

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-C

CURRENT REPORT UNDER SECTION 17 OF THE SECURITIES REGULATION CODE AND SRC RULE 17.2(c) THEREUNDER

1. Date of Report (Date of earliest event reported)
Dec 29, 2021
2. SEC Identification Number
AS94008811
3. BIR Tax Identification No.
004-500-964-000
4. Exact name of issuer as specified in its charter
ACE Enexor, Inc.
5. Province, country or other jurisdiction of incorporation
Makati City, Philippines
6. Industry Classification Code(SEC Use Only)
7. Address of principal office
4th Floor, 6750 Office Tower, Ayala Avenue, Makati City
Postal Code
1226
8. Issuer's telephone number, including area code
(02) 7730 6300
9. Former name or former address, if changed since last report
N/A
10. Securities registered pursuant to Sections 8 and 12 of the SRC or Sections 4 and 8 of the RSA

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
Common	250,000,001
11. Indicate the item numbers reported herein
N/A

The Exchange does not warrant and holds no responsibility for the veracity of the facts and representations contained in all corporate disclosures, including financial reports. All data contained herein are prepared and submitted by the disclosing party to the Exchange, and are disseminated solely for purposes of information. Any questions on the data contained herein should be addressed directly to the Corporate Information Officer of the disclosing party.



ACE Enexor, Inc.
ACEX

**PSE Disclosure Form BL-1 - Comprehensive Corporate
Disclosure on Backdoor Listing
Reference: Rules on Backdoor Listing**

Subject of the Disclosure

Property for shares swap between ACE Enexor, Inc. (“ACEX” or the “Company”) and AC Energy Corporation (“ACEN”) (the “Transaction”)

The Comprehensive Corporate Disclosure is sent in six tranches due to the volume of attachments. This is the fifth tranche.

Background/Description of the Disclosure

On 18 October 2021, the Board of Directors of the Company approved the Transaction involving the issuance of 339,076,058 common shares in the Company to AC Energy Corporation (“ACEN”) in exchange for the following properties of ACEN (hereinafter, the “Property”): (a) 3,064,900 common shares in Palawan55 Exploration & Production Corporation (“Palawan55”) with a par value of Php100.00 per share, comprising 30.65% of the issued and outstanding shares in Palawan55; (b) 6,000,000 common shares in Bulacan Power Generation Corporation (“BPGC”) representing 100% of the issued and outstanding shares in BPGC; (c) 6,351,000 common shares in CIP II Power Corporation (“CIPP”) with a par value of Php50.00 per share representing 100% of the issued and outstanding shares in CIPP; (d) 3,600,000 redeemable preferred shares in Ingrid3 Power Corp., (“Ingrid3”), a special purpose vehicle for the development of a new power project, with a par value of Php1.00 per share, representing 100% of the issued and outstanding redeemable preferred shares in Ingrid3; and (e) 33,493,366 common shares in One Subic Power Generation Corporation (“OSPGC”) with a par value of Php1.00 per share representing 17.13% of the issued and outstanding shares in OSPGC.

After Board approval of the Transaction, the Company entered into a Deed of Assignment with ACEN dated 29 December 2021, whereby the Company will issue 339,076,058 shares of stock in the Company (the “Shares”) to ACEN at an issue price of Php 10.00 per share in exchange for the Property.

A copy of the Deed of Assignment between ACEN and the Company is attached as Annex “A”.

Since the Transaction is between related parties, and the issue price of the Shares is not at premium to the weighted average of closing prices of ACEX shares over the 30-trading day period prior to the Transaction, the Company will conduct a stock rights offer (“SRO”) of up to 105 million ACEX shares to all minority stockholders at an offer price of Php10.00 per share, pursuant to Section 6, Part A, Article V of the Revised Listing and Disclosure rules of the PSE, subject to final approval by the Board of the details of the SRO, at a ratio that would maintain the minority stockholder’s ownership in ACEX prior to the Transaction. All major stockholders and directors shall abstain from exercising their rights to the offer and ACEN will take up all shares left unsubscribed in the SRO.

ACEX already owns the remaining 69.35% of Palawan55 while the remaining 82.87% of OSPGC is owned by BPGC. After the implementation of the Transaction, ACEX will effectively own 100% of each of Palawan 55 and OSPGC.

Date of Approval by Board of Directors	Oct 18, 2021
Date of Approval by Stockholders	TBA
Other Relevant Regulatory Agency, if applicable	-
Date of Approval by Relevant Regulatory Agency	N/A
Date of Approval by Securities and Exchange Commission, if applicable	TBA

Comprehensive Corporate Disclosure

The nature and description of the proposed transaction, including the timetable for implementation, and related regulatory requirements if applicable

The Company and ACEN are undertaking the Transaction which is a property-for-shares swap whereby the Company will issue the Shares in exchange for the Property which consists of 3,064,900 common shares in Palawan55; 6,000,000 common shares in BPGC; 6,351,000 common shares in CIPP; 3,600,000 redeemable preferred shares in Ingrid3; and 33,493,366 common shares in OSPGC. The Transaction will be implemented as a tax-free exchange, subject to a fairness opinion on the valuation of the Shares and of the Property prepared and issued by FTI Consulting Philippines, Inc. ("FTI Consulting"), an independent fairness opinion provider accredited by both the SEC and the PSE, and subject to relevant regulatory approvals.

A copy of the Fairness Opinion rendered by FTI Consulting is attached hereto as Annex "B"-series.

The Transaction will be presented to the stockholders for approval at the Company's next annual stockholders' meeting on 25 April 2022.

The issuance of the Shares is not subject to pre-emptive rights of stockholders pursuant to Article Seventh of the Company's Articles of Incorporation, which states that "(t)here shall be no pre-emptive rights with respect to shares of stock to be issued sold or otherwise disposed of by the Corporation for any corporate purpose "

The exchange of the Shares for the Property will qualify as a tax-free exchange under Section 40 (C) (2) of the Tax Code, as amended by Republic Act No. 11534, or the Corporate Recovery and Tax Incentives for Enterprises ("CREATE") Act or, which provides that:

(2) Exception. - * * *

No gain or loss shall also be recognized if property is transferred to a corporation by a person alone or together with others, not exceeding four (4) persons, in exchange for stock or unit of participation in such a corporation of which as a result of such exchange the transferor or transferors, collectively, gains or maintains control of said corporation: Provided, That stocks issued for services shall not be considered as issued in return for property.

The Company filed an application for confirmation of valuation with SEC on 29 December 2021, which is deemed to include an application for confirmation that the Transaction is exempt from the registration requirements under the Securities Regulation Code with the SEC, pursuant to Section 10.1.5.3 of the Implementing Rules and Regulations of the Securities Regulation Code. The Company will also file an application with the BIR for Certificate Authorizing Registration ("CAR") of transfer of the shares of stock comprising the Property to ACEN within January 2022.

Annex "C" of the attached letter provides the timetable of the Transaction.

ACEX will conduct an SRO to enable the minorities to increase their ownership percentages and increase public float to comply with the PSE's Minimum Public Ownership (MPO) requirements; and subject to final Board approval, ACEX is contemplating conducting a follow-on offering (FOO) and/or private placement to further increase the public float and comply with the MPO.

The reason/purpose of the transaction including the benefits which are expected to be accrued to the listed issuer as a result of the transaction

The transfer of the Property to the Company will allow the Company to have a steady source of income from power plants owned and operated by the companies subject of the Transaction (the "Target Companies"). These power plants earn income by generating and selling power and providing ancillary services. Moreover, as a result of the Transaction, the Company will increase its stake in Service Contract No. 55, as it will increase its ownership of Palawan55 from 69.3505% to 100%. Palawan55 currently owns 75% of SC 55. The Transaction is also in line with the goal of establishing ACEX as the energy transition platform of the ACEN group.

The aggregate value of the consideration, explaining how this is to be satisfied, including the terms of any arrangements for payment on a deferred basis

The Property was valued by the Company and ACEN at Php3,390,760,580.00 as of 30 June 2021 valuation date, which valuation is supported by a fairness opinion by FTI Consulting, as the independent third-party fairness opinion provider. FTI Consulting is accredited by the PSE and SEC.

Subject to the following regulatory approvals: (a) approval of the valuation and confirmation of exempt transaction by the SEC, and (b) issuance by the BIR of a CAR for the shares comprising the Property, the Transaction will close upon the listing of the Shares with the PSE.

The basis upon which the consideration or the issue value was determined

Based on FTI Consulting's report as of 30 June 2021, the fair market value of the Property is from Php2.67 billion to Php4.71 billion, and the fair value of ACEX shares is from Php2.2 billion to Php3.0 billion using the Multiples of Exploration Expenditure (MEE) method, translating to a share price range of Php9.00 to Php11.84 per share. Given the valuation of ACEN and ACEX assets, the fair range of ACEX shares to be issued in exchange for the Property is from 225.48 million shares to 523.67 million shares.

Please see the Fairness Opinion (Annex "B"-series) for the method used in the valuation.

For cash considerations, the detailed work program of the application of proceeds, the corresponding timetable of disbursements and status of each project included in the work program. For debt retirement application, state which projects were financed by debt being retired, the project cost, amount of project financed by debt and financing sources for the remaining cost of the project

The Company will continue to carry out its principal business, which is oil and gas exploration, through Palawan55, where it holds a 75% interest in SC 55. The SC 55 Consortium is composed of Palawan55 (75%) and Pryce Gases, Inc. (25%).

On 15 April 2020, the Department of Energy (“DOE”) confirmed the entry of SC 55 into the Appraisal Period effective 26 April 2020, stating that after the review and evaluation of the Hawkeye discovery report, it confirmed that the Hawkeye-1 well did encounter a significant volume of movable natural gas and is deemed to be a Non-Associated Gas Discovery under Section 13.02 of SC 55. The SC 55 Consortium committed to drill one (1) deep-water well within the first two years of SC55’s Appraisal Period and, following reinterpretation of certain seismic data outside of the current study area, may undertake a new 3D seismic program to mature other prospects within SC 55 to drillable status. The SC 55 consortium submitted an indicative Appraisal Work Program to the DOE to support this commitment.

On 11 May 2021, the DOE approved the SC 55 Consortium’s request to place SC 55 under force majeure for a period of one (1) year. The timeline of the SC 55 Appraisal Period will be adjusted accordingly, and the end of the period will be adjusted by the same amount of time that SC 55 was on force majeure.

Palawan55 is currently in the detailed planning stage for the drilling of the obligatory well.

In addition to its oil and gas exploration business, the Company will now have an additional source of income from power generation with the infusion of the 21 megawatt diesel power plant located in Bacnotan, La Union (owned by CIPP), the 52 megawatt diesel power plant in Norzagaray, Bulacan (owned by BPGC) and the 116 megawatt diesel power plant in Subic Bay Freeport (currently under long-term lease by OSPGC). CIP, BPGC and OSPGC each have a ten-year Power Administration and Management Agreement with ACEN whereby ACEN administers and manages the entire generation output of the plants and pays a capacity fee and a variable fee based on actual deliveries of electricity generated. Furthermore, CIP, BPGC and OSPGC each have an Ancillary Services Procurement Agreement with the National Grid Corporation of the Philippines (NGCP), under which the plants supply dispatchable reserves to the Luzon Grid to ensure reliability in the operation of the transmission system and electricity supply in the Luzon Grid. In addition, Ingrid3 is a development company that is being positioned to develop and construct a thermal project in the Philippines to further increase the power generation portfolio of the Company. To date, Ingrid3 remains in the development stage and no investment decision has been made yet as to a specific thermal project.

The listed company must present a statement of active business pursuits and objectives which details the steps undertaken and proposed to be undertaken by the Issuer in order to advance its business

The Company will continue to carry out its principal business, which is oil and gas exploration, through Palawan55, where it holds a 75% interest in SC 55. The SC 55 Consortium is composed of Palawan55 (75%) and Pryce Gases, Inc. (25%).

On 15 April 2020, the Department of Energy (“DOE”) confirmed the entry of SC 55 into the Appraisal Period effective 26 April 2020, stating that after the review and evaluation of the Hawkeye discovery report, it confirmed that the Hawkeye-1 well did encounter a significant volume of movable natural gas and is deemed to be a Non-Associated Gas Discovery under Section 13.02 of SC 55. The SC 55 Consortium committed to drill one (1) deep-water well within the first two years of SC55’s Appraisal Period and, following reinterpretation of certain seismic data outside of the current study area, may undertake a new 3D seismic program to mature other prospects within SC 55 to drillable status. The SC 55 consortium submitted an indicative Appraisal Work Program to the DOE to support this commitment.

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Palawan55 is currently in the detailed planning stage for the drilling of the obligatory well.

Effects in the listed company before and after the transaction on the following:

Increase in authorized capital stock

From	There is no change in the authorized capital stock of the Company.
To	There is no change in the authorized capital stock of the Company.

Nature of business

From	There is no change in the nature of the business of the Company considering that power generation is already included in its Primary Purpose even prior to the Transaction. The Company, however, will have interests in power generation following its acquisition of the Target Companies, which own and operate power plants.
To	There is no change in the nature of the business of the Company considering that power generation is already included in its Primary Purpose even prior to the Transaction. The Company, however, will have interests in power generation following its acquisition of the Target Companies, which own and operate power plants.

Corporate Name

From	There is no change in the corporate name of the Company.
To	There is no change in the corporate name of the Company.

Board of Directors

Name	(Regular or Independent)

No change	No change
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Principal Officers

Name	Position/Designation
No change	No change

Ownership structure

Principal Shareholders	Before		After	
	Number of shares	%	Number of shares	%
AC Energy Corporation	189,804,435	75.92	528,880,493	89.78
Officers and Directors	131,929	0.05	131,929	0.02
Bulacan Power Generation Corporation	924,942	0.37	924,942	0.16
Non-ACEN/Public	59,138,695	23.66	59,138,695	10.04
Total	250,000,001	100	589,076,059	100

Capital structure

Issued Shares

Type of Security /Stock Symbol	Before	After
Common Shares/ACEX	250,000,001	589,076,059

Outstanding Shares

Type of Security /Stock Symbol	Before	After
Common Shares/ACEX	250,000,001	589,076,059

Treasury Shares

Type of Security /Stock Symbol	Before	After
Common Shares/ACEX	0	0

Listed Shares

Type of Security /Stock Symbol	Before	After
Common Shares/ACEX	250,000,000	589,076,059

Effect(s) on the public float, if any	Public float will be reduced to 10.04% from 23.66%, prior to the conduct of the SRO.
Effect(s) on foreign ownership level, if any	Foreign ownership level will decline from 0.5466% to 0.2320%, prior to the conduct of the SRO.

Additional information on the unlisted company

Nature and business	Please refer to Annexes "D", "E", "F", "G", and "H" for copies of the respective Articles of Incorporation of the Target Companies. All of the Target Companies are either subsidiaries or affiliates of ACEN. BPGC, CIP, and OSPGC are engaged in the business of power generation, Palawan55 is engaged in the business of oil exploration and production. Ingrid3 is currently non-operational and is in the development stage of a power project. For more information on ACEN, please visit https://acen.com.ph
Discussion of major projects and investments	<p>Palawan55 is the operator and holder of Service Contract No. 55, which covers a 900,000 hectare service area located in offshore West Palawan, Philippines.</p> <p>BPGC owns and operates a 52 megawatt diesel fired power plant in Norzagaray, Bulacan.</p> <p>CIPP owns and operates a 21 megawatt diesel fired power plant in Bactnotan, La Union.</p> <p>OSPGC operates the 116 megawatt diesel power plant in Subic Bay Freeport Zone under lease from the SBMA.</p> <p>Ingrid3 is a development company that is being positioned to develop and construct a thermal project in the Philippines to further increase the power generation portfolio of the Company. To date, Ingrid3 remains in the development stage and no investment decision has been made yet as to a specific thermal project.</p>

List of subsidiaries and affiliates, with percentage holdings

Name of Subsidiary or Affiliate	% Ownership
Please refer to Annexes "I", "J", "K", "L", and "M"	-

Capital structure

Authorized capital stock

Type of Security	Amount	Number of Shares
Please refer to Annexes "I", "J", "K", "L", and "M"	-	-

Subscribed Shares

Type of Security	Amount	Number of Shares
Please refer to Annexes "I", "J", "K", "L", and "M"	-	-

Paid-Up Capital

Amount	Please refer to Annexes "I", "J", "K", "L", and "M"
Number of Shares	-

Issued Shares

Type of Security	Amount	Number of Shares
Please refer to Annexes "I", "J", "K", "L", and "M"	-	-

Outstanding Shares

Type of Security	Amount	Number of Shares
Please refer to Annexes "I", "J", "K", "L", and "M"	-	-

Par Value

Type of Security	Amount
Please refer to Annexes "I", "J", "K", "L", and "M"	-

Ownership Structure (including percentage holdings)

Name	Number of Shares	% Ownership
Please refer to Annexes "I", "J", "K", "L", and "M"	-	-

Board of Directors

Name	(Regular or Independent)
Please refer to Annexes "I", "J", "K", "L", and "M"	-

Principal Officers

Name	Position/Designation
Please refer to Annexes "I", "J", "K", "L", and "M"	-

The interest which the directors of the parties to the transaction have in the transaction

Aside from their ownership of shares in the Company, the directors of the parties do not have an interest in the Transaction.

Statement as to the steps to be taken, if any, to safeguard the interests of the shareholders

The Board Risk Management and Related Party Transactions Committee of the Company has reviewed and approved the Transaction.

Furthermore, a Fairness Opinion was issued by FTI Consulting to establish the fairness of the valuations of the Property and the Shares used in the swap.

The approval of shareholders owning at least two-thirds (2/3) of the total issued and outstanding shares of the Company for listing of the Shares will be obtained at the Company's next annual stockholders' meeting on 25 April 2022.

The Company will conduct an SRO of up to 105 million ACEX shares to all minority stockholders at an offer price of Php10.00 per share, pursuant to Section 6, Part A, Article V of the Revised Listing and Disclosure rules of the PSE, subject to final approval by the Board of the details of the SRO, at a ratio that would maintain the minority stockholder's ownership in ACEX prior to the Transaction. All major stockholders and directors shall abstain from exercising their rights to the offer and ACEN will take up all shares left unsubscribed in the SRO.

Other Relevant Information

Please see attached with annexes.

Board approval of the Transaction was previously disclosed by the Company on 18 October 2021 which was approved for posting by the PSE on 19 October 2021 as Report No. C06939-2021.

The signing of the Deed of Assignment was further disclosed by the Company on 29 December 2021 which was approved for posting by the PSE on 31 December 2021 as Report No. C08736-2021.

For ACEN's audited financial statements ("AFS") for the past three years, please see

2020 AFS:

https://acen.com.ph/wp-content/uploads/2021/03/AECS_CFS1220-AC-Energy-Corporation-and-Subsidiaries_SEC_SIGNED.pdf

2019 AFS:

<https://acen.com.ph/wp-content/uploads/2020/07/ACEPH-SEC-17-A-Year-end-Dec-2019.pdf>

2018 AFS:

<https://acen.com.ph/wp-content/uploads/2019/08/PHINMA-Energy-2018-SEC-17-A-rev1.pdf>

ACEN was incorporated on 8 September 1969. For information on ACEN's officers, affiliates and subsidiaries, and projects, visit its website at <https://acen.com.ph> and its latest General Information Sheet (GIS) at https://edge.pse.com.ph/openDiscViewer.do?edge_no=8a4a8a3acc63cfb65d542af6f1e997b9

For information on the Target Companies' capital structure, officers, and affiliates and subsidiaries, please refer to Annexes "I", "J", "K", "L", and "M"

Please refer to Annex "N"-series for Palawan55's AFS for the past 3 years.

Please refer to Annex "O"-series for BPGC's AFS for the past 3 years.

Please refer to Annex "P"-series for CIPP's AFS for the past 3 years.

Please refer to Annex "Q"-series for Ingrid3's AFS for the past 2 years.

Please refer to Annex "R"-series for OSPGC's AFS for the past 3 years.

Please refer to Annex "S" for ACEN's subsidiaries and affiliates.

Should you have further questions, please contact our Atty. Alan T. Ascalon at (+632) 7-730-6313.

Filed on behalf by:

Name	Alan Ascalon
Designation	Assistant Corporate Secretary