

ENECO ENERGY LIMITED
(Company registration number 200301668R)
(Incorporated in the Republic of Singapore)

PROPOSED PLACEMENT OF (1) UP TO AN AGGREGATE OF 1,660,000,000 PLACEMENT SHARES AT AN ISSUE PRICE OF S\$0.009 PER PLACEMENT SHARE AND (2) UP TO 1,660,000,000 WARRANTS AT AN ISSUE PRICE OF S\$0.001 PER WARRANT ON THE BASIS OF ONE WARRANT FOR EACH PLACEMENT SHARE AT AN ISSUE PRICE OF S\$0.001 PER WARRANT, WITH EACH WARRANT CARRYING THE RIGHT TO SUBSCRIBE FOR ONE WARRANT SHARE AT AN EXERCISE PRICE OF S\$0.009 FOR EACH WARRANT SHARE

1. BACKGROUND

- 1.1 The board of directors (the “**Board**” or the “**Directors**”) of Eneco Energy Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) wishes to announce that the Company has on 25 March 2022 entered into a placement agreement (the “**Placement Agreement**”) with SAC Capital Private Limited (the “**Placement Agent**”, and together with the Company, the “**Parties**”), pursuant to which the Company is proposing to raise additional funds by issuing:
- (a) up to an aggregate of 1,660,000,000 new ordinary shares (the “**Placement Shares**”), such Placement Shares to be subscribed by placees to be procured by the Placement Agent on a best endeavours basis (“**Placees**”), at an issue price of S\$0.009 (the “**Placement Price**”) for each Placement Share (the “**Placement**”); and
 - (b) up to 1,660,000,000 detachable, transferrable and non-listed warrants (“**Warrants**”) at an issue price of S\$0.001 (the “**Warrant Issue Price**”) per Warrant, on the basis of one (1) Warrant for each Placement Share, with each Warrant carrying the right to subscribe for one (1) new ordinary share in the capital of the Company (each a “**Warrant Share**”) at an exercise price of S\$0.009 (the “**Warrant Exercise Price**”) for each Warrant Share (the “**Warrants Issue**”),
- (collectively, the “**Proposed Placement cum Warrants Issue**”).
- 1.2 The Placement Shares, the Warrants and the Warrant Shares will not be allotted and issued pursuant to the general mandate obtained from the shareholders of the Company (“**Shareholders**”) at the annual general meeting of the Company held on 28 April 2021. The Proposed Placement cum Warrants Issue is conditional upon, *inter alia*, approval from Shareholders at an extraordinary general meeting of the Company (“**EGM**”) to be convened. A circular will be despatched to Shareholders in due course for the purpose of seeking Shareholders’ approval for the Proposed Placement cum Warrants Issue (the “**Circular**”).
- 1.3 The Company will apply to the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) for the dealing in, listing of and quotation for the Placement Shares and Warrant Shares on the SGX-ST in accordance with section 2.5 below.
- 1.4 The Proposed Placement cum Warrants Issue is not underwritten and will be undertaken by way of an exempt offering in Singapore in accordance with Section 274 (institutional investors) and Section 275 (accredited investors and certain other persons) of the Securities and Futures Act 2001 (2020 Revised Edition) of Singapore (as amended from time to time) (the “**SFA**”). Accordingly, no prospectus or offer information statement will be issued by the Company in connection with the Proposed Placement cum Warrants Issue.

2. THE PROPOSED PLACEMENT CUM WARRANTS ISSUE

2.1 The Placement Price, Warrant Issue Price and Warrant Exercise Price

The Placement Price, Warrant Issue Price and Warrant Exercise Price were arrived at pursuant to discussions with the Placement Agent, taking into account, *inter alia*:

- (a) the fact that the Company's Shares (as defined below) have been voluntarily suspended from trading with effect from 9 March 2020 pursuant to Rule 1303(3) of the listing manual of the SGX-ST (the "**Listing Manual**");
- (b) there has been negative market sentiment and perception in relation to the Company's Shares since early 2020 after the Company had been placed on the watch-list by the SGX-ST with effect from 4 December 2019 following the announcement of the notice of 3 Consecutive Years' Losses by the Company on 14 June 2019;
- (c) market conditions are now not as bullish as back then in 2020;
- (d) the ongoing Russia-Ukraine war which has adversely impacted the global economy and investors' sentiments;
- (e) increase in fuel prices has a negative impact on the transportation sector which the Group operates in;
- (f) greater difficulties in securing labour for the logistics segment due to border movements restriction during the Covid pandemic; and
- (g) rising interest rates against inflation which have adversely impacted stock markets.

For the reasons set out above, each of the Placement Price and the Warrant Exercise Price represents a discount of approximately 66.0% to the volume-weighted average price of the Company's Shares of S\$0.0265 per Share on 28 February 2020, being the last market day when the Company's Shares were traded prior to the suspension of trading abovementioned.

The Warrant Issue Price and the Warrant Exercise Price, taken together, represent a discount of approximately 62.3% to the volume-weighted average price of the Company's Shares of S\$0.0265 per Share on 28 February 2020, being the last market day when the Company's Shares were traded prior to the suspension of trading abovementioned.

2.2 The Placement Shares

The existing total number of issued and paid up ordinary shares in the share capital of the Company ("**Shares**") as at the date of this announcement is 646,867,923 (the "**Existing Share Capital**"). Assuming that all of the 1,660,000,000 Placement Shares are issued on completion of the Placement, the Company's issued and paid-up share capital (excluding treasury shares) will increase to 2,306,867,923 Shares (the "**Post-Placement Share Capital**"). The Placement Shares represent approximately 256.6% of the Existing Share Capital and approximately 71.9% of the Post-Placement Share Capital.

The Placement Shares shall be issued free from all claims, pledges, mortgages, charges, liens and encumbrances and shall rank *pari passu* in all respects with the then existing issued Shares at the time of the issue except that the Placement Shares will not rank for any dividends, rights, allotments or other distributions, the record date for which falls on or before the date of the issue of the Placement Shares.

There is no moratorium imposed on the Placement Shares.

2.3 The Warrants and Warrant Shares

In addition to the Placement Shares, each Placee is entitled to subscribe for one (1) Warrant at the Warrant Issue Price for each Placement Share subscribed, with each Warrant carrying the right to subscribe for one (1) Warrant Share at the Warrant Exercise Price.

The issue of the Warrants to each of the Placees is subject to and shall be made in accordance with, *inter alia*, the following terms which shall be set out in a deed poll to be executed by the Company (the “**Deed Poll**”) for the purposes of constituting the Warrants:

- (a) **Exercise Period.** Subject to the terms and conditions governing the Warrants to be set out in the Deed Poll (the “**Warrant Terms and Conditions**”), each Warrant shall carry the right to subscribe for one (1) Warrant Share at the Warrant Exercise Price at any time during the period commencing on and including the date of issue of the Warrants and expiring at 5.00 p.m. on the date immediately preceding 36 months from the date of issue of the Warrants, unless such date is a date on which the register of members and the register of warrant holders of the Company is closed or is not a day on which the SGX-ST is open for securities trading (“**Market Day**”), in which event, the last day of the exercise period shall be the immediately preceding Market Day on which the register of members and the register of warrant holders of the Company remain open.
- (b) **Adjustments.** The Exercise Price and the number of Warrants would be subject to adjustment in accordance with the Warrant Terms and Conditions (as the same may from time to time be modified in accordance with the provisions set out in the Deed Poll). Any such adjustments shall (unless otherwise provided under the Listing Manual from time to time) be announced by the Company.
- (c) **Transferability.** The Warrants shall be transferable subject to and in accordance with the Warrant Terms and Conditions.
- (d) **Expiry.** The expiry of the Warrants will be announced by the Company, and the notice of the relevant expiration date will be sent to the relevant Placee not later than one (1) month before the relevant expiration date.
- (e) **Alterations.** For so long as the listing rules of the SGX-ST so require, no material alteration to the terms of the Warrants after the issue thereof to the advantage of the warrant holders shall be made unless first approved by the Shareholders in general meeting, and, if necessary, the SGX-ST.

Further details on the Warrants, including the Warrant Terms and Conditions, will be provided in the Circular.

Assuming that all of the 1,660,000,000 Placement Shares and 1,660,000,000 Warrants are issued on completion of the Proposed Placement cum Warrants Issue, and all the 1,660,000,000 Warrants are exercised in full, the Company’s issued and paid-up share capital (excluding treasury shares) will increase to 3,966,867,923 Shares (the “**Enlarged Share Capital**”). The Warrant Shares, assuming all the 1,660,000,000 Warrants are exercised in full, represent approximately 256.6% of the Existing Share Capital and approximately 41.8% of the Enlarged Share Capital.

The Warrants and the Warrant Shares shall be issued free from all claims, pledges, mortgages, charges, liens and encumbrances, and the Warrant Shares shall rank *pari passu* in all respects with the then existing issued Shares at the time of the issue except that the Warrant Shares will not rank for any dividends, rights, allotments or other distributions, the record date for which falls on or before the relevant date of issuance of the Warrant Shares.

2.4 Shareholders' approval for the Proposed Placement cum Warrants Issue

As previously stated in section 1.2 of this announcement, the Placement Shares, the Warrants and the Warrant Shares will not be allotted and issued pursuant to the general mandate obtained from Shareholders at the annual general meeting of the Company held on 28 April 2021. The Proposed Placement cum Warrants Issue is conditional upon, *inter alia*, approval from Shareholders at the EGM to be convened. A Circular will be despatched to Shareholders in due course for the purpose of seeking Shareholders' approval for the Proposed Placement cum Warrants Issue.

With regard to Rule 803 of the Listing Manual, the Company will also not undertake the Proposed Placement cum Warrants Issue so as to transfer a controlling interest in the Company unless Shareholders' approval has first been obtained at a general meeting.

2.5 Additional Listing Application

The Company will be making an application to the SGX-ST for the listing and quotation of the Placement Shares and the Warrant Shares on the SGX-ST and will make the necessary announcement upon receipt of the approval-in-principle for the listing and quotation notice of the Placement Shares and the Warrant Shares from the SGX-ST.

3. SALIENT TERMS OF THE PLACEMENT AGREEMENT

3.1 Placement obligations

In the event that the Placement Shares, the Warrants and the Warrant Shares in respect of which the Placement Agent has procured Placees are not paid for by such Placees on the completion date, the Parties agree that the Placement Agent shall not be obliged to subscribe for any Placement Shares, the Warrants and the Warrant Shares and that there shall be no recourse whatsoever to the Placement Agreement with respect to any such unplaced Placement Shares, the Warrants and the Warrant Shares.

Where necessary, the Placement Agent shall be at liberty to sub-place its placement obligations under the Placement Agreement on the same terms as those applicable to the Placement Agent pursuant to the Placement Agreement.

3.2 Completion

Subject to the terms and conditions of the Placement Agreement, completion of the Proposed Placement cum Warrants Issue ("**Completion**") shall take place on the date falling seven (7) market days after all the Conditions Precedent (as defined below) (other than any condition which is to be satisfied at Completion) have been satisfied or waived (as the case may be), or such other date as may be agreed between the Parties (the "**Completion Date**").

Against the delivery of the relevant documents by the Company for the purposes of Completion as required under the Placement Agreement, the Placement Agent will make payment to the Company of the aggregate Placement Monies, by way of valid banker's drafts or other forms of remittances for the full amount payable to the Company's account or a cheque or cashier's order drawn on a licensed bank in Singapore made in favour of the Company on the Completion Date. For the purposes of this section, "**Placement Monies**" means the aggregate of the Placement Price for all the Placement Shares and the Warrant Issue Price and Warrant Exercise Price for all the Warrants.

3.3 Conditions

The obligations of the Parties under the Placement Agreement are conditional upon the performance by the Company of its obligations under the Placement Agreement and also upon certain conditions (the "**Conditions Precedent**") being fulfilled as at the Completion Date, including but not limited to the following:

- (a) approval from the SGX-ST for the lifting of the Company's voluntary suspension and resumption for trading in the Company's securities in accordance with Rule 1304 of the Listing Manual upon the fulfilment of the conditions specified by the SGX-ST and as stated in the Company's announcement on 9 January 2022;
- (b) in-principle approval from the SGX-ST for the listing and quotation of the Placement Shares and Warrant Shares on the SGX-ST (the "**Listing Approval**") and not having been revoked or amended and, where such approval is subject to conditions, to the extent that any conditions for the listing and quotation of the Placement Shares and Warrant Shares on the SGX-ST are required to be fulfilled on or before Completion Date, they are so fulfilled to the satisfaction of the SGX-ST or waived by the SGX-ST;
- (c) the approval of Shareholders being obtained at the EGM for the Proposed Placement cum Warrants Issue;
- (d) as of the Completion Date, the trading of the issued Shares on the SGX-ST not being suspended by the SGX-ST (other than a trading halt on a temporary basis requested by the Company) and the issued Shares not having been delisted from the SGX-ST;
- (e) the exemption under Section 274 and 275 of the SFA being applicable to the Proposed Placement cum Warrants Issue under the Placement Agreement;
- (f) the allotment, issue and subscription of the Placement Shares, the Warrants and the Warrant Shares not being prohibited by any statute, order, rule, regulation or directive promulgated or issued after the date of the Placement Agreement by any legislative, executive or regulatory body or authority of Singapore or any other jurisdiction, which is applicable to the Company or the Placement Agent;
- (g) there not having occurred, in the reasonable opinion of the Placement Agent, any circumstance, event or situation which is or are likely to have a Material Adverse Effect, subsequent to the date of the Placement Agreement which, in the opinion of the Placement Agent, is or is reasonably likely to be materially adverse in the context of the Proposed Placement cum Warrants Issue or is reasonably likely to prejudice materially the success of the Proposed Placement cum Warrants Issue or dealings in the Placement Shares, the Warrants and the Warrant Shares in the secondary market; and
- (h) the representations, warranties and undertakings in the Placement Agreement remaining true and correct in all material respects as at the Completion Date and the Company having performed all of its obligations under the Placement Agreement to be performed on or before the Completion Date.

For the purposes of this section, "**Material Adverse Effect**" means any material adverse effect on (i) the financial condition, prospects, earnings, business, properties, assets or results of operations of the Group taken as a whole whether or not arising from transactions in the ordinary course of business or (ii) the ability of the Company to perform in any material respect its obligations under the Placement Agreement.

The Placement Agent may, and upon such terms as it thinks fit, waive compliance with any of the Conditions Precedent and any condition so waived shall be deemed to have been satisfied provided always that any such waiver as aforesaid shall be without prejudice to its right to elect to treat any further or other breach, failure or event as releasing and discharging it from its obligations under the Placement Agreement.

If any of the Conditions Precedent has not been satisfied on or before the date falling sixteen (16) weeks after the date of the Placement Agreement or such other date as the Parties may mutually agree (the "**Cut-Off Date**"), the Placement Agreement shall terminate and shall be of no further effect and no Party to the Placement Agreement shall be under any liability to the

other in respect of the Placement Agreement save that the Company shall, if applicable, remain liable for indemnities and the reimbursement of costs and expenses reasonably incurred by the Placement Agent in respect of the placement of the Placement Shares, the Warrants and the Warrant Shares up to the date of such termination under the Placement Agreement.

3.4 Placement commission

In consideration of the agreement of the Placement Agent to procure Placees on a best endeavours basis for the Placement Shares, the Warrants and the Warrant Shares, the Company shall pay to the Placement Agent, a placement commission of:

- (a) 5.0% of the Placement Price for each Placement Share for which the Placement Agent has procured (and if applicable, goods and services tax thereon); and
- (b) 5.0% of the Warrant Issue Price for each Warrant for which the Placement Agent has procured (and if applicable, goods and services tax thereon),

according to the relevant number of Placement Shares and Warrants issued through the Placement Agent to Placees procured by the Placement Agent pursuant to the Placement Agreement (the "**Placement Commission**").

4. FINANCIAL EFFECTS OF THE PROPOSED PLACEMENT CUM WARRANTS ISSUE

The pro forma financial effects of the Proposed Placement cum Warrants Issue, based on the unaudited condensed interim financial statements of the Group for the financial year ended 31 December 2021 ("**FY2021**"), are set out below. The pro forma financial effects are presented for illustrative purposes only and do not necessarily reflect the actual results and financial performance and position of the Group after the Proposed Placement cum Warrants Issue. No representation is made as to the actual financial position and/or results of the Company or the Group after completion of the Proposed Placement cum Warrants Issue.

The pro forma financial effects of the Proposed Placement cum Warrants Issue on the Group have been computed based on the latest unaudited condensed interim financial statements of the Group for the FY2021 and the following bases and assumptions:

- (a) the expenses incurred in the Proposed Placement cum Warrants Issue is disregarded for the purposes of calculating the financial effects;
- (b) the financial effect on the consolidated net tangible assets ("**NTA**") per Share of the Group is computed based on the assumption that the Proposed Placement cum Warrants Issue was completed on 31 December 2021; and
- (c) the financial effect on the consolidated earnings per Share ("**EPS**") of the Group is computed based on the assumption that the Proposed Placement cum Warrants Issue was completed on 1 January 2021 and no interest income has accrued on the proceeds received from the Proposed Placement cum Warrants Issue during the year.

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4.1 **NTA per Share**

	Before the Proposed Placement cum Warrants Issue	After the Placement (assuming all 1,660,000,000 Placement Shares are allotted and issued) but before exercise of the Warrants	After the Placement (assuming all 1,660,000,000 Placement Shares are allotted and issued) and the full exercise of the 1,660,000,000 Warrants
Consolidated NTA attributable to the Shareholders of the Company (S\$'000)	1,934	18,534	33,474
Number of issued Shares (excluding treasury shares)	646,867,923	2,306,867,923	3,966,867,923
Net tangible assets per Share (Singapore cents)	0.30	0.80	0.84

4.2 **EPS**

	Before the Proposed Placement cum Warrants Issue	After the Placement (assuming all 1,660,000,000 Placement Shares are allotted and issued) but before exercise of the Warrants	After the Placement (assuming all 1,660,000,000 Placement Shares are allotted and issued) and the full exercise of the 1,660,000,000 Warrants
Net profit attributable to shareholders after tax (S\$'000)	1,562	1,562	1,562
Number of issued Shares (excluding treasury shares)	646,867,923	2,306,867,923	3,966,867,923
Profit per Share (Singapore cents)	0.24	0.07	0.04

5. RATIONALE AND USE OF PROCEEDS

The Company has decided to undertake the Proposed Placement cum Warrants Issue in order to further strengthen the Group's balance sheet and improve its financial health by increasing resources available to the Company for its operational needs and reducing the Group's dependence on debt financing. The Directors are of the view that the Proposed Placement cum Warrants Issue is beneficial to the Group as it will support future business expansion and growth of the Group.

The estimated net proceeds from the Proposed Placement cum Warrants Issue, after deducting estimated fees and expenses (including listing and application fees, the Placement Commission payable to the Placement Agent, professional fees and other miscellaneous expenses of approximately S\$900,000 is approximately S\$15.7 million ("**Net Proceeds (Placement)**").

The Company intends to use the Net Proceeds (Placement) in the following estimated proportions:

Use of Net Proceeds (Placement)	Percentage Allocation (%)
(i) For repayment of loans	15
(ii) For the growth, development and expansion of the existing businesses of the Group as well as the exploration of new business opportunities	72
(iii) For working capital needs of the Group (including expenses relating to professional services and administration)	13
Total	100

The Group does not have specific plans for the allocation or utilisation of the Net Proceeds (Placement) for working capital requirements as yet but in view of the ongoing COVID-19 pandemic and the resulting market uncertainty, the Company wishes to take a cautious approach and retain the Net Proceeds (Placement) as a buffer for any potential working capital needs that may arise in the course of its business operations.

Pending the use of the Net Proceeds (Placement) from the Proposed Placement cum Warrants Issue as outlined above, the net proceeds may be deposited in financial institutions or be used for working capital or any other purpose on a short-term basis.

The Company will make periodic announcements as and when the Net Proceeds (Placement) are materially disbursed and whether the disbursements are in accordance with the use of proceeds as stated in this announcement.

The Company will also provide a status report on the use of such Net Proceeds (Placement) in the Company's annual report. Where there is any material deviation from the stated use of proceeds, the Company will announce the reasons for such deviation. Where the Net Proceeds (Placement) are used for working capital purposes, the Company will provide a breakdown with specific details on how the Net Proceeds (Placement) have been applied in the Company's announcements and annual report.

6. CONFIRMATIONS BY THE PLACEMENT AGENT

The Placement Agent has confirmed that:

- (a) the Placement Commission payable by the Company to the Placement Agent for the Proposed Placement cum Warrants Issue will not be shared with any person to whom the Placement Shares and Warrants are placed;
- (b) the Placement Agent has obtained or will obtain (as the case may be) confirmations from the Placees of the Placement Shares and Warrants that they are not acting in concert (as defined under The Singapore Code on Take-overs and Mergers) with any other party in the acquisition of shares and warrants in the Company;
- (c) the Placement Shares and the Warrants will not be placed to any person who is a Director or substantial shareholder of the Company, an interested person as defined in Chapter 9 of the Listing Manual or any other person in the categories set out in Rule 812(1) of the Listing Manual;

- (d) the Placement Agent will ensure that the Company will comply with Rule 803 of the Listing Manual and the Proposed Placement cum Warrants Issue will not result in a transfer of controlling interest of the Company under Rule 803 of the Listing Manual; and
- (e) there are no share borrowing arrangements entered into for the proposed Placement cum Warrants Issue.

7. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

None of the Directors or substantial Shareholders of the Company has any interest, direct or indirect, in the Proposed Placement cum Warrants Issue, save for their interests (if any) by way of their shareholdings and/or directorships, as the case may be, in the Company.

8. CIRCULAR TO SHAREHOLDERS

The Company will be seeking specific Shareholders' approval for the Proposed Placement cum Warrants Issue at the EGM and further details of the Proposed Placement cum Warrants Issue will be provided in the Circular which will be despatched to Shareholders in due course.

9. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this announcement and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this announcement constitutes full and true disclosure of all material facts about the Proposed Placement cum Warrants Issue, the Placement Agreement, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this announcement misleading. Where information in this announcement has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this announcement in its proper form and context.

10. CAUTIONARY STATEMENT

Shareholders are advised to exercise caution in trading their Shares. Shareholders should also note that the Proposed Placement cum Warrants Issue remains subject to, *inter alia*, the fulfilment of the Conditions Precedent under the Placement Agreement. There is no certainty or assurance as at the date of this announcement that the Conditions Precedent will be fulfilled or that the Proposed Placement cum Warrants Issue will be completed or that no changes will be made to the terms thereof. Shareholders are advised to read this announcement and any further announcements by the Company carefully. Shareholders should consult their stockbrokers, bank managers, solicitors or other professional advisers if they have any doubt about the actions they should take.

11. FURTHER ANNOUNCEMENTS

The Company will make the appropriate announcements as and when there are material developments on the Proposed Placement cum Warrants Issue.

12. DOCUMENTS FOR INSPECTION

Copies of the Placement Agreement will be available for inspection during normal business hours for a period of three (3) months commencing from the date of this announcement at the registered office of the Company at 300 Tampines Avenue 5, #05-02, Singapore 529653.

Due to the mandatory safe distancing measures issued by the Singapore Ministry of Health in relation to the COVID-19 outbreak, physical inspection of the documents may be restricted.

Please write in to mabel.low@enecoenergy.com prior to making any visits to arrange for a suitable time slot for the inspection.

By Order of the Board
Eneco Energy Limited

Gwee Chee Kiang
Chief Executive Officer
25 March 2022