

## 3CENERGY LIMITED

(Company Registration No.: 197300314D)  
(Incorporated in the Republic of Singapore)

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### ANNOUNCEMENT PURSUANT TO RULE 704(4) OF THE CATALIST RULES IN RELATION TO THE AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

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#### Material Uncertainty related to Going Concern on the Audited Financial Statements for the Financial Year Ended 31 December 2018

Pursuant to Rule 704(4) of Section B of the Singapore Exchange Securities Trading Limited (“**SGXST**”) Listing Manual (“**Catalist Rules**”), the Board of Directors (the “**Board**”) of 3Cenergy Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) wishes to announce that the Company’s Independent Auditor, Deloitte & Touche LLP (the “**Auditor**”) has, without modifying its opinion, included a material uncertainty relating to going concern in respect of the Group’s and Company’s ability to continue as a going concern in its report (the “**Independent Auditor’s Report**”) on the audited financial statements of the Group for the financial year ended 31 December 2018 (the “**Audited Financial Statements**”).

The Board is of the opinion that the Company will be able to operate as a going concern on the basis as set out in Note 1 to the Audited Financial Statements.

A copy of the Independent Auditor’s Report and an extract of Note 1 to the Audited Financial Statements are attached to this announcement for information.

The Board confirms that all material disclosures have been provided for trading of the Company’s shares to continue.

Shareholders of the Company are advised to read the Audited Financial Statements in its annual report for financial year ended 31 December 2018, which will be dispatched in due course.

#### By Order of the Board

Chung Chee Khuen  
Group Managing Director and Chief Executive Officer  
28 March 2019

*This announcement has been prepared by the Company and its contents have been reviewed by the Company’s sponsor, CIMB Bank Berhad, Singapore Branch (the “Sponsor”) for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the “SGX-ST”). The Sponsor has not independently verified the contents of this announcement. This announcement has not been examined or approved by the SGX-ST and the SGX-ST and Sponsor assume no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement. The contact person for the Sponsor is Mr Eric Wong (Director, Investment Banking), CIMB Bank Berhad, Singapore Branch, 50 Raffles Place #09-01 Singapore Land Tower, Singapore 048623, telephone (65) 6337 5115.*

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF**

### **3CENERGY LIMITED**

#### **Report on the Audit of the Financial Statements**

##### **Opinion**

We have audited the accompanying financial statements of 3Cnergy 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 December 31, 2018, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group and the statement of changes in equity of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 10 to 80.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and 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 December 31, 2018 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group, and of the changes in equity of the Company for the year ended on that date.

##### **Basis for opinion**

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

##### **Material uncertainty related to going concern**

We draw attention to Note 1 in the financial statements, which indicates that as at December 31, 2018, the Group's current liabilities exceeded its current assets by \$8,977,000. In addition, the Group incurred a net loss of \$38,799,000 and has a net operating cash outflow of \$5,594,000 for the financial year then ended. These conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Group's and Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF  
3CENERGY LIMITED**

**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 financial year. 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 matter described in the *Material Uncertainty Related to Going Concern* section, we have determined the matter described below to be a key audit matter to be communicated in our report.

<b>Key Audit Matter</b>	<b>How the matter was addressed in the audit</b>
<b><i>Recoverable amount of land held for property development</i></b>	
<p>As at December 31, 2018, the carrying amount of the Group's land held for property development amounted to \$124.5 million, net of impairment loss of \$33.6 million.</p> <p>The management relied on the valuation performed by independent external valuer to estimate the recoverable amount of land held for property development.</p> <p>The valuation of the recoverable amount of the land held for property development requires the application of significant judgement and estimate in determining the appropriate valuation methodology to be used, use of subjective assumptions and various unobservable inputs. It is underpinned by a number of assumptions which include price per square metre of market comparables used, adjusted for the timing, location, tenure, category of land use, plot ratio, size and others.</p>	<p>We have discussed with the component auditors to understand the nature, extent and timing of procedures performed on recoverable amount of land held for property development. We have reviewed the work performed which includes the following procedures:</p> <ul style="list-style-type: none"><li>• obtained an understanding of the key controls and processes that management has in place in respect of determining the recoverable amounts of land held for property development;</li><li>• obtained an understanding of the development plan through discussion with management;</li><li>• obtained the external valuation report and evaluated the work scope, qualifications, competency, objectivity and independence of the external valuers;</li><li>• discussed with the external valuer to obtain understanding of their work performed on the properties covering amongst others, the valuation methodology and the significant judgement and appropriateness of assumptions applied; and</li><li>• discussed and challenged the external valuer on the results of the valuation, and compared the key assumptions used in their valuations with reference to externally available information, where applicable, and considered whether these assumptions are consistent with the current market environment.</li></ul> <p>The key judgement and estimation on the recoverable amount of land held for property development is disclosed in Note 3 to the financial statements, and further information related to land held for property development are provided in Note 16 to the financial statements.</p>

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF**

### **3CENERGY 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 have nothing to report in this regard.

#### **Responsibilities of Management and Directors for the Financial Statements**

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and SFRS(I)s, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

#### **Auditor's Responsibility 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.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF  
3CENERGY LIMITED**

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities and 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 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.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF**

### **3CENERGY LIMITED**

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 subsidiaries 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 Mr Kee Cheng Kong, Michael.

Deloitte & Touche LLP  
Public Accountants and  
Chartered Accountants  
Singapore

March 28, 2019

*Extracted from Note 1 to the Audited Financial Statements of 3Energy Limited and its subsidiaries for the financial year ended 31 December 2018*

## **1. GENERAL**

The Company (Registration No. 197300314D) is a limited liability company which is incorporated and domiciled in the Republic of Singapore and is listed on Catalist under Singapore Exchange Securities Trading Limited (SGX-ST). The financial statements are expressed in Singapore dollar and rounded to the nearest thousand (\$'000) except as otherwise indicated.

The registered office and principal place of business of the Company is located at 150 Cecil Street #08-01, Singapore 069543.

The principal activity of the Company is that of investment holding. The principal activities of the subsidiaries are disclosed in Note 14.

For all periods up to and including the year ended December 31, 2017, the financial statements were prepared in accordance with the previous framework, Financial Reporting Standards in Singapore ("FRSs"). These financial statements for the year ended December 31, 2018 are the first set that the Group and the Company have prepared in accordance with Singapore Financial Reporting Standards (International) ("SFRS(I)"). Details of first-time adoption of SFRS(I) are included in Note 33.

### Material Uncertainty Related to Going Concern

As at December 31, 2018, the Group's current liabilities exceeded its current assets by \$8,977,000. In addition, the Group incurred a net loss of \$38,799,000 and has a net operating cash outflow of \$5,594,000 for the financial year then ended.

On May 18, 2018, the Company completed a rights issue of 1,431,889,098 new ordinary shares in the capital of the Company (the "Rights Shares") at an issue price of \$0.022, on the basis of one Rights Share for each existing ordinary share. On the same day, the Company also completed a placement of 101,637,891 new ordinary shares (the "Subscription Shares") in the capital of the Company at an issue price of \$0.022. In total, \$33,738,000 of proceeds was raised from the issue of the Rights and Subscription Shares. \$19,898,000 of the amount raised is yet to be utilised as at March 1, 2019, of which \$12,220,000 is earmarked for the repayment of current bank borrowings, and the remaining is for general working capital purposes.

After the planned repayment of \$12,220,000 of current bank borrowings, the Group will have approximately \$19,098,000 of bank borrowings (Note 26) payable within 12 months from December 31, 2018. The Group's and Company's abilities to continue as going concerns are dependent on the ability to continue to roll over the bank borrowings and the sufficiency of funds to pay their debts as and when they fall due.

As at the date of the approval of these financial statements, the Directors are not aware of any circumstances or reasons which would likely affect its ability to repay and roll over the bank borrowings. In light of the foregoing, the Directors opined that it is appropriate to prepare the financial statements on a going concern basis.

Accordingly, the accompanying financial statements does not include any adjustments relating to the realisation and classification of assets and liabilities that may be necessary if the Group and the Company were unable to continue as a going concern. Should the going concern assumption be inappropriate, adjustments may have to be made to (i) reflect the situation that assets may need to be realised other than in the normal course of the business and at amounts which may differ significantly from the amounts at which they are currently recorded in the statements of financial position; (ii) provide for further liabilities that might arise; and (iii) reclassify non-current assets and non-current liabilities as current. No adjustments have been made in the accompanying financial statements.

The consolidated financial statements of the Group and statement of financial position and statement of changes in equity of the Company for the year ended December 31, 2018 were authorised for issue by the Board of Directors on March 28, 2019.