

DIFFERENCES BETWEEN UNAUDITED AND AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

The Board of Directors of 3Cenergy Limited (the “Company”) refers to the announcement released by the Company on 22 February 2017 in relation to its unaudited full year financial results (“Preliminary Results”) for the financial year ended 31 December 2016 (“FY2016”).

Pursuant to Rule 704(5) of the Catalist Rules, the Board wishes to announce and clarify certain reclassifications and material differences to the unaudited consolidated financial statements for FY2016, following the finalisation of the audit. The clarification of the aforesaid reclassifications and differences are set out in Appendix A below.

The differences did not result in any changes to the consolidated statement of profit or loss and other comprehensive income of the Group for FY2016.

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.

Appendix A

1. Statement of financial position (for the issuer and group), together with a comparative unaudited results.

	Group		Variance	Notes
	Audited	Unaudited		
	S\$'000	S\$'000		
Assets				
Non-current assets				
Property, plant and equipment	282	282	-	
Land held for property development	90,196	108,455	(18,259)	1
Goodwill	1,000	1,000	-	
Other intangible assets	343	343	-	
Investment in joint venture	150	150	-	
	91,971	110,230		
Current assets				
Trade receivables	55	55	-	
Other receivables and deposits	126	126	-	
Property development cost	55,404	65,757	(10,353)	1
Prepayments	20	19	1	N.M
Cash and cash equivalents	4,016	4,059	(43)	2
Pledged fixed deposit	43	-	43	2
	59,664	70,016		
Total assets	151,635	180,246	(28,611)	
Equity and liabilities				
Current liabilities				
Trade payables	1	1	-	
Accruals and other payables	843	843	-	
Amount due to customers for project management contracts	106	106	-	
Amount due to joint venture	161	161	-	
Finance lease liabilities	88	88	-	
Bank borrowing	17,556	17,556	-	
Shareholder loan	3,885	3,885	-	
	22,640	22,640		
Non-current liabilities				
Finance lease liabilities	120	120	-	
Bank borrowing	64,426	64,426	-	
Deferred tax liabilities	6	6	-	
	64,552	64,552		
Total liabilities	87,192	87,192		
Net assets	64,443	93,054		
Equity attributable to owners of the Company				
Share capital	83,867	112,478	(28,611)	1
Accumulated losses and other reserves	(19,424)	(19,424)	-	
Net equity	64,443	93,054		
Total equity and liabilities	151,635	180,246	(28,611)	

Notes:

N.M. – Not meaningful

2. A statement of cash flows (for the group), together with a comparative unaudited results.

	Group		Variance	Notes
	Audited	Unaudited		
	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>	
Operating activities				
Loss before taxation	(5,848)	(5,848)	-	
Adjustments for:				
Depreciation of property, plant and equipment	439	439	-	
Amortisation of other intangible assets	180	180	-	
Share of profit in investment in a joint venture	(7)	(7)	-	
Bad debts written off	7	7	-	
Impairment of Goodwill	1,168	1,168	-	
Impairment of other intangible assets	2,014	2,014	-	
Fixed Assets Written Off	32	32	-	
Interest income	(32)	(32)	-	
Interest expense	35	35	-	
Unrealised exchange differences	217	217	-	
Operating cash flows before changes in working capital	<u>(1,795)</u>	<u>(1,795)</u>		
Decrease in receivables	573	574	(1)	N.M
Decrease in amount due to customers for project management accounts	(287)	(287)	-	
Decrease in payables	(189)	(189)	-	
Decrease in provision for onerous contract	(357)	(357)	-	
Expenditure on land held for property development	(1,715)	-	(1,715)	3
Cash used in operations	<u>(3,770)</u>	<u>(2,054)</u>		
Interest received	32	32	-	
Interest paid	(1,575)	(35)	(1,540)	3
Income tax paid	(117)	(117)	-	
Net cash used in operating activities	<u>(5,430)</u>	<u>(2,174)</u>		
Investing activities				
Purchase of property, plant and equipment	(27)	(27)	-	
Increase in land held for property development	-	(3,255)	3,255	3
Cash inflow from acquisition of subsidiaries	314	313	1	N.M
Net cash from (used in) investing activities	<u>287</u>	<u>(2,969)</u>		
Financing activities				
Increase in shareholders loan	1,035	1,035	-	
Draw down of bank borrowing	2,899	2,899	-	
Repayment of obligations under finance leases	(87)	(87)	-	
Placement of pledged fixed deposit	(43)	-	(43)	4
Proceeds on issue of shares	5,025	5,025	-	
Net cash from financing activities	<u>8,829</u>	<u>8,872</u>		
Net increase in cash and cash equivalents	3,686	3,729	(43)	4
Cash and cash equivalents at beginning of the year	330	330	-	
Cash and cash equivalents at end of the year	<u>4,016</u>	<u>4,059</u>	(43)	4

Notes:

N.M. – Not meaningful

3. Net asset value (for the group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer, together with a comparative unaudited results.

	Group	
	Audited	Unaudited
Net asset value ("NAV") per ordinary share based on issued share capital (in cents)	5.60	8.09
Number of Issued shares	1,150,145,242	1,150,145,242

Notes:

1. The total difference of \$28.6 million from land held for property development and property development cost is mainly due to the accounting treatment for the acquisition of 3C Marina Park Sdn. Bhd. (formerly known as Liberty Bridge Sdn. Bhd.) ("3C Marina") on 11 August 2016.

As set out in the Company's circular dated 28 June 2016 ("Circular"), the consideration for the acquisition of all the issued shares in 3C Marina is \$64 million, to be fully satisfied by way of allotment and issuance of an aggregate of 955,223,880 Shares at an issue price of \$0.067 per Share.

The acquisition of 3C Marina was initially accounted as business combination, under FRS 103. Under business combination, the purchased consideration was measured based on the share price of \$0.099 on acquisition completion date and total shares issued with a valuation of \$94.57 million.

However, in the recent audit, the acquisition is accounted as an acquisition of assets and liabilities under FRS 102 *Share Based Payment*. FRS 102 requires an entity to measure the goods or services, and the corresponding increase in equity, directly, at the fair value of goods or services received, unless that fair value cannot be reliably measured. The Group has engaged external independent valuer to perform the fair value assessment of the acquisition of assets which is mainly the parcels of land in relation to the acquisition of 3C Marina and the consideration should have been recorded as \$65.96 million instead of \$94.57 million.

The difference will cause a decrease in the net asset value in the statements of the financial position announced earlier. Overall, the carrying value of \$65.96 million is comparable to the purchase consideration of \$64 million as set out in the Circular.

2. Reclassification due to changes in the presentation of the Statement of financial position in the audited financial statements and unaudited financial statements.
3. Reclassification due to changes in the presentation of the Statement of cash flows in the audited financial statements and unaudited financial statements.
4. The variance is due to exclusion of pledged fixed deposit separately from cash and cash equivalents in the presentation of the Statement of financial position in the audited financial statements, please refer to note 2.

BY ORDER OF THE BOARD

Tong Kooi Lian
Managing Director and Chief Executive Officer
Date: 3 April 2017