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UNION STEEL HOLDINGS LIMITED

友联钢铁控股有限公司

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GST Reg. No: 20-0410181W

(Company Registration No. 200410181W)
(Incorporated in the Republic of Singapore)

ACQUISITION OF WARRANTS IN ENECO ENERGY LIMITED

1. INTRODUCTION

1.1. The board of directors (the “**Board**” or the “**Directors**”) of Union Steel Holdings Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) refers to the announcement dated 22 November 2024 (the “**Previous Announcement**”)¹ in relation to the acquisition of shares in Eneco Energy Limited (“**Eneco Energy**”) (the “**Shares Acquisition**”). The Company had disclosed that SAC Capital Private Limited (“**SAC**”) was engaged to explore further investment opportunities in Eneco Energy.

2. ACQUISITION OF WARRANTS

2.1. In relation to the above, the Board wishes to announce that, on 23 December 2024, the Company has acquired 680,000,000 Warrants² in Eneco Energy (the “**Sale Warrants**”) for an aggregate purchase consideration of S\$3,400,000 (equivalent to S\$0.005 for each Sale Warrant) (the “**Warrants Acquisition**”).

2.2. Each Sale Warrant carries the right to subscribe for one (1) new ordinary share in Eneco Energy (each, a “**Warrant Share**”) at an exercise price of S\$0.009 per Warrant Share and the Warrants have an expiry date of 31 August 2025. For further details on the Warrants, please refer to the circular issued by Eneco Energy dated 4 August 2022³ (the “**Eneco Warrants Circular**”).

2.3. The Sale Warrants represent:

- (a) approximately 41.0% of the total number of Warrants;
- (b) approximately 22.7% of the total enlarged share capital of Eneco Energy of 2,992,860,188 shares, assuming the allotment and issue of 680,000,000 Warrant Shares upon the exercise of all of the Sale Warrants (the “**Sale Warrants Enlarged Share Capital**”); and
- (c) approximately 17.1% of the total enlarged share capital of Eneco Energy of 3,970,860,188 shares, assuming the allotment and issue of 1,658,000,000 Warrant Shares upon the exercise of all of the Warrants (the “**Warrants Enlarged Share Capital**”).

¹ The Previous Announcement can be found at <https://links.sgx.com/FileOpen/Union%20Steel%20-%20Share%20Acquisition%20Announcement.ashx?App=Announcement&FileID=826139>.

² The 1,658,000,000 outstanding detachable, transferrable and non-listed warrants issued by Eneco Energy on 1 September 2022.

³ The Eneco Warrants Circular can be found at <https://links.sgx.com/FileOpen/EEL%20-%20Circular.ashx?App=Announcement&FileID=726047>.

- 2.4. SAC was the placement advisor to the Company and had procured the sellers of the Sale Warrants and facilitated the Warrants Acquisition between the Company and the relevant sellers of the Sale Warrants.
- 2.5. The Warrants Acquisition constitutes as a “discloseable transaction” under Chapter 10 of the Listing Manual of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) (the “**Listing Manual**”). Please refer to paragraph 7 (*Listing Rule 1006 figures for the Warrants Acquisition*) for further details on the relative figures in respect of the Warrants Acquisition computed on the bases set out in Rule 1006 of the Listing Manual.

3. INFORMATION ON ENECO ENERGY

- 3.1. Eneco Energy is a company incorporated in Singapore on 26 February 2003 and has been listed on the Mainboard of the SGX-ST since 6 May 2004. It is the holding company of RichLand Logistics Services in Singapore. Eneco Energy and its subsidiaries (the “**Eneco Energy Group Companies**”, each an “**Eneco Energy Group Company**”) have been in the logistics services sector since 1992 under the brand of RichLand Logistics.
- 3.2. RichLand Logistics is a logistics solutions provider, providing end-to-end logistics service customised to the clients’ requirements. It has experience and market presence in Singapore and provides supply chain services including inbound and outbound transportation activities, distribution management, seaport and airport cargo handling services.
- 3.3. Eneco Energy has been on the Watch-List of the SGX-ST since 4 December 2019 (following the release of the Notice of 3 Consecutive Years’ Losses on 14 June 2019) and was to fulfil the requirements under Rule 1314 of the Listing Manual for its removal from the Watch-List of the SGX-ST within 36 months from 4 December 2019 (being 4 December 2022) (the “**Deadline**”). Pursuant to extensions obtained from the SGX-ST, the Deadline was extended to 1 December 2025⁴.

4. RATIONALE FOR AND BENEFITS OF THE WARRANTS ACQUISITION

Please refer to paragraph 3 of the Previous Announcement on the Shares Acquisition. As disclosed thereto, the Board believes that an investment into Eneco Energy is aligned with the Group’s business strategy and will be beneficial to the Company and its shareholders. It is the intention for the Group to tap into the supply chain logistics provided by Eneco Energy, and work together to explore potential cross-selling and cost mutualisation opportunities.

Through the Warrants Acquisition, the Company gains the option to secure up to an additional 17.1% interest in the Warrants Enlarged Share Capital upon the exercise of the Sale Warrants. This provides the Group with the flexibility of increasing its interest in Eneco Energy at an opportune time and allow for greater participation in anticipated value appreciation of Eneco Energy.

Subject to the consideration outlined below, in the event that Union Steel exercises all of the Sale Warrants, it will hold an aggregate of 45.4% of the Sale Warrants Enlarged Share Capital (in the event that no other Warrants are exercised) or 34.2% of the Warrants Enlarged Share Capital (in the event that all other Warrants are exercised).

Notwithstanding, the Company notes that any exercise of the Sale Warrants (resulting in the allotment and issue of new shares of Eneco Energy) may lead it to incur an obligation to make a mandatory general offer for all of the shares of Eneco Energy under Rule 14 of the Singapore Code on Take-overs and Mergers and will take this into consideration prior to any exercise of the Sale Warrants.

⁴ On 29 November 2024, Eneco Energy announced that it had received a letter from the SGX-ST stating that it had no objections to granting the extension of time to 1 December 2025.

Accordingly, subject to the above, the Board is of the opinion that the Warrants Acquisition is aligned with the Group's business strategy and will be beneficial to the Company and its shareholders.

5. CONSIDERATION

The consideration for the acquisition of the Sale Warrants is the amount of S\$3,400,000, equivalent to S\$0.005 for each Sale Warrant.

The consideration was arrived at after arm's length negotiations between the Company and the Sellers on a willing-buyer and willing-seller basis, taking into account:

- (a) a book value of approximately S\$4.5 million attributable to the Sale Warrants (on the assumption of the full exercise of the Sale Warrants and being allotted and issued Warrant Shares constituting a shareholding interest of 22.7% in the Sale Warrants Enlarged Share Capital of Eneco Energy), based on the latest announced consolidated unaudited financial statements of Eneco Energy Group Companies for the financial period ended 30 June 2024; and
- (b) the trading activity of the shares of Eneco Energy, including but not limited to the share prices transacted as well as the volume weighted average price of the shares of Eneco Energy for the last one (1) month prior to the completion of the Warrants Acquisition.

6. SOURCE OF FUNDS

The consideration for the Warrants Acquisition will be fully funded by internal cash resources of the Company.

7. LISTING RULE 1006 FIGURES FOR THE WARRANTS ACQUISITION

- 7.1. The relative figures are based on the latest available financial statements, being the audited financial statements of the Group for the full year ended 30 June 2024 ("FY2024"). The table below takes into account Rule 1005 of the Listing Manual and presents the (a) relative figures of Shares Acquisition; (b) relative figures of Warrants Acquisition; and (c) aggregated relative figures for the Shares Acquisition and Warrants Acquisition, for the purpose of computing the bases set out in Rule 1006 of the Listing Manual.

Rule 1006	Bases of calculation	Relative figure for the Shares Acquisition (completed on 22 November 2024)	Relative figure for the Warrants Acquisition	Aggregated relative figures for the Shares Acquisition and the Warrants Acquisition
(a)	Net asset value of the assets to be disposed of or aggregate value of the financial assistance given, compared with the Group's net asset value. This basis is not applicable to an acquisition of assets.	N.A. ⁽¹⁾	N.A. ⁽¹⁾	N.A. ⁽¹⁾
(b)	Net losses attributable to the assets acquired or disposed of, compared with the Group's net profits.	-1.92% ⁽²⁾	-1.49% ⁽⁷⁾	-3.41% ⁽⁹⁾

Rule 1006	Bases of calculation	Relative figure for the Shares Acquisition (completed on 22 November 2024)	Relative figure for the Warrants Acquisition	Aggregated relative figures for the Shares Acquisition and the Warrants Acquisition
(c)	Aggregate value of the consideration given or aggregate value of the financial assistance given, compared with the Company's market capitalisation based on the total number of issued shares excluding treasury shares ⁽³⁾ .	9.89% ⁽⁴⁾	6.42% ⁽⁸⁾	16.31% ⁽¹⁰⁾
(d)	The number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue.	N.A. ⁽⁵⁾	N.A. ⁽⁵⁾	N.A. ⁽⁵⁾
(e)	The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the group's proved and probable reserves. This basis is applicable to a disposal of mineral, oil or gas assets by a mineral, oil and gas company, but not to an acquisition of such assets	N.A. ⁽⁶⁾	N.A. ⁽⁶⁾	N.A. ⁽⁶⁾

Notes:

- (1) Not applicable as neither the Shares Acquisition nor the Warrants Acquisition is a disposal and there is no provision of financial assistance.
- (2) Computed based on the (a) total amount of net loss attributable to the owners of Eneco Energy attributable to the Sale Shares⁵ (being 29.40% of the total ordinary share capital of Eneco Energy) amounting to approximately S\$244,000 (the "**Sale Shares Attributable Net Loss**"), which included approximately S\$125,000 for the second half year period ended 31 December 2023 and approximately S\$119,000 for the first half year period ended 30 June 2024; and (b) net profit attributable to the owners of the Company for FY2024 amounting to approximately S\$12.7 million.
- (3) Based on the market capitalisation of the Company:
- (a) in relation to the Shares Acquisition, of approximately S\$75.6 million, which is computed based on 118,134,300 shares (in issue and the weighted average price of S\$0.64), as at 15 November 2024 being the last full market day prior to the completion of the Shares Acquisition when the shares of the Company were traded; and
- (b) in relation to the Warrants Acquisition, of approximately S\$66.7 million, which is computed based on 118,134,300 shares (in issue and the weighted average price of S\$0.565), as at 18 December 2024 being the last full market day prior to the completion of the Warrants Acquisition when the shares of the Company were traded.

⁵ As disclosed in the Previous Announcement, Sale Shares refer to the 680,000,000 shares representing approximately 29.40 per cent. of the total ordinary share capital of Eneco Energy.

- (4) Computed based on the consideration amounting to S\$7,480,000 for the Sale Shares.
- (5) Not applicable as no equity securities will be issued by the Company for the Shares Acquisition or the Warrants Acquisition.
- (6) Not applicable as neither the Shares Acquisition nor the Warrants Acquisition is of mineral, oil or gas assets by a mineral, oil and gas company.
- (7) Computed based on the (a) total amount of net loss attributable to the owners of Eneco Energy attributable to the Sale Warrants (being 22.7% in the Sale Warrants Enlarged Share Capital of Eneco Energy) amounting to approximately S\$189,000 (the “**Sale Warrants Attributable Net Loss**”), which included approximately S\$97,000 for the second half year period ended 31 December 2023 and approximately S\$92,000 for the first half year period ended 30 June 2024; and (b) net profit attributable to the owners of the Company for FY2024 amounting to approximately S\$12.7 million.
- (8) Computed based on the consideration amounting to S\$3,400,000 for the Sale Warrants.
- (9) Computed based on the (a) total net loss attributable to the owners of Eneco Energy attributable to the Sale Shares and the Sale Warrants amounting to approximately S\$433,000 (comprising the Sale Shares Attributable Net Loss and the Sale Warrants Attributable Net Loss); and (b) net profit attributable to the owners of the Company for FY2024 amounting to approximately S\$12.7 million.
- (10) Computed based on the total consideration amounting to S\$10,880,000 (comprising S\$7,480,000 for the Sale Shares and \$3,400,000 for the Sale Warrants).

Rule 1007(1) of the Listing Manual states, among others, that if any of the relative figures computed pursuant to Rule 1006 involves a negative figure, Chapter 10 (specifically Practice Note 10A) may still be applicable to the transaction in accordance with the applicable circumstances.

Having considered paragraph 4.4(a) of Practice Note 10A of the Listing Manual, as the relative figures computed under Rules 1006(c) and 1006(d) do not exceed 20.0%, and the net loss attributable to the Sale Warrants and the Sale Shares (as defined in the Previous Announcement) does not exceed 5.0% of the Group’s consolidated net profit for FY2024, the Warrants Acquisition is considered a “Discloseable Transaction”.

8. PRO FORMA FINANCIAL EFFECTS OF THE WARRANTS ACQUISITION

- 8.1. The *pro forma* financial effects of the Warrants Acquisition on the Company’s share capital and the Group’s net tangible assets (“**NTA**”) per share and earnings per share (“**EPS**”) as set out below are strictly for illustrative purposes and are not indicative of the actual financial position and results of the Group following the Warrants Acquisition.

The pro forma financial effects have been prepared based on the latest audited financial results of the Group for the FY2024, on the following bases and assumptions:

- (a) that the Warrants Acquisition had been completed on 30 June 2024 respectively for the purposes of illustrating the financial effects on the NTA;
- (b) that the Warrants Acquisition had been completed on 1 July 2023 respectively for the purposes of illustrating the financial effects on the EPS;
- (c) the issued and paid up share capital of the Company as at the date of this announcement comprising 118,134,300 ordinary shares; and
- (d) the computation does not take into account any expenses that may be incurred in relation to the Warrants Acquisition.

8.2. NTA per Share

Assuming that the Warrants Acquisition was completed on 30 June 2024, the pro forma financial effects on the Group's NTA per Share would be as follows:

	Before the Warrants Acquisition	After the Warrants Acquisition
NTA of the Company (S\$'000)	80,272	80,272
Number of issued ordinary shares in the capital of the Company	118,134,300	118,134,300
NTA per share (Singapore cents)	67.95	67.95

8.3. EPS

Assuming that the Warrants Acquisition was completed on 1 July 2023, the pro forma financial effects on the Group's EPS would be as follows:

	Before the Warrants Acquisition	After the Warrants Acquisition
Earnings attributable to the owners of the Company (S\$'000)	12,729	12,540
Number of issued ordinary shares in the capital of the Company	118,134,300	118,134,300
EPS (Singapore cents)	10.78	10.62

9. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

Save as disclosed in this announcement, none of the Directors, controlling shareholders or their associates have any interest, direct or indirect, in the Warrants Acquisition (other than through their respective interests arising by way of their directorships and/or shareholdings in the Company).

10. DIRECTORS' SERVICE CONTRACTS

No person is proposed to be appointed as a Director of the Company in connection with the Warrants Acquisition and accordingly, no service contracts in relation thereto will be entered into by the Company.

11. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors (including any who may have delegated detailed supervision of this announcement) have taken all reasonable care to ensure that the facts stated and all opinions expressed in this announcement are fair and accurate and, where appropriate, no material facts have been omitted, the omission of which would make any statement in this announcement misleading and they hereby collectively and individually accept full responsibility.

Where any information in this announcement has been extracted or reproduced from published or otherwise publicly available sources, the sole responsibility of the Directors has been to ensure through reasonable enquiries that such information has been accurately and correctly extracted from those sources and/or reproduced in this announcement in its proper form and context.

12. CAUTIONARY STATEMENT

Shareholders, securityholders and investors are advised to read this announcement and any past and future announcements by the Company carefully when dealing with the shares and securities of the Company. Shareholders, securityholders, and investors should consult their stockbrokers, bank managers, solicitors or other professional advisors if they have any doubt about the actions they should take or when dealing with their shares or securities of the Company.

BY ORDER OF THE BOARD

Ang Yu Seng
Executive Chairman and Chief Executive Officer
23 December 2024