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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 SHARES 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**”) wishes to announce that the Company has, on 22 November 2024 acquired 680,000,000 shares (the “**Sale Shares**”), representing approximately 29.40 per cent. of the total ordinary share capital of Eneco Energy Limited (“**Eneco Energy**”) for an aggregate purchase consideration of up to S\$7,480,000 (equivalent to S\$0.0110 for each Sale Share) (the “**Acquisition**”).
- 1.2. The Acquisition constitutes 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 5 (*Figures under Rule 1006 of the Listing Manual for the Acquisition*) for further details on the relative figures in respect of the Acquisition computed on the bases set out in Rule 1006 of the Listing Manual.
- 1.3. SAC Capital Private Limited (“**SAC**”), acting as the placement advisor to the Company, had procured the sellers of the Sale Shares and facilitated the married trade transactions for the Sale Shares between the Company and the relevant sellers. The Company has also engaged SAC to explore further investment opportunities in Eneco Energy and the Company will make further announcements to keep its shareholders informed, as and when there are material updates and developments in respect of such investment opportunities materialising.

2. INFORMATION ON ENECO ENERGY

- 2.1. 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.
- 2.2. 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.
- 2.3. Eneco Energy has been on the Watch-List of the SGX-ST since 3 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 2024¹.

3. RATIONALE FOR AND BENEFITS OF THE ACQUISITION

The Company is a multi-business investment holding company, with three (3) primary business drivers – metals, scaffolding and engineering. As a multi-business investment holding company, the Board and management of the Company prioritise its investments as a core strategy of the Group and actively seek for (a) complementary businesses that align with the Group's existing portfolio; and/or (b) businesses demonstrating growth potential and sustainable returns.

The Board is of the view that:

- (a) Eneco Energy's logistics division, Richland Logistics, is an established and respected brand in Singapore, of which Richland Logistics holds the intellectual property trademark for the "Richland" name;
- (b) the business of Eneco Energy, as a logistics solutions provider, is complementary to the Group as the Group can explore potential cross-selling and cost mutualisation opportunities with Eneco Energy. The Group and Eneco Energy Group Companies are able to work together to (i) consider options for utilisation of Richland Logistics' business to streamline the Group's supply chain logistical operations; and/or (ii) explore avenues for consolidation of resources which may allow for cost optimisation and expansion of service offerings; and
- (c) the listing status of Eneco Energy offers potential opportunities to enhance the Group's market presence and strategic reach.

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

4. CONSIDERATION FOR THE SALE SHARES

The consideration for the acquisition of the Sale Shares is the amount of S\$7,480,000, equivalent to S\$0.0110 for each Sale Share. 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 S\$5,794,000 attributable to the Sale Shares (being 29.40% of the total ordinary 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 Acquisition.

5. SOURCE OF FUNDS

The consideration for the Acquisition will be funded by internal resources.

6. FIGURES UNDER RULE 1006 OF THE LISTING MANUAL FOR THE ACQUISITION

- 6.1. The relative figures computed on the bases set out in Rule 1006 of the Listing Manual 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") and are as follows:

¹ On 30 October 2024, Eneco Energy announced that it had submitted an application for a further extension of the Deadline for 12 months to 1 December 2025.

Rule 1006	Bases of calculation	Relative figure for the 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⁾
(b)	Net losses attributable to the assets acquired or disposed of, compared with the Group's net profits.	-1.92% ⁽²⁾
(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⁾
(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⁾
(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⁾

Notes:

- (1) Not applicable as the Acquisition is not 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 Shares (being 29.40% of the total ordinary share capital of Eneco Energy) amounting to approximately S\$244,000, being 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 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 Acquisition when the shares of the Company were traded.
- (4) Computed based on the consideration for the Sale Shares amounting to S\$7,480,000.
- (5) Not applicable as no equity securities will be issued by the Company for the Acquisition.
- (6) Not applicable as the Acquisition is not of mineral, oil or gas assets by a mineral, oil and gas company.

7. PRO FORMA FINANCIAL EFFECTS OF THE ACQUISITION

- 7.1. The *pro forma* financial effects of the 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 Acquisition.

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

- (a) that the Acquisition had been completed on 30 June 2024 respectively for the purposes of illustrating the financial effects on the NTA;
- (b) that the 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 Acquisition.

7.2. NTA per Share

Assuming that the 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 Acquisition	After the 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

7.3. EPS

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

	Before the Acquisition	After the Acquisition
Earnings attributable to the owners of the Company (S\$'000)	12,729	12,485
Number of issued ordinary shares in the capital of the Company	118,134,300	118,134,300
EPS (Singapore cents)	10.78	10.57

8. 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 Acquisition (other than through their respective interests arising by way of their directorships and/or shareholdings in the Company).

9. DIRECTORS' SERVICE CONTRACTS

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

10. 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.

11. 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
22 November 2024