

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

**RESPONSE TO QUERIES FROM SINGAPORE EXCHANGE SECURITIES TRADING LIMITED ON
THE COMPANY’S HALF-YEAR FINANCIAL RESULTS ENDED 30 JUNE 2023**

The Board of Directors (the “Board”) of the Company (and together with its subsidiaries, the “Group”) is pleased to provide the Company’s responses to the queries raised by the Singapore Exchange Securities Trading Limited (“SGX-ST”) on 15 August 2023 in relation to the Group’s half-year financial results ended 30 June 2023 (“1H2023 Results”) announced via the SGXNet on 8 August 2023:

Question 1 - Trade receivables

Please provide the breakdown by aging for the trade receivables and indicate the amount that is past due, but not impaired.

**Trade Receivables Aging by
Due Date**

S\$'000	Past due date by				
	Current	30 days	60 days	90 days	TOTAL
As at 30 June 2023	6,803	211	620	200	7,634
	89%	3%	8%	3%	100%

No amounts that are past due had been impaired due to collections subsequent to 30 June 2023.

Please indicate the Board's assessment on the collectability of such amounts that are past due, and the reasons behind the assessment.

The Board had assessed the collectability of amounts that are past due based on the lifetime Expected Credit Loss (ECL) provision matrix, which is determined based on the Group’s historical observed default rates analysed in accordance to days past due. Receipts after period end are also taken into account in the evaluation. Based on the assessment, the Board is of the opinion that no provision is required for the amounts that are past due as at 30 June 2023.

Question 2 - Right of use assets and lease liabilities

Please confirm whether the Right of use assets are pledged to the lease liabilities, and if so, indicate the amount that has been pledged.

Certain Right of use (ROU) assets are pledged under lease arrangements. The net book value of these ROU assets that has been pledged amount to **S\$915,981** as at 30 June 2023.

Please also provide a breakdown of the Right of use assets by nature.

The breakdown of the Right of Use assets are as follows:

Right of Use Assets	Net Book Value @30 June 2023
	S\$'000
Leasehold Buildings	2,262
Equipment	38
Trucks	1,115
Prime Movers	487
Forklifts	199
Vans	246
Motor Vehicles	516
TOTAL	4,863

Question 3 - Cash and cash equivalents

Noted from the cashflow statement that approximately \$11.5m was kept in fixed deposits. Are these fixed deposits pledged?

The S\$11.5m kept in fixed deposits is not under any pledge.

Please explain the Company's intentions for holding a substantial amount of cash and cash equivalents, and the Company's near-term plans to utilize such funds.

The cash and cash equivalents amounting to S\$15.3 million as at 30 June 2023 had largely originated from proceeds received by the Group from its shares and warrants issuance exercise conducted in September 2022.

In the near term, besides financing working capital and loans repayments, about S\$9.3 million had been set aside to be invested for the growth, development and expansion of the existing businesses of the Group as well as the exploration of new business opportunities.

Question 4 - Other payables

Note that \$2.1m of the "Other payables" is in relation to "Accrued salaries & employee benefits". Please explain why such expenses have not been paid despite having a substantial cash balance.

Please also indicate the period when such "Accrued salaries and employee benefits" will need to be settled.

The S\$2.1 million in "Accrued salaries & employee benefits" comprises the following:

	S\$'000	Note
Accrued Salaries	234	A
Accrued CPF	239	A
Provision for bonus	1,602	B
TOTAL	2,075	

Note A - paid out in July 2023

Note B – provision for bonus would be paid out to employees in July 2023 and in Year 2024. The actual amount that would be paid out would be determined by the employees' individual performance appraisal and the financial performance of the Group.

By Order of the Board
Eneco Energy Limited

Gwee Chee Kiang
Group Chief Executive Officer
18 August 2023