

SUSTAINABILITY REPORT

ABOUT THIS REPORT

Sustainability has become a critical success factor for companies to ensure long-term value creation. We are pleased to present the Group's annual Sustainability Report, for our financial year ended 31 December 2019. This report is set out on a "comply or explain" basis in accordance with Rule 711B and Practice Note 7F-Sustainability Report Guide of the Listing Manual Section B: Rules of Catalist of the SGX-ST.

BOARD STATEMENT

The key material environmental, social and governance ("ESG") factors for the Group have been identified and reviewed by the management of the Group and the board of directors of the Company (the "Board") oversees the management and monitoring of these factors. The Board considers sustainability issues when determining the Group's strategic direction and policies. Managing sustainability allows the Group to safeguard the well-being of our stakeholders and deliver long-term value to them.

REPORTING FRAMEWORK

We prepared our report with reference to the principles and requirements in the Sustainability Reporting Guide of the Singapore Exchange Securities Trading Limited (SGX-ST) for Listed Companies, as well as the Global Reporting Initiatives ("GRI") Core Reporting Options. This report covers the 2019 financial year from 1 January to 31 December ("FY2019").

We have not sought external assurance for FY2019.

REPORTING SCOPE

The Group has not commenced the development of the land site at Puteri Harbour, Johor Malaysia ("Land") since the deferment and there are no major business activities undertaken in FY2019, this report will particularly focus on the economic and operation, governance and social issues that affect our group of companies in general aspects. The report also covers the performance of our Group in FY2019.

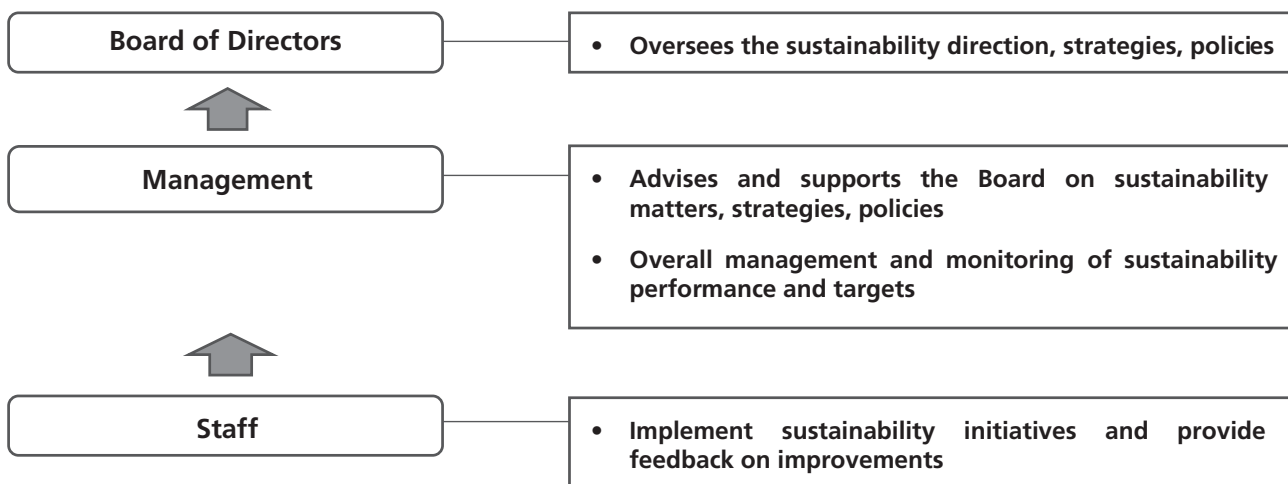
FEEDBACK

We are committed to listening to our stakeholders and we look forward to your feedback. Please send your feedback to enquiries@3cenergy.com.sg.

GOVERNANCE STRUCTURE

Sustainability is embedded in our organisation's culture and is led from the top. The Group's governance structure supports and drives the sustainable development journey. We are guided by our code of conduct and ethics established to promote healthy corporate culture, ethical business practices and sustainability. Comprehensive Policies and Systems are also in place to manage sustainable practices across our various business activities.

Sustainability Governance is led by the Board of Directors and supported by all levels of the Group.



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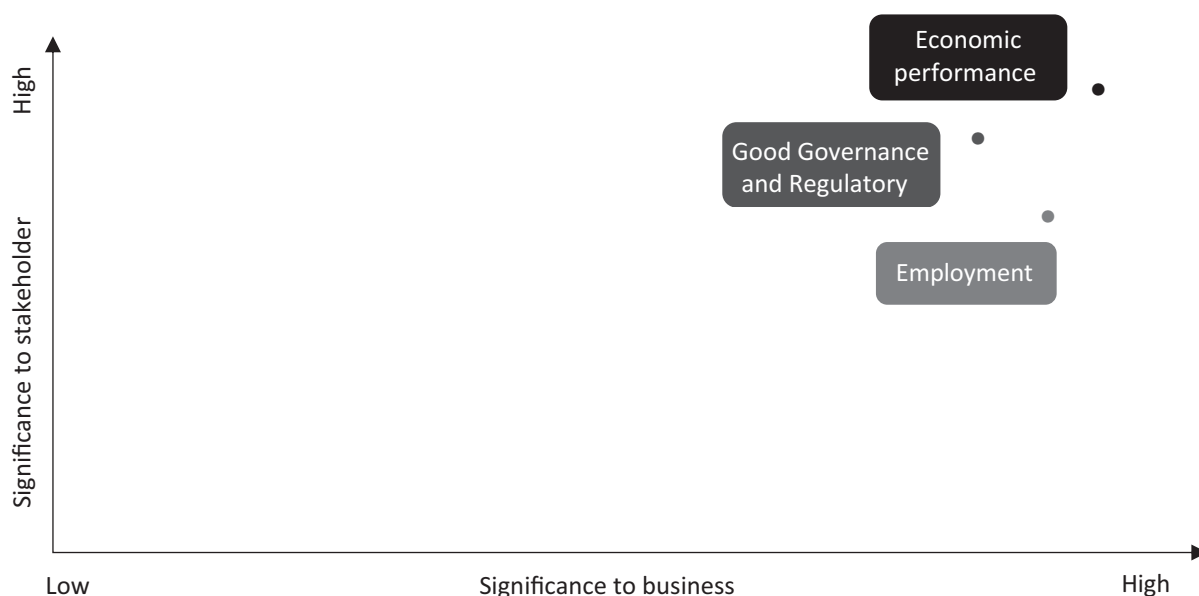
STAKEHOLDER ENGAGEMENT

The Group’s stakeholders include, but are not limited to, customers, shareholders, employees, suppliers and local government. We prioritise our stakeholders for engagement based on the significance of their influence on our business and our dependency on them. We engage with our key stakeholders on a regular basis to ensure two-way communication and this is summarised in the table below:

Stakeholder	Topics of Concern	Frequency of engagement	Mode of engagement
Customers	<ul style="list-style-type: none"> Product quality Code of conduct 	Ongoing	<ul style="list-style-type: none"> Meetings Email/phone call communication
Shareholders	<ul style="list-style-type: none"> Economic performance 	Half yearly/Annually	<ul style="list-style-type: none"> Annual report Annual general meeting SGX announcements
Employees	<ul style="list-style-type: none"> Staff rights and welfare Personal development Good working environment 	Ad hoc/Annually	<ul style="list-style-type: none"> Employee handbook Regular email communication Staff appraisal
Suppliers	<ul style="list-style-type: none"> Compliance with terms and conditions of purchasing policies and procedures Maintenance of ethical standards 	Ongoing	<ul style="list-style-type: none"> Meetings Email/phone call communication
Government and Regulators	<ul style="list-style-type: none"> Compliance with rules and regulations 	Ad hoc	<ul style="list-style-type: none"> Government Publication/ written communication

MATERIALITY ASSESSMENT

In order to determine what ESG factors are most relevant to us, we conducted a materiality assessment involving key internal stakeholders. After assessing ESG related business risks and opportunities and ESG related issues, we have identified ESG factors that we believe to be most material to us this year and they are illustrated in the materiality matrix below.



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ECONOMIC PERFORMANCE

Economic performance is very important to a company's stakeholders particularly its investors or owners, because this performance eventually provides them with a return on their investment. Other stakeholders, like the firm's employees and the society at large, are also deemed to benefit from such performance, albeit less directly.

The Group acquired 3C Marina Park Sdn Bhd ("3CMP") in August 2016, with the intention to develop the Land into a mixed use development consisting of SOHOs, serviced apartments, condominium, office lots, office tower, hotel, street front retail and activity retail, a mixed development with predominantly residential components and complemented with retail and commercial components.

As at 31 December 2019, the Group has an outstanding bank borrowings of approximately RM151.77 million (S\$49.96 million) on the Land ("Loan"), of which approximately RM39.96 million (S\$13.15 million) is due in 2020 and cash in hand of approximately S\$5.70 million.

The Board is of the view that the regulatory restrictions and adverse market conditions will persist, and that it will not be commercially viable for the Group to proceed with the development of the Land in the foreseeable future. Nonetheless, the Loan remains outstanding, and the Board has considered the option of raising additional funding to finance the repayment of the Loan, or to dispose the Land to improve the Group's financial position.

On 23 January 2020, 3CMP has launched a public tender for the proposed sale of the Land at a reserve price of RM265 million (the "Public Tender"). In the event the offers received match or exceed the reserve price and terms required by the Group, it is the intention of the Group to proceed with the disposal. The Public Tender closed on 12 March 2020 and no offers were received for the Land.

Due to the Group's limited existing cash resources, 3CMP has entered into a loan agreement with the substantial shareholders of the Company ("Lender") on 19 March 2020 ("Loan Agreement"). Under the Loan Agreement, the Lender had agreed to grant to 3CMP a non-interest bearing loan of a principal sum of up to S\$16,800,000 in order for it to meet its banking commitments and working capital.

Performance in FY2019: The Group has recorded net loss after tax of S\$38.50 million and a net decrease in cash and cash equivalents of S\$17.28 million. Cash and cash equivalents are mainly used in repayment of bank borrowings and payment of interest expense of S\$13.16 million and S\$2.73 million respectively.

Target: To raise funds to meet the loan obligations. At the same time, the Group will pursue and explore new business opportunities as and when they arise.

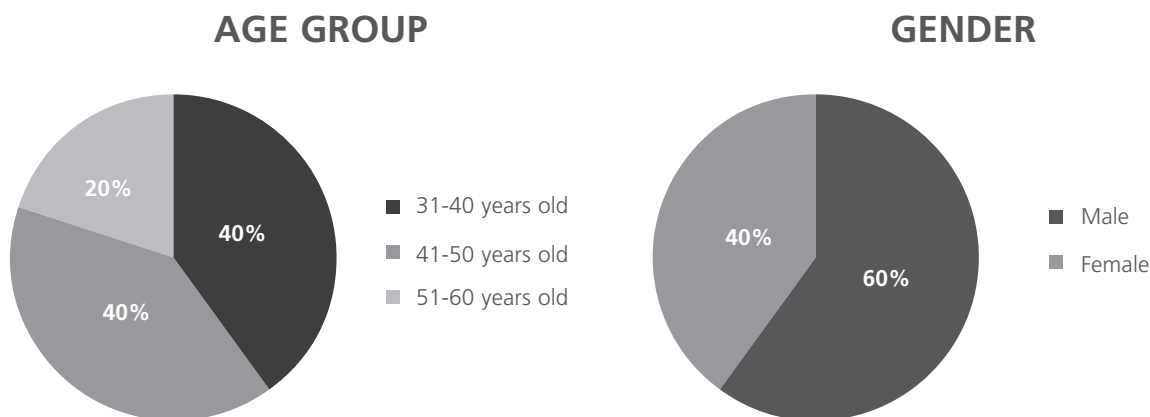
For detailed information, please refer to the financial statements section of this Annual Report.

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EMPLOYMENT

The Group is also committed to carry out its social responsibility at the workplace for employees, and recognise that it is important to provide a safe and conducive working environment for employees. In addition, employees are employed under fair and equitable terms. Furthermore, employees are also given equal opportunities with regard to their career advancement.

Employee information of the Group as at 31 December 2019:



We treat all employees fairly, with respect and dignity, regardless of nationality, gender, age, race or religion. The hiring procedures are fair and non-discriminative. Staff are hired on the basis of merit, skills, experience or competency to perform the job.

The Group ensures compliance with labour and employment laws, including working hours and believes in good work-life balance for our employees.

- Code of Work Ethics

All employees are expected to uphold and ensure that they do not engage in any interest that conflicts with any of the Company's businesses. The code of work ethics is published in our Company's Employee Handbook.

Performance in FY2019: There were no occupational injuries that occurred and zero incident of non-compliance with labour and employment law.

Target: To cultivate a transparent and inclusive environment to attract and retain talent while ensuring a top-down approach to promote fair and ethical business dealings. The Group will also committed in compliance with labour and employment laws and safeguarding our employees' health and safety against any potential workplace hazards.

GOOD GOVERNANCE AND REGULATORY

The Group strives to comply with the best practices of good governance, guided by the Singapore's Code of Corporate Governance 2018 (the "Code"), throughout its operations to safeguard the interests of all stakeholders. The Group recognises that good corporate governance processes are essential for enhancing corporate sustainability. Please refer to Report on Corporate Governance of this Annual Report for our corporate governance practices.

Performance in FY2019: There were zero incident of non-compliance with regulatory requirements.

Target: To ensure no incident of non-compliance with the relevant laws and regulations corruption, bribery, extortion, fraud and money laundering resulting in internal disciplinary action or public allegations.