

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

APPLICATION FOR EXTENSION OF TIME TO MEET THE REQUIREMENTS OF RULE 1314 OF THE LISTING MANUAL OF THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED (“SGX-ST”) (“LISTING MANUAL”) TO EXIT FROM THE WATCH-LIST

The Board of Directors of Eneco Energy Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) (the “**Board**”) refers to the SGX-ST’s Notice of Inclusion on the Watch-List announced by the Company on 3 December 2019, following the Notice of 3 Consecutive Years’ Losses released by the Company on 14 June 2019. The Company will have to fulfill the requirements under Rule 1314 of the Listing Manual for its removal from the Watch-List within 36 months from 4 December 2019. The Company subsequently applied for and received a letter from SGX-ST on 12 October 2022 that it had no objections to granting an extension of time up to 1 December 2023.

The Board wishes to update shareholders that the Company has on 1 November 2023 submitted an application to seek SGX-ST’s approval for a further extension of time of 12 months (i.e. by 1 December 2024) from the deadline of 1 December 2023 to meet the requirements of Rule 1314 of the Listing Manual to exit from the Watch-List (the “**Application**”).

Rationale for the Application is set out below:

1. The Group has been profitable and attained a healthy financial position

Pursuant to Paragraph 4.2(1) of Practice Note 13.2 of the Listing Manual, an issuer may apply to the SGX-ST for an extension of time of up to 12 months if the issuer is able to satisfy (i) at least one of the requirements under Rule 1314 of the Listing Manual and (ii) has achieved healthy cash flow from its operating activities (based on its audited full year consolidated accounts for the most recently completed financial year).

The Group’s revenue from continuing operations has grown by 12.7% from S\$28.41 million in the financial year ended 31 December (“**FY**”) 2021 to S\$32.02 million in FY2022. It has also achieved S\$15.50 million in revenue for the 6-month period ended 30 June 2023 (“**1H2023**”). Since being placed on the Watch-List, the Group has also made concerted efforts to return to profitability and achieved a consolidated pre-tax profit of S\$8.91 million and S\$2.78 million for FY2021 and FY2022 respectively and S\$0.76 million in 1H2023. The Group has also generated net cash from operating activities of S\$5.99 million and S\$5.72 million in FY2021 and FY2022 respectively and S\$1.84 million in 1H2023.

The Group further strengthened its financial position following the successful completion of the placement exercise on 1 September 2022, receiving S\$16.6 million of equity injection from investors.

2. Improving market capitalization

There have been improvements in the average daily market capitalization in the last 6 months prior to the date of this announcement. Although the average daily market capitalization in the last 6 months prior to the date of this announcement of S\$28.9 million is still below the requirement of S\$40 million stipulated under Rule 1314 of the Listing Manual, the Company is of the view that this requirement is achievable with the Company’s ongoing efforts to focus its resources on its core logistics business in Singapore and on potential new investments that can generate higher profitability and better returns for the Group.

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- Announcement on Application for Extension of Time to meet the Requirements of Rule 1314 of the Listing Manual to Exit from the Watch-List

3. Positive business prospects of the Group

Since being placed on the Watch-List, the Group has made concerted efforts and achieved steady progress in improving the overall financial health of the Group. Major initiatives undertaken included:

- (i) Completion of a major restructuring exercise by exiting the highly risky and unprofitable Oil & Gas business segment following the disposal of Ramba Energy Investments Limited as announced on 22 August 2022. This will stem further losses from the Oil & Gas business and allow the Group to focus its resources on its core logistics business with good profit margins.
- (ii) Secured resumption of trading for the Company's shares on the SGX-ST on 6 September 2022.
- (iii) Completion of the disposal of the logistics business in Indonesia on 14 February 2023 so as to focus on new investments that can generate higher returns.

The abovementioned disposals had allowed the Group to focus its resources on its core logistics business in Singapore and on potential new investments that can generate higher profitability and better returns for the Group. In addition, the Group has made major improvements to its businesses and internal processes in recent years and is beginning to reap positive results from these efforts. With the further extension of time, the Group would be able to further strengthen its financial position by improving the profitability of its existing business and increasing its revenue and profit streams from potential new businesses. With higher profitability and a more robust business model, the Group would be able to generate greater investors' interests and would also entice existing warrant holders to exercise their warrant holdings. A higher trading price and a larger number of ordinary shares in issuance would help to increase the market capitalisation of the Company, putting it in a better position to achieve an average daily market capitalisation of S\$40 million and above.

A further extension of time would also allow shareholders and potential investors to understand, monitor and accept the Group's strategic direction, corporate actions and business activities and value the Company's share price fairly in the market.

The Company will update shareholders on the outcome of the Application as and when appropriate.

By Order of the Board
ENECO ENERGY LIMITED

Gwee Chee Kiang
Group Chief Executive Officer
1 November 2023