turned away.**

NOTICE OF ANNUAL GENERAL MEETING

Shareholders should note the following procedures and/or instructions to participate in the AGM via 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 Saturday, 20 June 2020** (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.

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

   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:–

   https://enecoenergy.investorcentral.org/

   by 2.00 p.m. on Friday, 19 June 2020 (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 Monday, 22 June 2020**.

   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 Monday, 22 June 2020, 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.

NOTICE OF ANNUAL GENERAL MEETING

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:–

   https://enecoenergy.investorcentral.org/

   Submission deadline for questions is **by 2.00 p.m. on Tuesday, 16 June 2020** (7 days before the AGM).

   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, Cap. 50 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 2019, 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 29 May 2020.

Due to the constantly evolving COVID-19 situation, the Company may be required to change its AGM arrangements at short notice. Shareholders are advised to check the Company's website or announcements released on SGXNet for the latest updates on the status of the AGM.

Notes:

1. The AGM is being convened, and will be held, partly by way of electronic means pursuant to the First Schedule of the COVID-19 Order and the Joint Statement. Printed copies of the AGM Documents will NOT be sent to members of the Company. Instead, the AGM Documents, including this 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 this 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.
4. The instrument appointing a proxy 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 p.m. on Saturday, 20 June 2020 (being not less than seventy-two (72) hours before the time appointed for holding the Meeting).

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

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.

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ENECO ENERGY LIMITED
Company Registration No. 200301668R
(Incorporated in the Republic of Singapore)

PROXY FORM
(Please see notes overleaf before completing this Form)

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 and the Joint Statement of the Accounting and Corporate Regulatory Authority, Monetary Authority of Singapore and Singapore Exchange Regulation issued on 13 April 2020 (and updated on 27 April 2020) titled "Additional Guidance on the Conduct of General Meetings During Elevated Safe Distancing Period". 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.

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 Tuesday, 23 June 2020 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 2019			
2.	Re-election of Mr. Low Chai Chong as a Director			
3.	Re-election of Mr. Teo Cheow Beng as a Director			
4.	Re-election of Mr. Colin Peter Moran as a Director			
5.	Approval of Directors' fees amounting to S$181,500 for the financial year ending 31 December 2020			
6.	Re-appointment of Messrs Foo Kon Tan LLP as Auditors and authority to Directors to fix remuneration			
7.	Authority to issue shares			

* Delete where inapplicable
** If you wish to exercise all your votes 'For' or 'Against', please tick (✓) within the box provided. Alternatively, please indicate the number of votes as appropriate. If you tick (✓) in the abstain box for a particular resolution, you are directing your proxy not to vote on that resolution.

Dated this ________ day of ________________ 2020

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

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, Chapter 289 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 p.m. on Saturday, 20 June 2020 (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.

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.

AFFIX
STAMP

The Share Registrar of Eneco Energy Limited
TRICOR BARBINDER SHARE REGISTRATION SERVICES
(A division of Tricor Singapore Pte. Ltd.)
80 Robinson Road
#11-02
Singapore 068898

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 authorized. 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 the Chairman of the Meeting as proxy, the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 29 May 2020.

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.

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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