ENECO ENERGY LIMITED
(Company Registration No. 200301668R)
(Incorporated in the Republic of Singapore)

ENTRY INTO A CONDITIONAL SHARES SALE AND PURCHASE AGREEMENT IN RELATION TO THE PROPOSED DISPOSAL OF PT RICHLAND INDONESIA

1. INTRODUCTION

The Board of Directors (the "**Board**") of ENECO ENERGY LIMITED (the "**Company**") wishes to inform shareholders that the Company's wholly owned subsidiaries, RICHLAND GLOBAL PTE LTD (UEN 200305949K) ("**RGL**") and RICHLAND LOGISTICS SERVICES PTE LTD (UEN 199500443D) ("**RLS**", together with RGL, the "**Vendors**"), have on 31 December, 2022, entered into a Conditional Shares Sale and Purchase Agreement ("**CSPA**") with PT. KALIBRI LOGISTIK INDONESIA (Business Registration No. 60.800.336.4-022.000) ("KLI"), a company incorporated in Indonesia and Mr Choki Agustian ("CA", together with KLI, the "**Purchasers**") whereby the Vendors agreed to sell and the Purchasers agreed to purchase 1,041,765 shares (the "**Sale Shares**") in PT RICHLAND INDONESIA (Business Registration No. 9120-11516-2218) (the "**Target**"), a company incorporated in Indonesia representing 100% of the entire issued and paid-up share capital of the Target, as at the date of the CSPA on the terms and conditions of the CSPA ("**Proposed Disposal**"). The Vendors and the Purchasers are together referred to as "**Parties**" and each a "**Party**".

In this announcement, "US$" refers to the lawful currency of the United States of America and "IDR" refers to the lawful currency of Indonesia.

2. INFORMATION ON THE TARGET AND THE PURCHASERS

2.1 Information on the Target

(a) As at the date of the CSPA, the Target has an issued and paid-up capital comprising 1,041,765 ordinary shares and is owned by the Vendors as follows:

RGL 1,031,999 shares (99%)
RLS 9,766 shares (1%)

Therefore, the Target is a wholly owned subsidiary of the Company.

(b) The Target is an investment holding company and is the holder of 333,200 fully paid-up shares of **PT RICHLAND LOGISTICS INDONESIA** (Business Registration No.: 9120-50110-2323) ("**RLI**"), a company incorporated in Indonesia, representing 49% of the total issued shares and paid-up share capital of RLI. The remaining shares of RLI are held by the following:

No.	Name	No. of shares (%)
1.	PT Satria Suria Makmur Jaya (Business registration No. 1282000330837) ("Satria")	224,400 shares (33%);
2.	Asterial Holdings Ltd (Company registration No. 2051546) ("Asterial")	122,400 shares (18%)

(c) The shares in RLI held by Satria and Asterial are pledged by Satria and Asterial to RGL to secure a loan of IDR 22.4 billion granted by RGL to Satria and another loan of IDR 12.2 billion granted by RGL to Asterial.

(d) RLI carries on the business of providing logistics and transport services and the import, export and distribution of merchandise in Indonesia ("**Business**").

2.2 **Information on the Purchasers**

The information presented herein relating to information on the Purchasers is based on information provided by the Purchasers. The Company's responsibility is limited to ensuring that such information has been accurately and correctly extracted and reproduced in this announcement in its proper form and context.

(a) KLI is a company incorporated in Indonesia and its principal business is in logistics which includes land, air and sea transportation services and packaging. The controlling shareholders of KLI will be Mr Eko Yani Suminto (**"Mr. Eko"**), Head of Human Resources of RLI and Mr Apep Bambang Febrian S (**"Mr. Apep"**), Chief Operating Officer of RLI. Mr. Eko and Mr. Apep will also be the commissioner and a director of KLI respectively. Mr. Christopher Andrew Demetriou ("**Mr. Demetriou**")**,** will be the President Director of KLI. Mr. Demetriou is also a director of the Target and RLI and leads the RLI management team in Indonesia. KLI is therefore fully aware of and has actual knowledge of the legal and financial condition and status as well as the assets, liabilities, policies, systems, operations, customers, contracts and generally the business affairs of the Target and RLI (collectively, the "**Target Group**") and the Business.

(b) Mr. Choki Agustian is an Information Technology businessman and a citizen of the Republic of Indonesia who resides in Indonesia.

(c) Save as disclosed above, the Purchasers and KLI's directors and controlling shareholders are not related to the Group and any of the directors, CEO or controlling shareholders of the Company and their respective associates.

3. PRINCIPAL TERMS OF THE PROPOSED DISPOSAL

3.1 Conditions Precedent

Completion of the Proposed Disposal is conditional upon, the following being satisfied (collectively the "**Conditions Precedent**"):

(a) Signing of the CSPA. The CSPA has been duly signed by all Parties and/or their authorized representatives.

(b) No Injunction. On the Closing Date (as defined in paragraph 3.3), none of the Parties is subject to injunction or involved in any pending or threatened litigation, action or proceeding and there shall be no order of any competent jurisdiction that is in effect that restrains or prohibits the consummation of the transactions contemplated by the transaction documents; provided, however, that the Parties invoking this condition shall use their best efforts to have such order or circumstances vacated or denied.

(c) Accuracy of Representations and Warranties. The representations and warranties of each Party in the CSPA shall be true, correct, complete, accurate and not misleading in all material respects as of the Closing Date as if made on and as of such date.

(d) Resignation of Target's board members. The existing directors and commissioners of the Target which were nominated by the Vendors, respectively, have submitted a resignation letter to the Target, with effective resignation upon the Closing Date. All associated costs with the termination if any, will be settled and borne by the Vendors.

(e) Approvals. Consents, and Notices. Each Party and the Target has obtained, delivered, and/or completed all approvals, consents, notices, and made all necessary announcements related to the Proposed Disposal as may be required under the articles of association of each Party and the Target, applicable laws (including without limitation any pre-acquisition announcements in newspapers and to the Target's employees) and/or existing contractual arrangements with any third party (to which each of the Parties and/or the Target is a party), and all approvals have been obtained or duly made by each of the Parties and/or the Target (as relevant and applicable), including an approval by way of circular resolution in lieu of Target's General Meeting of Shareholders signed by the Vendors as existing shareholders of the Target approving (i) the Proposed Disposal; (ii) the resignation of the existing directors and commissioners of the Target nominated by the Vendors, and to give a full release and discharge to those directors and commissioners, to be effective on the Closing Date; (iii) change of Target's company type; and (iv) any Articles of Associations amendment as required regarding the above matters;

(f) Performance of the CSPA. The Parties shall have performed in all material respects all their respective obligations and complied in all material respects with all covenants and conditions, contained in the transaction documents, to be performed or complied with before or on the Closing Date.

(g) Changes to the KLI Deed. KLI updates and causes a change in shareholders and the composition of the Board of Directors and Commissioners of KLI before the Closing Date which shows that Eko Yani Suminto and Apep Bambang Febrian S, are controllers and part of KLI.

(h) RGL- Target Loan Conversion into Shares in the Target. RGL has provided a loan to the Target in the amount of IDR 24,257,267,299 ("**RGL-Target Loan**") which will be converted to 2,342,876 shares in the Target ("**RGL-Target Loan Conversion**") and the Parties agree that regarding the RGL-Target Loan, an agreement will be signed for the RGL-Target Loan Conversion with all the legal consequences that will be carried out before the Closing Date.

(i) RGL-RLI Loan Conversion into Shares in RLI. RGL has provided a loan to RLI in the amount of IDR 30,751,647,464 ("**RGL-RLI Loan**") which will be converted to 307,516 shares in RLI ("**RGL-RLI Loan Conversion**") and the Parties agree that regarding the RGL-RLI Loan, an agreement will be signed for the RGL-RLI Loan Conversion with all the legal consequences that will be carried out before the Closing Date.

(j) In the event that the Conditions Precedents above are not complied with, and/or waived, as may occur, on or before the Closing Date regardless of all reasonable efforts of the Parties, then the CSPA unless further extended by the Parties, shall lapse and no further apply. After that the Parties will be released from all further obligations to each other and unless the violation of any provision of the CSPA by either Party will result in such agreement or provision not being obtained or fulfilled.

After satisfaction of condition precedent (h) above and the conversion of 2,342,876 shares in the Target granted to RGL which will take place before the completion of the Proposed Disposal, RGL will sell the 2,342,876 shares in the Target together with the Sale Shares to the Purchasers at the Consideration (as defined in paragraph 3.2 below).

After the completion of the Proposed Disposal, KLI and CA will own 1,726,167 shares (or 51%) and 1,658,474 shares (or 49%) in the Target, respectively.

The loans as cited in Paragraph 3.1(h) and 3.1(i) are treated and recorded as cost of investments in RGL's audited accounts and are thus not deemed to be waiver of loans for the purpose of computation in listing rule 1006(c).

3.2 Consideration

The consideration for the Sale Shares and for the 2,342,876 shares in the Target as aforesaid ("**Consideration**") of US$1 (US$0.99 to be paid to RGL and US$0.01 to be paid to RLS) was arrived at after taking into consideration the composition of the Target Group's book value and factors disclosed in paragraph 6 of this announcement and taking into account, inter alia, the following:

(a) the Purchasers:

(i) acquire the Sale Shares and 2,342,876 shares in the Target and all the assets of the Target Group; and

(ii) as of the Closing Date, assume all liabilities of the Target Group regardless of whether such liabilities arose or was incurred as a result of or in relation to anything or matter prior to or after the Closing Date;

(b) the Purchasers are fully aware of and have conducted their own due diligence investigations into inter alia, the legal, financial, contractual and trading position of the Target Group and their assets and liabilities, as well as into the Vendors' legal and beneficial ownership and title to the Sale Shares, and the Purchasers are satisfied with the results of such due diligence investigations;

(c) as the Purchasers assume the liabilities of the Target Group as of the Closing Date and thereafter, the Purchasers will be solely and fully responsible for performance and payment of such liabilities. The Purchasers shall indemnify and keep the Vendors and the Company fully indemnified against all claims, damages, fines, penalties, costs and expenses that the Vendors and/or the Company may incur or suffer relating to all liabilities that the Purchasers assume pursuant to the CSPA; and

(d) For the avoidance of doubt, where claims are made against the Vendors and/or the Company by any employees, suppliers, vendors, customers or other creditors of the Target and/or RLI, whether relating to the sale and transfer of the Sale Shares, the 2,342,876 shares in the Target and the Business to the Purchasers or for any other matter relating to the Target and/or RLI, the Purchasers shall at all times indemnify and keep the Vendors and the Company fully indemnified against all such claims including without limitation any claims where the Vendors are liable to pay any form of compensation to employees, suppliers, vendor or customers as a result of such claims.

3.3 Completion

(a) Subject to the Conditions Precedent being satisfied or alternatively waived on or before the Closing Date, completion of the sale and purchase of the Sale Shares shall take place on 14 February, 2023 (the "**Closing Date**"), unless another date is agreed upon in writing by the Parties.

(b) The Consideration shall be paid by the Purchasers to the Vendors on the Closing Date as follows:

RGL	US$0.99
RLS	US$0.01

The Vendors have authorized the Purchasers to pay the Consideration to the Company's bank account, such payment is deemed as good payment to both of them, and a full and valid discharge of the Purchasers' obligation to pay the Consideration to the Vendors.

4. POST COMPLETION OBLIGATIONS

The Vendors agree that:

(a) The Parties acknowledge and agree that after the Closing Date the Parties will take the necessary steps to help the Purchasers change the status of RLI which was previously a foreign investment company to a local company including but not limited to the termination of the pledge and loan agreements between RGL and Asterial and between RGL and Satria, as a step to restructuring the composition of shareholders in RLI, making and signing deed of sale and purchase and other required agreements.

(b) RLS, the Target and RLI will enter into a License Agreement for the use of the name, trademark, brand and logo "RichLand Indonesia" and "Richland Logistics" owned by RLS for a period of 5 years commencing from the date the Consideration is paid to the Vendor which will be signed by the Target and RLI as the licensee, RLS as the licensor, with the license holder's obligations guaranteed by RLS and its controller shareholders, in a form and content acceptable to all parties.

5. RELATIVE FIGURES FOR THE PROPOSED DISPOSAL UNDER CHAPTER 10 OF THE LISTING MANUAL

The relative figures in relation to the Proposed Disposal are computed on the applicable bases set out in Rule 1006 of the Listing Manual of the Singapore Exchange Securities Trading Limited, based on the latest announced unaudited condensed financial statements of the Group for the 9-month period ended 30 September 2022 ("**9M2022**"), which were the latest available result as at the date of the CSPA.

Rule 1006	Bases of Calculation	Relative Figure
(a)	Net assets value of the assets to be disposed of, compared with the Group's net assets value. This basis is not applicable to an acquisition of assets.	2.9% (1)
(b)	The net profits attributable to the assets acquired or disposed of, compared with the Group's net profits.	13.0% (2)
(c)	The aggregate value of the consideration given or received, compared with the Company's market capitalisation based on the total number of issued shares excluding treasury shares.	0.1% (3)
(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.	Not applicable (4)
(e)	The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate	Not applicable (5)

	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. If the reserves are not directly comparable, the Exchange may permit valuations to be used instead of volume or amount.	

Notes:

(1) The net assets value attributable to the Target Group is S$0.60 million and the Group's net assets value is S$20.72 million as at 30 September 2022 respectively.

(2) The net profits attributable to the Target Group is S$0.07 million and the Group's net profits was S$0.51 million for 9M2022 respectively, excluding net profits from discontinued operations.

(3) The aggregate value of the consideration is S$0.02 million, comprising of the disposal consideration of US$1 and after adding back intercompany balances waived of S$17,000.

The market capitalisation of the Company of S$24.01 million is computed based on (i) weighted average price of the Company's shares transacted on the market day preceding the date of the CSPA of S$0.0104 per share on 30 December 2022; and (ii) the total number of the Company's Shares (excluding treasury shares and subsidiary holdings) of 2,308,867,923 as at 30 December 2022.

(4) Rule 1006(d) is not applicable to disposal of assets.

(5) Rule 1006(e) is not applicable as the Target Group does not have any interest or right to any proved and/or probable reserves. The Target Group does not have any underlying mineral, oil or gas assets.

As the relative figure computed pursuant to Rule 1006(b) is more than 5% but less than 20%, the Proposed Disposal constitutes a "disclosable transaction" under Chapter 10 of the Listing Manual and therefore does not require the approval of shareholders of the Company.

6. RATIONALE FOR THE PROPOSED DISPOSAL

The Board is of the opinion that the Proposed Disposal is beneficial to the Group for the following reasons :

(a) Revenue generated by the Target Group has been stagnant for the last 4 years and during that same period, there had been no breakthrough in gross profit margins;

(b) The Target Group has not been profitable for the last 5 financial years;

(c) The Company (via RGL) had injected S$10.6 million into the Target Group in the form of share capital and loans over the years but has not received any substantial form of returns from this investment. The Target Group has a negative revenue reserve of S$10.9 million accumulated over the years;

(d) The net assets of the Target Group comprised mainly of pension reserves and foreign exchange reserves. The net assets would have reduced to only S$21,000 if pension reserve was excluded.

(e) With the current business climate in Indonesia, a turnaround is not expected in the foreseeable future. Therefore, the business risk does not commensurate with the returns from the investment; and

(f) The Company is looking into business diversification for new markets that will generate higher profitability and better returns on investments.

7. FINANCIAL EFFECTS OF THE PROPOSED DISPOSAL

7.1 Financial Information on the Proposed Disposal

(a) **Net proceeds**

As the net proceeds are US$1.00, there would not be any meaningful net proceeds from the Proposed Disposal.

(b) **Book value of the Target Group**

Based on the latest announced unaudited condensed interim financial statements of the Group for 9M2022, the book value of the Target Group as at 30 September 2022 is S$0.6 million. The net proceeds of US$1.00 represents a deficit of approximately S$0.6 million under the book value of the Target Group excluding costs to sell.

(c) **Net tangible assets ("NTA") value of the Target Group**

Based on the latest announced unaudited condensed interim financial statements of the Group for 9M2022, the NTA value of the Target Group is S$0.6 million.

(d) **Net profit attributable to the Target Group**

Based on the latest announced unaudited condensed interim financial statements of the Group for 9M2022, the net profit attributable to the Target Group before taxation is S$0.07 million.

(e) **Gain on disposal**

The Proposed Disposal is expected to result in a gain on disposal of approximately S$0.33 million. This gain represents the difference between the net proceeds of US$1.00 and the book value of the Target Group of S$0.6 million based on the latest announced unaudited condensed interim financial statements of the Group for 9M2022, and after adding back pension reserves and foreign exchange reserves of S$0.93 million in the Target Group.

7.2 Financial Effects of the Proposed Disposal

(a) **Assumptions**

The pro forma financial effects of the Proposed Disposal on the Group as set out below are for illustrative purposes only and do not necessarily reflect the actual results and financial performance and position of the Group after the Proposed Disposal. No representation is made

as to the actual financial position and/or results of the Company or the Group after Completion of the Proposed Disposal. The pro forma financial effects of the Proposed Disposal are prepared based on the audited consolidated financial statements of the Group for the financial year ended 31 December 2021 ("FY2021") and are subject to the following key assumptions:

(i) the Placement cum Warrants Issue has not been completed;

(ii) the disposal of the Group's Oil & Gas business has not been completed; and

(iii) the disposal of PT. Hexindo Gemilang Jaya's 10% participating interest in the production sharing contract relating to the Lemang Block to Jadestone Energy (Lemang) Pte Ltd, has been completed.

(b) **NTA**

Assuming the Proposed Disposal had been effected on 31 December 2021, the financial effect on the NTA of the Group will be as follows:

	Before the Proposed Disposal	**After the Proposed Disposal**
Consolidated NTA attributable to the Shareholders of the Company (S$'000)	1,862	1,264
Number of issued Shares (excluding treasury shares)	646,867,923	646,867,923
Net tangible assets per Share (Singapore cents)	0.29	0.20

(c) **EPS**

Assuming the Proposed Disposal had been effected on 1 January 2021 (being the beginning of the most recently completed financial year ended 31 December 2021), the financial effect on the EPS of the Group will be as follows:

	Before the Proposed Disposal	**After the Proposed Disposal**
Net profit attributable to shareholders after tax (S$'000)	6,811	7,342
Number of issued Shares (excluding treasury shares)	646,867,923	646,867,923
Profit per Share (Singapore cents)	1.05	1.13

8. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

As at the date of this announcement, save for their respective shareholdings in the Company (if any), none of the Directors or substantial shareholders of the Company has any interest, direct or indirect, in the Proposed Disposal.

9. DIRECTORS' SERVICE CONTRACTS

No person is proposed to be appointed to the board of directors of the Company in connection with the Proposed Disposal. Accordingly, no service contract is proposed to be entered into between the Company and any person.

10. DOCUMENT(S) FOR INSPECTION

A copy of the CSPA is available for inspection during normal business hours at the Company's registered office at 300 Tampines Avenue 5, #05-02, Singapore 529653 for a period of 3 months from the date of this announcement.

By Order of the Board
ENECO ENERGY LIMITED

Gwee Chee Kiang
Chief Executive Officer
2 January 2023