

METIS ENERGY LIMITED
(Company Registration No. 199006289K)

FURTHER INFORMATION ON THE COMPANY'S UNAUDITED FINANCIAL STATEMENT ANNOUNCEMENT FOR THE SIX MONTHS AND HALF YEAR ENDED 31 DECEMBER 2022 ("ANNOUNCEMENT")

The Directors of Metis Energy Limited ("Metis" or "the Company") refer to the Announcement made on 27 February 2023 and the further information requested by the Singapore Exchange Securities Trading Limited ("SGX-ST") on 3 April 2023 relating to the Announcement.

SGX-ST's questions and Metis' corresponding responses are listed below to enable investors to understand the matters raised by SGX-ST:

SGX-ST's Question

1. **In respect of the Group's Property, plant and equipment, it is disclosed on page 13 of the unaudited financial statements that an amount of S\$5,286,000 was recognised as impairment losses on property, plant and equipment for the period/year ended FY2022, please disclose:-**
- (i) how the amount of impairment was determined;**
 - (ii) whether any valuation was conducted; the value placed on the assets; the basis and the date of such valuation;**
 - (iii) the Board's confirmation as to whether it is satisfied with the reasonableness of the methodologies used to determine amount of impairment; and**
 - (iv) the reasons for the impairment losses.**

Company's Response

- (i) During the current financial year, the Group carried out a review of the recoverable amount of its power plant, infrastructure, machinery and equipment and business licence (collectively "cash generating unit" or "CGU") as there were indicators of impairment. The recoverable amount of the CGU has been determined based on value in use calculation using cashflow projections from financial budgets on our power plant operations in Indonesia. The discount rate applied to the cash flow projections is 13.00% per annum.

The calculations of value in use for the CGU are most sensitive to the following assumptions:

Budgeted revenues – Revenue forecast is based on historical power generation capacity and taking into consideration current and future customer demands.

Budgeted gross margins – Gross margins used in the value in use calculations were based on budgeted gross margins derived from past performance and management's expectations of market developments.

Discount rates – The discount rate reflects the current market assessment of the risks specific to the CGU.

- (ii) No professional valuer was engaged to perform an independent valuation and we used internally developed discounted cash flow for our impairment testing.
- (iii) The Board confirmed that it is satisfied with the reasonableness of the methodologies used to determine the amount of impairment.

- (iv) The reasons for the impairment loss are mainly due to the following:
- Lower budgeted revenues taking into consideration of current and expected future customer demands.
 - Increased discount rate due to the higher interest rates environment and general market conditions.
 - Increased costs mainly due to the increase in coal prices to operate the power plant.

SGX-ST's Question

2. In respect of the Group's Current Trade and Other payables of S\$18,670,000 as at 31 December 2022, please disclose the aging and nature of these payables and whether the counterparties are related parties. Please provide the reason(s) for the significant trade and other payable amount of S\$18,670,000 when the Group recorded a cash and cash equivalent of S\$19,893,000 as at 31 December 2022.

Company's Response

The aging profile of the current trade and other payables are as follows:

	31-Dec-22 \$'000
Current	16,970 ⁽¹⁾
Past due:	
Within 30 days	986
31 to 60 days	369
61 to 90 days	146
More than 90 days	199
	18,670

The nature of the current trade and other payables are as follows:

	31-Dec-22 \$'000
Trade payables (current):	
Third parties	5,136
Related parties	—
	5,136
Accrued expenses	4,342
Other payables	9,192 ⁽¹⁾
Amounts due to related parties	—
Trade and other payables (current)	18,670

There are no counterparties that are related parties for current trade and other payables.

- ⁽¹⁾ Included within the trade and other payables aged current (S\$16,970,000) and under other payables (S\$9,192,000) was the deposit received from Kaiyi Investment Pte Ltd for the sale of Manhattan Property Development Pte Ltd of US\$5,000,000 (approximately S\$6,861,000) ("Proposed Disposal") in 2022.

The total consideration for the Proposed Disposal amounted to US\$45,700,000 (approximately S\$64,030,000) and the disposal was completed on 16 January 2023. The remaining proceeds of US\$40,700,000 were received by the Company subsequently.

Upon the completion of the Proposed Disposal, the deposit received was reversed out from the other payables and the Company recorded the remaining proceeds as cash and cash equivalents accordingly.

SGX-ST's Question

3. **Please explain why interest income amounted to only S\$203,000 during the financial period ended 31 December 2022 when the Company has significant cash and bank balance amounting to S\$19,893,000.**

Company's Response

The cash and bank deposits, interest income on cash and bank deposits and the effective interest rates for the Group is as follows:

	31-Dec-22
	\$'000
Cash and bank deposits	19,893
Interest income on cash and bank deposits	203
Effective interest rates	1.01%

The Group places short term deposits to earn interest income from time to time. Short term deposits are made for varying periods between one day and three months, depending on the immediate cash requirements of the Group, and earn interest at respective short term deposit rates.

SGX-ST's Question

4. **At page 5 of the financial statements, it was disclosed that, "The increase in revenue in FY2022 was mainly due to the management fees received from its associate, increase in the overall sales volume of electricity in both the power plant and renewable energy segments, offset by the decrease in coal transportation income due to the termination of the charter contract and disposal of vessel during the year." Please clarify the nature of the management fees received from its associate.**

Company's Response

The management fees received from its associate relates to the management services rendered (such as financial management and other business support) to Manhattan Resources (Ningbo) Property Co., Ltd.

SGX-ST's Question

5. **It was also disclosed at page 5 of the financial statements that, “The increase in other income was mainly due to the gain on sale of land parcels, write-back on creditors and accruals, and the write-back of allowance for impairment of trade and other receivables upon receipt.” Please explain why there was a write-back on creditors and accruals.**

Company's Response

The Company's subsidiary, PT Lian Beng Energy (“PT LBE”) provided contractor services for general mining and has been dormant since 2011. The amounts have been written back on the basis that it has been long outstanding prior to 2011, and that there have been no correspondences or letters between the creditors and PT LBE over the years.

SGX-ST's Question

6. **At page 7 of the financial statements, it was disclosed that, “The decrease in intangible assets was mainly due to the impairment loss on the business licence of the power plant segment arising from its periodic assessment of the recoverable amounts based on expected value-in-use computations.” Please provide details as to how the impairment loss has been recognised.**

Company's Response

As detailed in the Company's response to Question 1 above, intangible assets acquired through the business combinations have been allocated to the power plant cash generating unit (“CGU”) for impairment testing. The recoverable amount of the CGU has been determined based on value in use calculation using cashflow projections from financial budgets on our power plant operations in Indonesia. The discount rate applied to the cash flow projections is 13.00% per annum.

The calculations of value in use for the CGU are most sensitive to the following assumptions:

Budgeted revenues – Revenue forecast is based on historical power generation capacity and taking into consideration current and future customer demands.

Budgeted gross margins – Gross margins used in the value in use calculations were based on budgeted gross margins derived from past performance and management's expectations of market developments.

Discount rates – The discount rate reflects the current market assessment of the risks specific to the CGU.

BY ORDER OF THE BOARD

Tang Kin Fei
Board Chairman
13 April 2023