

Monday, 22 October 2018

ASX Announcement
(ASX: RGP)

REFRESH ENTERS INTO SUBSCRIPTION AND DISTRIBUTION AGREEMENT WITH ENECO COMPANIES

Highlights

- Eneco to invest up to A\$8.2 million in two tranches, with 10,000,000 Shares to be issued at a price of A\$0.05 per Share and 128,902,757 Shares to be issued at a price of A\$0.06 per Share (of which the second tranche is subject to Refresh shareholder approval).
- Subject to completion of the placement, Refresh has acquired exclusive rights to distribute and market the Eneco branded highly hydrolysed water products and equipment to produce emulsion fuel in Australia and New Zealand.
- The subscription price for the first and second tranche Shares represents a 4% and 25% premium to the last closing price and a 20% and 44% premium to the 60-day volume weighted average price, respectively.
- A general meeting will be held to approve the second tranche of the placement.
- The Directors have appointed Stantons International Securities Pty Ltd to provide an independent experts report for shareholders.
- Directors unanimously recommend shareholders vote in favour of the resolutions to approve the allotment (and intend to do so in respect of their own Shares) subject to the independent expert report opining that the transaction is fair and reasonable to shareholders.

Refresh Group Ltd (**Refresh** or the **Company**) is pleased to announce that it has entered into a subscription agreement with Eneco Holdings, Inc (**Eneco Holdings**) and Eneco Investment Pte. Ltd (**Eneco Investment**) (together the **Eneco Companies**) for a strategic investment by Eneco Investment for fully paid ordinary shares in the Company (**Shares**) for up to A\$8.2 million to be completed under two tranches (of which the second tranche is subject to shareholder approval) (**Subscription Agreement**).

As part of and subject to the completion of the equity subscription, Refresh has also been granted the exclusive rights to distribute, market and import Eneco Holdings' highly hydrolysed water products and equipment to produce emulsion fuel in Australia and New Zealand under the terms of a distribution agreement between Refresh, Eneco Holdings and VanaH Co., Ltd (**VanaH**) (**Distribution Agreement**).

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Completion of the issue of all Shares under the Subscription Agreement and commencement of the Distribution Agreement (**Transaction**) will enable Refresh to further vertically integrate its water production and distribution operations. Further details of the Subscription Agreement and Distribution Agreement are detailed below.

“Refresh has been listed since 2006. With limited capital, our growth has been slow. We are glad to be able to work with Eneco to take us to the next level.” said Refresh Group Ltd Chairman and Managing Director, Henry Heng.

Yasuhiro Yamamoto, President and CEO of Eneco Holdings, Inc. added: “Partnership with Refresh is an important milestone to Eneco and VanaH to access the Australia and New Zealand markets. We are delighted that we have agreed to enhance mutual cooperation to promote the Eneco products and brand on a unified basis through the exclusive distribution arrangement”

About Eneco

Eneco Holdings and VanaH are affiliated private, Japanese-based companies under common control.

VanaH develops and distributes water products including mineral water containing natural hydrogen, silica and vanadium, distilled beverages and cosmetic products.

Eneco Holdings develops and distributes technological solutions designed to assist in the production of new technology emulsion fuels and eco gas products with a lower environmental impact than fossil fuel.

Subscription Agreement

The equity investment under the Subscription Agreement by Eneco Investment will take place in two tranches. The first tranche of 10,000,000 Shares at a subscription price of A\$0.05 per Share is scheduled to complete on or prior to 12 November 2018, giving Eneco Investment an initial stake of 7% in the Company. The second tranche of 128,902,757 Shares at a subscription price of A\$0.06 per Share is conditional on Refresh shareholder approval and will give Eneco Investment a further interest of 44% in the Company.

Following completion of both tranches, the enlarged issued Share capital of Refresh will be 272,358,347 Shares and, accordingly, Eneco Investment will hold 51% of the enlarged issued Share capital of Refresh. The subscription price for the first and second tranche Shares represents a 4% and 25% premium to the last closing price and a 20% and 44% premium to the 60-day volume weighted average price, respectively.

Under the terms of the Subscription Agreement, Eneco Investment is entitled to appoint one representative to the Refresh board for so long as Eneco Investment holds a 5% interest in Refresh and three nominees for so long as it holds a 50% interest of the issued Shares.

Pursuant to ASX Listing Rule 7.1 and item 7 of section 611 of the *Corporations Act 2001* (Cth), Refresh shareholders will be given the opportunity to consider and approve the issue of Shares under the second tranche of the equity investment at a general meeting to be held in December.

The information provided to shareholders in the notice of meeting, including an independent expert's report, will enable shareholders to make an informed decision about the share issue.

Tranche two of the equity investment will not proceed without the requisite shareholder approval. The Directors have appointed Stantons International Securities Pty Ltd to provide an independent experts report for shareholders.

The Directors unanimously recommend shareholders vote in favour of the resolutions to approve the allotment (and intend to do so in respect of their own Shares) subject to the independent expert report opining that the transaction is fair and reasonable to shareholders.

Distribution Agreement

Subject to completion of the total equity investment under the Subscription Agreement, the Company has been granted the exclusive rights to distribute, market and import Eneco branded highly hydrolysed water products and equipment to produce emulsion fuel in Australia and New Zealand.

The hydrolysed water products are produced by VanaH (an affiliate of Eneco Holdings) and include:

- VanaH mineral water containing natural hydrogen, silica and vanadium;
- Mizugokoro shochu, a Japanese distilled beverage; and
- Su Lucille mist water, a cosmetic product.

Eneco Holdings' water-based fuel products are:

- emulsion fuel equipment whereby water is blended with fossil fuel (petrol, diesel, kerosene or biodiesel) to produce Eneco plasma fusion. This uses nano-emulsion technology of achieving complete fusion of water and oil by ultra-refining components to the molecular level; and
- eco-gas generating system which is designed to produce gas from water. This technology effectively generates oxyhydrogen gas or HHO gas at low energy and low-temperature reaction by employing a uniquely developed catalyst.

The Distribution Agreement will commence for an initial period of three years and may be terminated anytime thereafter by giving no less than six months' notice in writing.

Listing Rules 11.1.2, 11.1.3 and 10.1

The Australian Securities Exchange (**ASX**) has advised that it does not consider that Listing Rules 11.1.2 or 11.1.3 apply to the Transaction. The decision applies on the basis that there is no change in the level of operation of the Company's existing business and that its business activities remain at or around current levels.

ASX has also advised that it does not consider that Listing Rule 10.1 applies to the Transaction.

For more information, please contact:

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